

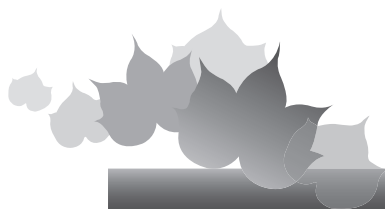
# ANNUAL REPORT 2012



“ INTEGRITY QUALITY SERVICE ”



บริษัท ยูเท็กซิลอุตสาหกรรมสิ่งทอ จำกัด (มหาชน)  
UNION TEXTILE INDUSTRIES PUBLIC COMPANY LIMITED



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## Summary of Financial

Unit : 1,000Baht

	2012	2011	2010
<b>Highlights from Financial</b>			
Total assets	1,102,692	1,143,474	1,366,951
Total liabilities	292,542	268,313	382,083
Total shareholders' equity	810,150	875,161	984,868
Total revenues	793,922	1,196,728	1,675,894
Total expenses	900,601	1,129,712	1,079,320
Share of profit (loss) from investments in associated companies	17,517	10,318	(3,290)
Finance costs	(3,182)	(964)	(1,175)
Profit (loss) before corporate income tax	(92,344)	76,370	592,109
Corporate income tax	0	(53,554)	(120,755)
Net Profit (Loss)	(92,344)	22,816	471,354
<b>Financial Ratio</b>			
Earnings (Loss) per share (Baht)	(2.52)	0.04	10.01
Dividends per share (Baht)	0	0.20	0
Total Shareholders' equity per share (Baht)	13.50	14.59	16.41
Return on sales %	(11.63)	1.91	28.13
Return on Equity (ROE) %	(10.96)	2.45	57.58
Return on Assets %	(8.22)	1.82	39.43
Debt/Equity ratio (time)	0.36	0.31	0.39



## Report of the Board of Directors

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The Company is committed to conduct business that can create benefits for shareholders and stakeholders to provide an appropriate yield and to be able to do business continuously. The Board of Directors have a firm commitment to do business with Corporate Social Responsibility by protecting the environment, operating under international standards, regulations and participating in the activities of the society and community.

Unfortunately in the year 2012, the textile market had decreased since the third quarter of 2011 due to economic negative factors in Europe, U.S.A. the slowdown of economy in China and Japan, resulted in lower export sales business. In addition, there were negative factors from price competition and exchange rates, making the selling price per unit lower than that of the year 2011. As a result, the Company had total revenue Baht 794 million. The income from sales and services, the core business, decreased by 35 percent from the year 2011.

The company's operating results of the year 2012 showed a net loss Baht 92 million according to the financial statements in which equity method was applied and showed a net loss Baht 277 million in the separated financial statements. Consequently the company realized the full amount of the impairment of its investment in Ten Cate-Union Protective Fabrics Asia Ltd. (TCUA) amounting to Baht 186 million in order to comply with the Accounting Standard but actually did not affected on the Company's cash flow, Due to the operating results of TCUA showed a substantial accumulated loss, being the main indication to be understood that TCUA will be unable to continue its business.

As of December 31st, 2012, the company had Total Liabilities amounted to Baht 293 million and the Shareholders' Equity amounted to Baht 810 million, showed the Debt to Equity Ratio of 0.36, indicating the strong financial status. Furthermore, the Company had sufficient financial liquidity when considering the Liquidity Ratio of 1.85.

The operation in 2013, the Company will continue to monitor closely the economy of partners' countries. Emphasize on raw material sourcing, which tend to have a fluctuation in the price, limitation in the quantity and lead time. In addition, the company will concentrate on developing new products, in search of new customers and markets. Focus on the asset management of those unused assets that could generate more income on top of its main business.

The Board of Directors would like to express our sincere appreciation to all shareholders, valued customers, and business partners that provide the continuous support to the company's business. Taking this opportunity to thank the management and all employees for their dedication and expertise to perform their duties to be able to solve various difficulties. Still we are willing to fulfill the requirements of customers and stakeholders, as well as social and community.



**Miss Sriwarin Jirapakkana**  
Chairman



## Board of Directors



Miss Sriwarin Jirapakkana  
Chairman



Mrs. Achara Chandrachai  
Independent Director and  
Chairman of the Audit Committee



Mr. Vichai Chaitaneeyachai  
Managing Director



Mrs. Suthinee Khunwongsa  
Independent Director / Audit Committee /  
Nominating and Remuneration Committee



Mr. Pilastpong Subsermsri  
Independent Director / Audit Committee /  
Chairman of Nominating and Remuneration  
Committee



Mr. Thitivat Suebsaeng  
Director



Miss Dalad Saphavichaikul  
Director



Mr. Bovomrat Darakananda  
Director



Capt. Supich Sankhagowit RTN  
Director

# Board of Directors

## 1. Miss Sriwarin Jirapakkana

Chairman / Nominating and Remuneration Committee

Age: 65 years

Years of Directorship: 19 years

Shareholding: 27,010 shares or 0.045%

### Education :

Master's Degree (Management), Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Bachelor's Degree (Accounting), Faculty of Commerce and Accountancy, Chulalongkorn University.

Management Information System, International Labour Organization

Dynamic Management for International Executives Program,

International Management Development Department of Syracuse University, U.S.A.

### Training:

Director Accreditation Program (DAP) 18/2004

### Experiences:

1999 - 2004	Chairman, Union Thai-Nichiban Co., Ltd.
1999 - 2004	Chairman, Union Zojirushi Co., Ltd.
1999 - 2006	Chairman, Union Plastic Plc.
1999 - 2007	President, Saha-Union Plc.
1999 - April 2012	Chairman, Union Nifco Co., Ltd.
1999 - May 2012	Chairman, Union Pioneer Plc.
2002 - 2006	President, Union Textiles Industries Plc.
2005 - April 2012	Director, Union Thai-Nichiban Co., Ltd.
2007 - 2010	Vice Chairman, Union Plastic Plc.
2011	Chairman, Union Plastic Plc.

### Current Positions:

1999 - Present	Vice Chairman, Union Industries Corp., Ltd.
1999 - Present	Vice Chairman, Union Thread Industries Co., Ltd.
2005 - Present	Director, Union Zojirushi Co., Ltd.
2007 - Present	Chairman, Union Textiles Industries Plc.
2008 - Present	Vice Chairman, Saha-Union Plc.
2011 - Present	Chairman, Union Zip Co., Ltd.
2011 - Present	Chairman, Venus Thread Co., Ltd.
2012 - Present	Director, Union Plastic Plc.
April 2012 -	Present Director, Union Nifco Co., Ltd.
June - December 2012	Director, Union Pioneer Plc.

**Present** Chairman and Director, Companies in Saha-Union Group

## 2. Emeritus Professor Dr. Achara Chandrachai

Chairman of Audit Committee / Independent Director

Age: 64 years

Years of Independent Directorship: 3 years

Shareholding: 0 shares

### Education:

Ph.D. (Quantitative Business Analysis), Arizona State University, USA.

Master of Development Administration (Finance), Second class honor,

National Institute of Development Administration

CPA, Chulalongkorn University

Bachelor Degree in Accountancy, Chulalongkorn University

### Training:

Director Accreditation Program (DAP) 45/2004

Audit Committee Program (ACP) 27/2009

### Experience: / Current Positions:

Lecturer, Technopreneurship & Innovation Management Program, Chulalongkorn University  
Independent Director and Chairman of Audit Committee, Union Textiles Industries Plc..  
Independent Director and Chairman of Audit Committee, Internet Thailand Co., Ltd.  
Independent Director and Chairman of Audit Committee, Dimet (Siam) Plc.  
Independent Director and Audit Committee, Pan Rajatawee Group Plc.

## 3. Mr. Vichai Chaitaneeyachai

Managing Director

Age: 68 Years

Years of Directorship: 8 Years

Shareholding: 0 Shares

### Education:

Master's Degree in Business Administration (MBA), Chulalongkorn University

Bachelor Degree in Business Administration (BBA), Ramkhamhaeng University.

Certificate in Computer Science (2-year Program), Graduate School, Chulalongkorn University

Fulbright Certificate Awarded, Industrial Management, University of Texas/Dallas, U.S.A.

### Training:

Director Accreditation Program (DAP) 55/2006

### Experience:

1996 - 2005	Managing Director, Union Zojirushi Co., Ltd.
1999 - 2006	Director, Union Stainless Steel Products Co., Ltd.
1999 - 2006	Director, Union Nifco Co., Ltd.
1999 - 2008	Director, Union Tex-East Co., Ltd.
2006 - 2011	Director, Union Garment Co., Ltd.
2006 - 2011	Director, Union Micronclean Co., Ltd.

### Current Positions:

2005 - Present	Managing Director, Union Textiles Industries Plc.
2008 - Present	Director, Ten Cate - Union Protective Fabrics Asia Co.

## 4. Mrs. Suthinee Khunwongsa

Nominating and Remuneration Committee / Audit Committee / Independent Director

Age: 67 Years

Years of Independent Directorship: 3 years

Shareholding: 0 shares

### Education:

Bachelor Degree's (International trade Studies), School of Business, University of the Thai Chamber of Commerce

### Training:

Director Accreditation Program (DAP) 79/2009

### Experiences:

2005	Director and Manager Saving CO-OP of Saha-Union Plc.
	Manager, Production Planning Department, Union Industries Corp., Ltd.

### Current Positions:

2010 - Present	Independent Director/ Audit Committee, and Nominating and Remuneration Committee, Union Textiles Industries Plc.
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## 5. Dr. Pilastpong Subsermsri

Audit Committee / Independent Director /

Chairman of Nominating and Remuneration Committee

Age: 62 Years

Years of Independent Directorship: 2 years

Shareholding: 0 shares

### Education:

Ph.D. in Computer Engineering, University of Houston, USA

MS.EE. in Electrical Engineering, University of Houston, USA

BS. EE. in Electrical Engineering, Khonkaen University.

### Training:

Audit Committee Program (ACP) 35/2011

Director Accreditation Program (DAP) 89/2011

### Experiences/ Current Positions:

2000 - Present	Chairman of Thai E-Communication Co., Ltd
2002 - Present	Director of Computer Information System Department, Graduate school Sripatum University
2009 - Present	Advisor and Secretary to Pataya City Tourist Development Committee
2010 - Present	Director of the Center for Agricultural Information, Lecturer Institute of Technology, Sripatum University
2010 - Present	Audit Committee / Independent Director / Chairman of Nomination and Remuneration Committee, Union Textile Industries Public Co., Ltd.

**6. Dr. Thitivat Suebsaeng**

Director

Age: 59 Years

Years of Directorship: 5 years

Shareholding: 0 shares

**Education:**

Ph.D. in Chemistry from Marquette University, U.S.A.

M.Sc. (Chemistry), Chiangmai University

B.Sc. (Chemistry), Chiangmai University

**Training:**

Director Accreditation Program (DAP) 21/2004

**Experiences:**

1990 - 1991 Head of Department of Chemistry,  
Faculty of Science Ramkhamhaeng University

2003 - 2007 Director and General Manager,  
Saha-Union Investment (China) Co., Ltd

2004 - 2009 Director, 7 Power Plants in China.

2008 - December 2011 President, Saha-Union Plc.

March 2008 - April 2012 Chairman, Union Garment Co., Ltd.

April 2008 - December 2011 Director, Union Pioneer Plc.

April 2008 - April 2012 Chairman, Union Universe Co., Ltd.

January 2010 - December 2011 Managing Director, Union Plastic Plc.

**Current Positions:**

2002 - Present Director, Union Energy (China) Co., Ltd.

2007 - Present Chairman, Union Zojirushi Co., Ltd.

2007 - Present Chairman, Union Stainless Steel Products Co., Ltd.

2007 - Present Chairman, Union Thai-Nichiban Co., Ltd.

2007 - Present Director, Union Nifco Co., Ltd.

March 2008 - Present Chairman, Union Micronclean Co., Ltd.

March 2008 - Present Director, Union Textile Industries Plc.

April 2008 - Present Director, Union Rubber Product Corporation, Ltd.

June 2008 - Present Director, Ten Cate - Union Protective Fabrics Asia Ltd.

August 2008 - Present Director, Union Technology (2008) Plc.

January 2012 - Present Chairman, Union Plastic Plc.

January 2012 - Present Director, Saha-Union Plc.

April 2012 - Present Director, Union Garment Co., Ltd.

**7. Miss Dalad Saphthavichaikul**

Director

Age: 56 years

Years of Directorship: 18 years

Shareholding: 45,000 shares or 0.075%

**Education:**

Master's Degree in Computer Science,  
University of Illinois at Urbana - Champaign, USA.

Bachelor's Degree (First class honor) in Economics, Chulalongkorn University

**Training:**

Awarded Diploma by passing the Examination of Australian IOD 2001

Director Certification Program (DCP) 9/2001

Finance For Non-Finance Director (FN) 1/2003

Audit Committee Program (ACP) 10/2005

**Experience:**

1999 - 2007 Executive Director and Assistant Managing Director, Saha-Union Plc.

**Current Positions:**

Companies in Saha-Union Group

1993 - Present Managing Director, Uni-Fibre Co., Ltd.

2004 - Present Managing Director, Computer Union Co., Ltd.

2007 - Present Managing Director, Saha Union Holding Co., Ltd.

2009 - Present Director, Union Zojirushi Co., Ltd.

2009 - Present Director, Union Spinning Mills Co., Ltd.

2010 - Present Director, Union Nifco Co., Ltd.

2011 - Present Director, Union Plastic Plc.

March 2011 - Present Director, Union Thai-Nichiban Co., Ltd.

April 2011 - Present Director, Union Micronclean Co., Ltd.

January 2012 - Present President, Saha-Union Plc.

April 2012 - Present Chairman, Union Garment Co., Ltd.

April 2012 - Present Chairman, Union Universe Co., Ltd.

April 2012 - Present Chairman, Union Nifco Co., Ltd.

April 2012 - Present Director, Union Stainless Steel Products Co., Ltd.

May 2012 - Present Chairman, Union Pioneer Plc.

**Present** Chairman and Director, companies in Saha-Union group

**Other Company**

1989 - Present Director, Processing Center Co., Ltd.

**8. Mr. Bovornrat Darakananda**

Director

Age: 49 years

Years of Directorship: 2 years

Shareholding: 0 shares

**Education:**

Master's Degree in Electrical and Management Engineering,  
Massachusetts Institute of Technology, U.S.A.

Bachelor's Degree in Electrical and Management Engineering,  
Massachusetts Institute of Technology, U.S.A.

**Training:**

Director Accreditation Program (DAP) 18/2004

**Experiences:**

1993 - Dec. 2006 Director, Union Textile Industries Plc.

1993 - Dec. 2006 Director, Union Pioneer Plc.

1994 - Dec. 2006 Director and Executive Director, Union Energy Co., Ltd.

1996 - 2009 Director and Manager, Union Energy (China) Co., Ltd.

Vice President, Saha-Union International (Georgia) Inc

General Manager, Saha-Union Investment (China) Co., Ltd.

**Current Positions**

Companies in Saha-Union Group

1994 - Present Director, Saha-Union Plc.

1997 - Present Director, Union Thread Industries Co., Ltd.

1997 - Present Director, Union Industries Corp., Ltd.

2001 - Present Managing Director, Union Spinning Mills Co., Ltd.

2001 - Present Director, Venus Thread Co., Ltd.

2001 - Present Director, Union Zip Co., Ltd.

2011 - Present Director, Union Micronclean Co., Ltd.

April 2011 - Present Director, Saha Union Holding Co., Ltd.

Present Director, Other Companies in Saha-Union Group

**9. Capt. Supich Sankhagowit RTN**

Assistant Managing Director

Age: 63 years

Years of Directorship: 6 years

Shareholding: 0 shares

**Education:**

MS in Industrial Engineering, University of Pittsburgh, U.S.A.

Certificate in Naval Staff Course, Naval Staff College

BSc in Marine Mechanical Engineering, Royal Thai Naval Academy

**Training:**

Director Accreditation Program (DAP) 63/2007

**Experience:**

1994 - 2005 Internal Audit Manager, Union Textile Industries Plc.

2006 Managing Director, Union Stainless Steel Products Co., Ltd.

**Current Positions:**

2007 - Present Assistant Managing Director, Union Textile Industries Plc.

## General Information of the Company

Union Textile Industries Public Company Limited

**Type of Business Operations:** Textile Industry

**Company's PCL Registration Number :** No. 0107537000980

**Paid-up Capital:** The Company has its registered paid-up capital of Baht 600 million, divided into:

- 45,000,000 ordinary shares of 10 Baht each
- 15,000,000 preferred shares of 10 Baht each

**Location:**

### Head Office:

No.1828 Sukhumvit Road, Bang Chak,  
Phra Khanong, Bangkok 10260  
Tel.: 0-2311-5111-9, 0-2323-5600  
Fax.: 0-2323-3123  
Website: <http://www.sahaunion.co.th/ut>

### Branch 1:

No.205 Moo 4 Sukhumvit Road (km.39.5),  
Bangpumai, Muang Samut Prakarn,  
Samut Prakarn Province 10280  
Tel.: 0-2323-1085-87  
Fax.: 0-2323-9216

**Other references**

### Registrar :

Thailand Securitier Depository Co., Ltd.  
62 The Stock Exchange of Thailand  
Ratchadapisek Road,  
Klongtoey, Bangkok 10110 Thailand  
Telephone : 0-2229-2800  
Fax : 0-2359-1259

### Auditor :

Mr.Narong Puntawong, CPA No. 3315 and/or  
Mr. Supachai Phanyawattano, CPA No. 3930 and/or  
Miss Siraporn Ouaanunkun, CPA No.3844  
Ernst & Young Office Limited  
33rd Floor, Lake Rajada Office Complex,  
193/136-137 Ratchadapisek Road,  
Klongtoey, Bangkok 10110  
Telephone: 0-2264-0777 Fax: 0-2264-0789 - 90

### Persons holding shares of the Company at 10% or more of paid up capital

Company Name	Type of No. of % Business	Type of Shares	No. of Shares Issued	No. of Shares Held	% of Shares holding
<b>1. Uni-Fibre Co., Ltd.</b> 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260 Tel. 0-2311-5111-9 Fax. 0-2311-5668, 0-2332-5615	Dealer	Ordinary	1,200,000	250,001	20.83 %
<b>2. Union Business Management Co., Ltd.</b> 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260 Tel. 0-2311-5111-9, 0-2322-5600 Fax. 0-2311-5616	Investment in services and consulting in other services	Ordinary	5,000,000	949,993	19.00%
<b>3. Union Micron Clean Co., Ltd.</b> 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260 Tel. 0-2311-5111-9, 0-2322-5600 Fax. 0-2741-6145	Manufacturing	Ordinary	500,000	65,000	13.00%
<b>4. Ten Cate-Union Protective Fabrics Asia Ltd.</b> 205/1 Moo 4, Sukhumvit Road (km.39.5) Bangpumai, Muang District, Samut Prakarn Province 10280 Tel. 0-2323-1088 Fax : 0-2323-1089	Manufacturing of workwear	Ordinary	3,850,000	1,900,000	49.35%

## Nature of Business Operation

The Company was established on March 21st, 1977, to operate its integrated business in the textile industry, including yarn spinning, fabric weaving, dyeing and finishing; and on March 30th, 1994, the Company was registered as a limited public company according to the Thai law. At present, Saha-Union Group are major shareholders consisting of Saha-Union Plc, Union Business Management Co., Ltd., and Union Thread Industries Co.,Ltd. with the proportion of shareholding of 49.88, 17.10 and 6.11 % respectively.

On August 16th, 2008, the Company ceased its dyeing and finishing business operation and invested its buildings, machinery and equipment of the dyeing and finishing plant in TenCate-Union Protective Fabrics Asia Ltd.

At present, the Company is operating its main business of manufacturing and distribution of griegie fabrics at No.205 Moo 4, Sukhumvit Road (km.39.5), Bangpu Mai, Muang Samut Prakarn District, Samut Prakarn Province 10280. The company, in the past 3 years , has no significant changes regarding the structure of shareholders, management or business.

### Bussines Operation

#### Incomes from each type of business operation of the group companies during the past 3 years:

Unit: Million Baht

Product Line / Business Group	Operated by	% of Share holding of the Company	Income (2012)	%	Income (2011)	%	Income (2010)	%
Company: Manufacturer and distributor of weaving fabrics, yarn and services	Union Textile Industries PLC.		711.65	97.60	1,089.13	99.06	1,009.56	100.42
*Associates : Dealer of cotton and synthetic fibre products	Uni Fiber Co., Ltd.	20.83	75.76	10.39	5.16	0.47	4.84	0.48
Manufacturer and distributor of dying and finishing fabrics	TenCate-Union Protective Fabrics Asia Co., Ltd.	49.35	(58.25)	(7.99)	5.16	0.47	(8.13)	(0.9)
Total:			729.16	100.00	1,099.45	100.00	1,006.27	100.00

Note: \* Profit shares are recognized from investments in associates by the equity method.

In the year 2012, company had its incomes from sales and service amounted to Baht 711.65 million, decreased by 35 percent from the year 2011, divided into export sales amounted to Baht 497.39 million, decreased 28 percent and local sales amounted to Baht 214.26 million decreased 47 percent.

The compa ny has recognized its share of profit (loss) from investments in associated companies by equity method, which is worth less than 10% of the total revenues of the Company and do not affect the cash flows.

#### The business operation policy

The Company and its associated companies have separate and independent business management. One or more directors will be appointed being directors of the board of associated companies.

#### Business Operation of Each Product Line / Business Group

The Company has one product line, i.e., manufacturing and distribution of greige fabrics through production process of spinning yarn and weaving fabric. The Company may have its incomes from byproducts or provision of textile services in case of having the available capacity from the production of greige fabrics. Regarding the investment in associated companies, the Company had recognized share of profit (loss) by the equity method.

#### (1) Types of Products and Services:

The Company's main product is the greige fabrics made of 100% cotton, blend of cotton and polyester and/or other synthetics fiber having specification for production of work ware, technical work ware and protective ware cloth, and cloth used in the industry.

Main factors affecting the opportunities or restrictions of business operation include the production plant license (Ror. Ngor. 4 Form), the Memorandum of Agreement on Business Operations and the Code of Conduct relating to labor protection and social responsibilities to be complied by all suppliers.

## (2) Marketing and Competition:

- a) The marketing of products and services highlights
  - Marketing in 2012, sales and marketing team has visit, one time, all foreign customers and visit local customers every month to negotiate sale items, their requirements and business status of the customers, as well as follow up the market trend.
  - The competition strategies including response to the customers' requirements in terms of quality, quantity and delivery schedule;
  - Types of customers: The Company's customers include companies/manufacturing factories that use the Company's products as raw materials for their production.
  - Target groups of customers including domestic and overseas companies/manufacturing factories that have their world-class brands/trademarks;
  - Distribution and Channels of Distribution: The Company has directly distributed its products to manufacturing companies and local and overseas wholesalers with 30% domestic sale volume and 70% overseas sale volume.
  - The Company has 9 major customers in both local and overseas. In the year 2012, the Company earned from one customer that exceed 30% of total revenue, but it did not have important role to survival of the Company.
- b) Competition:
  - Competition within industry; Focusing price as first priority.  
Competitors; The Company has approximately 10 local and overseas competitors.
  - Size of the Company compared to competitors; The Company has a production capacity to suit the needs of customers.
  - The Company's status and competitiveness is trusted by customers in terms of quality and delivery of products;
  - Trends of the Industry and Competition in 2013: It was expected that the manufacturing and distribution of products would be still remain stagnant as last year. Although demand of textile products has improved, but the competition in the price is still serious. Products of the Company, however, has the advantage in the quality and the delivery on time.

## (3) Providing products or Service

- a) The provision for the products

The Company has a factory located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn District, Samut Prakarn Province 10280.

- b) Production Capacity

		<u>2012</u>	<u>2011</u>	<u>2010</u>
1. Spinning				
- Production Capacity	(1,000 Lbs)	15,600	18,800	22,900
- Actual Production	(1,000 Lbs)	10,972	13,769	19,707
2. Weaving				
- Production Capacity	(1,000 Metres)	23,400	23,890	26,680
- Actual Production	(1,000 Metres)	13,793	17,383	24,145

- c) Production Policy

The Company has a production policy by focusing on fabrics to be used for Technical workware that suitable to the capabilities of the production process and produce in the quantity as per confirmed order of the customers.

- d) Raw Material Procurement

- In 2012, the Company has purchased raw materials from 5 suppliers. The value of purchasing raw material has the ratio of local to foreign at 46 and 54 percent, respectively

- The main raw materials used for production are cotton, 100% imported, and synthetic fiber is able to purchase from local manufacturer. The procurement of raw materials may have some limitation, such as
- Cotton is an agricultural product, accommodated the weather which is seasonal fluctuations in each year, must be imported from abroad, including the price on the world market and the exchange rate.
- Synthetic fibers, sometimes need to change to new Supplier, because the existing Supplier stopped and /or changed the production line.
- The Company does not have to rely on any supplier that is an important role to the survival of the Company.

**(4) The environmental impact from the manufacturing process or to get rid of the rest of the raw materials used.**

The company has performed in accordance with the Notification of Ministry of Industry re: Industrial Waste Disposal, B.E. 2548. During the past 3-year, there have not been any case of dispute or litigation about the environment related to the Company's operating results.

**(5) Jobs that have not yet been delivered.**

None, this is because the Company's nature of business operations are not project works or manufacturing of high value products.

## **Risk Factors**

### **Risks from Raw Materials Price Fluctuation:**

In the year 2012, cotton price in cotton market has been decreased steadily about 15% from the end of year 2011, caused customers to bargain down the price. Moreover, customers has requested to lower the ordered quantity and postpone delivered. That is because the continue negative impact from the textile market that has been still slow down. The Company is to monitor the change of cotton prices closely and continuously, including always contact with customers to be informed about the trend of demand in order to manage inventory control and to plan purchasing raw materials as appropriate.

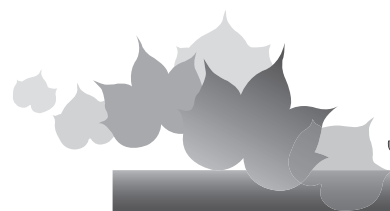
### **Risks from Fluctuation of Exchange Rates:**

In the year 2012, the company has exported its products having the value equal to 70% of total sales. The fluctuation of exchange rates may affect the operating results. However, the Company has closely monitored the changes of exchange rates and defined guidelines to into futures contracts covering the purchase orders of customers both in term of quantity and period of time which will reduce the risk in this part.

### **Risks from Investment:**

The Company has invested in 2 associated companies, but the one needed for interest is TenCate-Union Protective Fabrics Asia Ltd. (TCUA) which is its operating result has shown continuous losses. The Company has set aside mostly full allowance for impairment of its investment in TCUA by the approval of the auditor. The Company, however, was not invested in cash, but the fair value of building, machinery and equipment of the dyeing and finishing mill. This fair value was higher than the book value recorded on the effective date of investment.





## Structure of Shareholding and Management

### Structure of Shareholding

#### (1) Company's Securities

● The Company registered in the Stock Exchange of Thailand, Company's PCL Registration Number : No. 01 07537000980. The company has registered capital stocks for amount of Baht 600 million, paid-up capital of Baht 600 million, divided into 45 million common shares of 10 Baht each and 15 million preferred shares of 10 Baht each.

● **The conditions of preferred share are as follows;**

- 1) The preferred shareholders get the right to receive dividends before the common shareholders.
- 2) The preferred shareholders get the right to receive dividend payment at the rate 14% per annual of the preferred shares value, being eligible from the fiscal year 1986.
- 3) In the event that the Company is unable to pay all or less than the claimed rate of dividend to preferred shareholders, those unable to pay dividends will be accumulated up to seven years.
- 4) In case the common shareholders receive dividend at the rate higher than 14%, the preferred shareholders are also entitled to receive dividends in excess of 14%, that is the same rate as the common shareholders received.
- 5) In case the Company liquidates, the preferred shareholders get the right to receive the money they invested before making any payments to the common shareholders.
- 6) Besides from the rights specified above, The common shareholders and the preferred shareholders have equal rights and duties in all respects.

● There are no agreement between major shareholders on matters that affect the issuing and offering of securities or the Company management.

#### (2) Shareholders

The list of 10 major shareholders of the Company:

(As of the last closing date of shareholders' registration book on April 4th, 2012)

Rank	Major Shareholders	No. of Ordinary Shares	No. of Preferred Shares	Total	% of Total Shares
1.	Saha-Union Group of Companies				
1.1	Saha-Union Public Company Limited	15,580,540	14,348,660	29,929,200	49.88
1.2	Union Business Management Company Limited	10,260,200		10,260,200	17.10
1.3	Union Thread Industries Company Limited	3,668,280		3,668,280	6.11
2	Bangkok Bank Public Company Limited	3,497,400	400,000	3,897,400	6.50
3	Mr.Surachai Ratithong	1,539,000		1,539,000	2.57
4	Mr. Pisith Preukpaiboon	1,021,900		1,021,900	1.70
5	Bangkok Insurance Public Company Limited	672,900	233,000	905,900	1.51
6	BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH	478,000		478,000	0.80
7	Mr. Charn Sophonpanich	452,600		452,600	0.75
8	Mr. Chutindhorn Darakananda	380,500		380,500	0.63
9	Mr. Carl Varit Sophonpanich	350,000		350,000	0.58
10	Miss Mali Sophonpanich	350,000		350,000	0.58
	<b>Total</b>	<b>38,251,320</b>	<b>14,981,660</b>	<b>53,232,980</b>	<b>88.72</b>

### (3) Dividend Payment Policy

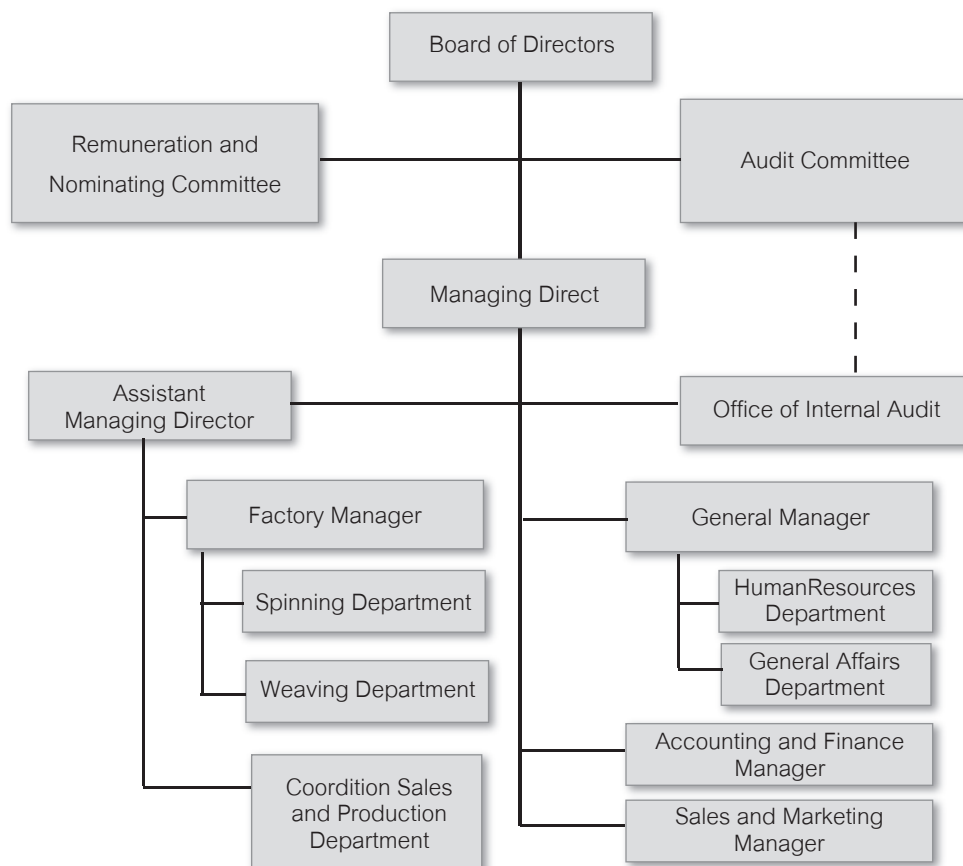
“ Depending on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulated loss (if any), from the Separate Financial Statement of the Company. ”

### (4) Director's shareholding

Name	No. of shares		
	2012	2011	Increase (Decrease)
1. Miss Sriwarin Jirapakkana	27,010	27,010	0
2. Emeritus Professor Dr. Achara Chandrachai		-	-
3. Mrs. Sutinee Khunwongsa		-	-
4. Dr. Pilastpong Subsermsri		-	-
5. Mr. Vichai Chaitaneeyachat		-	-
6. Dr. Thitivat Suebsaeng		-	-
7. Miss Dalad Saphthavichaikul	45,000	45,000	0
8. Mr. Bovornrat Darakananda		-	-
9. Capt. Supich Sankhagowit RTN.		-	-

## Structure of Management

### (1) Company Organization Chart as of December 31st, 2012



## (2) Structure of the Board

The Company comprises as follows:

The Board of Directors

The Audit Committee

The Remuneration and Nominating Committee

## (3) Name / Scope of authorities and responsibilities of each committee:

### a) The Board of Directors

The Board of Directors consist of directors with various qualifications, which are skills, experience, and expertise that are useful to the Company. Directors, moreover, commit to their responsibilities and put efforts to create a strong board of directors. There are 9 members of the Board of Directors consisting of

- Non-executive directors 7 persons including 3 member of the independent directors
- Executive directors 2 persons

### ● The name list of the Board of Directors and their holding positions as of December 31st, 2012

	Name	Position
1.	Miss Sriwarin Jirapakkana	Chairman
2.	Mrs. Achara Chandrachai	Independent Director
3.	Mrs. Sutinee Khunwongsa	Independent Director
4.	Mr. Pilastpong Subsermsri	Independent Director
5.	Mr. Vichai Chaitaneeyachai	Director
6.	Mr. Thitivat Suebsaeng	Director
7.	Miss Dalad Sapthavichaikul	Director
8.	Mr. Bovornrat Darakananda	Director
9.	Capt. Supich Sankhagowit RTN	Director

### ● Scope of authorities and responsibilities

- 1) Appoint and remove the Company's employees; with such powers, the Board of Directors may assign any one or several director(s) of the Company to act on its behalf;
- 2) Authorize incentive pays and rewards for the Company's staff or employees or any other person performing a task for the Company, either on a regular or irregular basis;
- 3) Determine interim dividends for the Company's shareholders;
- 4) Implement the objectives, regulations, and resolutions of the shareholder's meeting in accordance with the law;
- 5) Regarding the performance of works under its powers and responsibilities, the Board of Directors may appoint any one or several director(s) or other person to act on its behalf;
- 6) The Board of Directors shall appoint any director as the President, with powers and responsibilities as the Board of Directors may think fit.
- 7) The Board of Directors may appoint the specific number of directors as it may think fit, as the executive board, with powers and duties to supervise the Company's businesses as it may think fit; and among these directors, one director shall be appointed as the executive chairman; and the President shall be an executive director by virtue of an office.
- 8) Two directors shall affix their signatures together and affix the Company's seal. The Board of Directors shall have its powers to determine the authorized director(s) of the Company.

### b) The Audit Committee

The Audit Committee consists of 3 independent directors, having Mrs. Achara Chandrachai, Chairman of Audit Committee, who possesses knowledge and experience in financial statement review. Her education and experience are shown on page 4

● Members of the Audit Committee

	Name	Position
1.	Mrs. Achara Chandrachai <sup>(1)</sup>	Chairman of the Audit Committee
2.	Mrs. Sutinee Khunwongsa	Audit Committee
3.	Mr. Pilastpong Subsermsri	Audit Committee

Note: (1) Mrs. Achara Chandrachai resigned effective dated January 1st, 2013

● Scope of authorities and responsibilities

1. Review the Company's financial reports for accuracy, adequacy and in accordance with the generally accepted standard of accounting
2. Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer and dismissal of the manager of the internal audit office;
3. Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
4. Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;
5. Consider the related transactions or transactions which may have conflicts of interests in accordance with the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the Company;
6. Prepare a report of the Audit Committee, which must be disclosed in the annual report of the Company and signed by the Chairman of the Audit Committee and shall contain at least the data, as follows:
  - a) Comments on the accuracy, completeness and reliability of the financial reports of the Company;
  - b) Comments on the adequacy of the internal control system of the Company;
  - d) Comments on the compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
  - e) Comments on the appropriateness of the auditor;
  - f) Comments on the transactions which may have conflicts of interests;
  - g) The number of meetings of the Audit Committee and attendances of each member of the Audit Committee;
  - h) Comments or overall remarks that the Audit Committee has received from the performance of duties under the Charter or Regulations of the Audit Committee;
  - i) Other transactions as shareholders and general investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors;
7. Make sure that the management has corrected the errors found and accelerate the correction of the said errors;
8. Follow up and evaluate the performances of work as the Audit Committee may deem significant;
9. Carry out any other missions as assigned by the Board of Directors;

c) The Remuneration and Nominating Committee

The Remuneration and Nominating Committee consists of 3 directors, including 2 independent directors.

Mr. Pilastpong Subsermsri, independent director, is Chairman of Remuneration and Nominating Committee.

- Members of the Remuneration and Nominating Committee

	Name	Position
1.	Mr. Pilastpong Subsermsri	Chairman of Remuneration and Nominating Committee
2.	Mrs. Sutinee Khunwongsa	Remuneration and Nominating Committee
3.	Miss Sriwarin Jirapakkana	Remuneration and Nominating Committee

- Scope of authorities and responsibilities

1. Determine guidelines for nomination of directors;
2. Select and nominate the qualified individuals to be approved by the Board of Directors;
3. Consider the procedures of determination of remuneration for directors;
4. Determine the amount of remunerations for directors to be proposed to the meeting of the Board of Directors for approval;

**(4) Criteria for Selection of Independent Directors:**

1. Having the full qualifications according to the definition of the Company's independent directors, the the criteria of the Stock Exchange of Thailand, Public Limited Company Act , B.E. 2535, and the Securities and Exchange Act;
2. Having experience and understanding in connection with the Company's businesses;
3. Having visions and sufficient time for performance of duties;

**(5) Board of Directors' Meeting**

- The Board of Directors set monthly regular meetings in advance for the year 2012 and held 12 meetings as scheduled. Each meeting took at least 2 hours
- In the year 2012, the audit committee held 4 regular meetings. For the Remuneration and Nominating Committee, there was 1 meeting. Detail of each director attended the concerned committee's meetings as follows;

			Meeting attended / Total meeting		
Name			Boards of Directors	Audit Committee	Remuneration and Nominating Committee
1.	Miss Sriwarin	Jirapakkana	12/12		1/1
2.	Mrs. Achara	Chandrachai	11/12	4/4	
3.	Mrs. Sutinee	Khunwongsa	12/12	4/4	1/1
4.	Mr. Pilastpong	Subsermsri	12/12	4/4	1/1
5.	Mr. Vichai	Chaitaneeyachat	12/12		
6.	Mr. Thitivat	Suebsaeng	11/12		
7.	Miss Dalad	Sapthavichaikul	12/12		
8.	Mr. Bovornrat	Darakananda	10/12		
9.	Capt. Supich	Sankhagowit RTN	12/12		

**(6) Member of executive directors and management as of December 31st, 2012**

	Name	Position
1.	Mr. Vichai Chaitaneeyachat	Managing Director
2.	Capt. Supich Sankhagowit RTN	Assistant Managing Director
3.	Mr. Panya Chaivichacharn	Factory Manager
4.	Mr. Pruttiapan Chayakul	General Manager
5.	Miss Prayoon Sriparam	Manager, Accounting and Finance
6.	Mr. Weeratham Poochinya	Manager, Sales and Marketing

**Company Secretary**

7.	Mrs. Chadaporn Jiemsakultip	Company Secretary
8.	Mr. Pruttiapan Chayakul	Assistant Company Secretary

In the year 2012, independent directors had no related business transaction or provided any service on professional activity.

## **(7) Nomination of Directors and the Management**

### **● Criteria and Nomination of Directors**

The Company considered the opinion of the Remuneration and Nominating Committee regarding the director nominees, having the qualifications according to the Public Limited Company Act, B.E. 2535. The director nominees, then, elected being the Company director and possess the qualifications and prohibited as follows;

- a) Having the qualifications according to the Public Limited Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
- b) Being of knowledgeable, capable, independent, dedicated with suitable age and ability to perform director's duties with care and loyalty. Reputable business persons of integrity and superb professional references may also qualify as nominees.
- c) Having the skill of industry knowledge, accounting & finance, business judgment, management skill, business strategy, corporate governance and legal.
- d) The Nomination and Remuneration Committee consider the candidates for director nominees and proposed to the Board of Director to approval before proposed to the Shareholders.
- e) The Remuneration and Nominating Committee shall select the qualified persons, having knowledge, competence and experience in business management. In addition, they are able to dedicate adequate time to the Company and must meet certain legal requirement. The Remuneration and Nominating Committee will propose them to the Board of Directors' meeting for the Board's opinion before proposing to shareholders in the directors' agenda of the Shareholders' Annual General Meeting. Thus, the election of directors will be proceeded in accordance with the criteria and procedures, as follows:
  - One shareholder shall have one vote per one share;
  - In the election of directors, one or several directors may be elected at one time, according to the number of directors to be elected in that occasion, as the shareholders' meeting may deem expedient; provided that, in each passing of resolution, shareholders must cast their total votes as specified in Clause 1; and the votes may not be divided to any person or a group of persons;
  - Directors shall be elected by the majority votes; in case of equal votes, the chairman of the meeting shall have a casting vote;

In each AGM, one-third of directors must be released from office. In case, the number of directors cannot be divided into three portions, the most approximate number to one-third of the directors shall be released from office.

● Directors to be released from office in the first year and in the second year after the Company's registration shall be selected by drawing lots; meanwhile, in the following years, directors who have longest been in office will be released from office. Retiring directors may be reelected.

### **● Apart from the retirement by rotation, a director may be released from office in cases of:**

1. Death;
2. Resignation;
3. Disqualification or having any forbidden characteristics according to the law;
4. The shareholders' meeting has passed its resolution with at least three-fourth of the total shareholders attending the meeting and having the voting rights, and holding at least one half of the total shares held by shareholders attending the meeting and having the voting rights;
5. The court has given an order relating to the release from office of such director;

### **● Criteria and Nomination of Management**

The Company has developed Succession Plan for management positions so that the Managing Director will consider a qualified employee, having knowledge, competence, experience and past performance that appropriated into the vacant management position and propose to the Board of Directors for approval.

## (8) Benefits and Remuneration of the Board of Directors and the Management

- Monetary Remunerations

Meeting allowances for each member of the Board of Directors as of December 31st , 2012

Name		Meeting attended / Total meeting		
		Boards of Directors	Audit Committee	Remuneration and Nominating Committee
1.	Miss Sriwarin Jirapakkana	72,000		6,000
2.	Mrs. Achara Chandrachai	72,000	132,000	
3.	Mrs. Sutinee Khunwongsa	72,000	120,000	6,000
4.	Mr. Pilastpong Subsermsri	72,000	120,000	6,000
5.	Mr. Vichai Chaitaneeyachat	72,000		
6.	Mr. Thitivat Suebsaeng	72,000		
7.	Miss Dalad Sapthavichaikul	72,000		
8.	Mr. Bovornrat Darakananda	72,000		
9.	Capt. Supich Sankhagowit RTN	72,000		
Total		648,000	372,000	18,000

Note: Resolution from the Shareholders 's Annual General Meeting No 19 approved the remuneration of directors for the year 2012 at the amount not exceeding 1,500,000 Baht per year, and assigned the committee to allocate the appropriate amount of remuneration payment.

Total remunerations in terms of salaries and bonuses during January – December 2012 for 6 members of the management, amounted to Baht 8.59 million.

- Non-Monetary Remunerations

None

## (9) Personnel

1. As of December 31st, 2012, the Company had 672 employees, decreased by 52 persons from the year 2011.
2. The number of employees in each department
  - Spinning and Weaving mill, totally 600 persons
  - Finance and Accounting, totally 14 persons
  - General Affairs, totally 49 persons
  - Sales and Marketing, totally 9 persons
3. There has been no significant labour dispute during the past 3 years;
4. Total remunerations of employees:

(unit : million Baht)

	<u>2012</u>	<u>2011</u>
● Salary and labour cost	107.89	101.92
● Bonuses	13.80	12.22
● Provident fund contribution	2.90	2.61
Total	<u>124.59</u>	<u>116.75</u>

5. Employee development policy

The Company, in the year 2012, has organized suitable training program for all employees at all levels, as regular in each year, so that all employees shall obtain the require knowledge, expertise, and skills for effective performance of duties. The employee, who registered as Accountant, attended the training for continuous accounting professional knowledge, having the number of hours of training as specified by the Department of Business Development.



### (1) Corporate Governance Policies

Company Board of Directors is aware of the importance on good Corporate Governance by being firmly determined to develop and promote the Company to be an Organization with the efficiency on the management, having Business Code of Ethics, ability to create good benefits to shareholders and the other stakeholders. The Corporate Governance Policy is, henceforth, mapped out as follows:

1. Prescribing the effective Corporate Governance Structural Frame compatible with the Principle of Law with transparency and being verifiable.
2. Prescribing the scope of duty and responsibility; able to build confidence that the privileges of the stakeholders will be protected.
3. Performing duty as professionalism by adhering to the rules including a decision making on any matter which shall be made in a timely manner with transparency and is explainable.
4. Refraining from performing any acts in a manner likely to violate or derogate the rights of the Company's shareholders and providing facilitations to enhance shareholders to exercise their own basic rights other than the rights of voting in the Shareholders Meetings.
5. Treating all shareholders equitably and all shareholders shall have the rights of access into information data and suitable communication channels with the Company.
6. Giving importance to the rights of the stakeholders both in accordance with the law or through mutual agreements including a promotion to create mutual co-operations of both parties which is between the Company and various groups of stakeholders in order to build up prosperity, create employments and sustainability of the Company.
7. Disclosing implicitly significant information correctly, fully, and on time as scheduled.
8. Mapping out important strategy, policy and work plan in carrying out operations of the Company by taking into a consideration the risk factors including the efficient system layouts in the follow-ups and measurements on the management of the Administration Faction.
9. Considering matter in prescribing the Business Code of Ethics of the Company in order to enable Board of Directors, Executives and all employees to use as guidelines for observing and complying with all along together with the Company Regulations.
10. Causing to conduct self-evaluation every year as an instrument for use in checking duty performances of the Board of Directors and include such self-evaluation report in the Annual Report.

### (2) Rights of Shareholders.

Company Board of Directors gives the importance and is aware of the responsibility in protecting the basic rights of the shareholders and in promoting and providing facilitations to the shareholders in exercising their rights on various matters which the shareholders should have received other than the rights of voting in the Shareholders Meetings: such as; the right to receive sharing in the benefits/dividends equitably, the right to receive equitable treatment on buying in the shares by the Company etc., and prescribing Corporate Governance policy in refraining from performing any acts in a manner likely to be in violation or derogation of the rights of the shareholders.

1. In 2012, the Company implemented actions in respect of the protections of the basic rights and promotions to enhance shareholders in exercising their rights as follows:
  - The ordinary shareholders received the dividends of 2011 at the rate equal to those of the preferential shareholders.
  - Company gave the rights to the shareholders in considering the remunerations for Directors by containing such matter to be the Meeting Agenda prescribing the remunerations for Directors for approval by the shareholders regularly every year.

- On the agenda for the consideration of remunerations for Directors, Meeting Chairperson gave explanations and rules in which the guidelines have laid down practical procedures to hold reviews on the matter every year by making comparisons with registered corporate having the business volume of similarity, considering the duties and responsibilities of the Board of Directors, the Company's turnovers and suitability with the current economic situation for submission to the shareholders to fix the amount of the Directors' annual remunerations and assigning Selection and Remuneration Fixing Committee to further make the considerations on the allocations. In this connection, data on the remunerations for Directors and Sub-Committees by individual are disclosed under the Topic of Directors and Executives Remunerations.
  - On the agenda in respect of the consideration on the elections of Directors, Meeting Chairperson gave the opportunity to the shareholders to prescribed the voting method on the elections of Directors both by way of individual elections or the whole Board elections as the Meeting may deem fit.
  - Company gave the opportunity to the shareholders to study the Rules and Procedures in submitting matters for containing to be the Meeting Agenda in the Shareholders Meeting or sending questions relating to the Company in advance from 26 December 2011 to 31 January 2012 for containing to be the Agendas of the 19th Shareholders Meeting and that such Agendas were communicated to the shareholders via the Company Website: [www.sahaunion.co.th/ut](http://www.sahaunion.co.th/ut)
  - The Company assigned Securities Depository Center (Thailand) Co., Ltd., to send Letters of Invitation to the 19th Annual Shareholders Ordinary Meeting to all shareholders in accordance with the names appearing in the Shareholder Register as of the closing date of the Shareholder Register of the Company in advance of not less than 7 working days before the Shareholders Meeting date and that documents forwarded along with the Letters of Invitation to the Meeting consisted of
    - a) Data of a person nominated for election to be a Director in which his bio-data consisting of first-last name, educational background, working history and experiences/status on holding the post as a Director, category of Director nominated to be elected were specified and that in the case where it would be a nomination on the name of a previous Director to hold office once again, there would be data concerning his meeting attendances over the past year and number of years being used to hold the post of a Director in this Company, as well.
    - b) On the Agenda for the considerations on the appointment of the Annual Auditor, details on the first-last names of all nominated Auditors were specified altogether with names of the companies they worked for, their experiences, the Auditors' abilities including the issue relating to the independency of the Auditors as well as their remunerations which were also expressly specified.
    - c) On the Agenda in respect of the payments of the dividends, the Company gave the explanations on the dividend payment policy, the rate of the dividend proposed to be paid off together with providing supporting reasons and data.
    - d) In the Letters of Invitation to the Meeting, there specified the objectives and reasons of each proposed Agenda by referring to related Rules, Regulations or By-Laws or Public Company Act.
    - e) In the Letters of Invitation, opinions of the Board of Directors in each Agenda were clearly expressed.
2. Minutes of the 19th Shareholders Annual Ordinary Meeting on 24 April 2012.
- There was a Memorandum giving instructions on the method of vote castings and counts to the shareholders prior to convening the Meeting in accordance with the Agendas and that voting tickets were adopted for use.
  - Meeting Chairperson gave shareholders the opportunity to make inquiries or propose comments in the Shareholders Meeting and the issue on the questions and answers was noted in the Minutes of Meeting in order to enable the shareholders who had not attended the Meeting to get the overall view of the Meeting.
  - In each Meeting Agenda under which a resolution would be required to be rendered by the Meeting, vote castings and Meeting resolution were expressly noted in the Minutes of Meeting and that the Meeting Chairperson informed the Meeting on the votes of approval and disapproval and abstention in each Agenda, as well.

- 
3. The 19<sup>th</sup> Shareholders Annual Ordinary Meeting on 24 April 2012, was held at the Conference Room on the 9th Floor of Head Office Building of Sahaunion Public Co., Ltd., located at 1823 Sukhumvit Road, Bangjak, Phrakhanong, Bangkok Metropolis, attended by all 9 Directors including the Company Board of Directors Chairman, Audit Committee Chairman, Selection and Remuneration Fixing Committee Chairman and Board Members. In addition, others attending the Meeting were the Auditor, Accounting and Finance Manager, Company Secretary and Assistant Company Secretary in order to allow them to meet one another and answer questions of the shareholders relating to the Company's problems.
  4. Company Shareholding Structure.
    - Names of the first 10 controlling shareholders as of the latest closing date of the Shareholder Register Book on 4 April 2012 were stated under the Topic of Shareholding Structure in Page 10.
    - The Company accounted for the proportion of free float at twenty-five point double two percent (25.22%) from the number of 528 free floats.
    - Holding shares by each Director being already summed up with the shareholding proportion of the Directors which accounted for zero point one two percent (0.12%) were stated under the Topic of the Company Director Shareholding Proportion in Page 11.
  5. In this Meeting, there was no inclusion of any other Agenda not being specified in the Letters of Invitation to the Meeting.

### **(3) Shareholder Equitable Treatment.**

The Company gives the importance on equitable treatments to all shareholders including the minority shareholders and foreign shareholders, thus, the Company has a policy on the protections of the minority shareholders' rights from being violated and that guidelines on the practical implementations in this regard have been prescribed as follows:

1. In accordance with the Company's By-Laws, all shareholders shall have a right to cast the votes on various Agendas on a one share per one vote basis.
2. The Company has a process for assurance that the minority shareholders can select a dependent Director to look after their benefits on their behalves which, in this respect, Selection and Remuneration Fixing Committee will make their considerations in selecting a qualified or knowledgeable person fully qualified in accordance with the basis prescribed by SEC and the Company Rules on the Selection of Independent Director having no interest in various natures with the Company or a corporate entity which may have a conflict at the present or during the period over the past 2 years.
3. The Company has a policy on the prevention against the use of internal data by prescribing such procedures in the Company Regulations wherein the employees, Executives and Directors have been made aware of the prohibitions in exercising their own powers and duties or relying on power and duty of the other person for his own benefit or providing assistance to the other person unlawfully and the matter that they must perform their duties faithfully which, in this connection, the Company has stipulated the penalty provisions for disciplinary actions in the case of a commission of the offences abovementioned which in 2012, no commission of such offences was found.
4. Transactions undertaken in connection with transactions in 2012.
  - The Company disclosed data relating to the names and relationships of the persons connected with the policy on price fixing and values of the transactions including opinions of the Board of Directors towards the Stock Exchange of Thailand before undertaking inter-transactions of material substance in the category of the lease of immovable properties with the term of the Lease of not exceeding 3 years.
  - The Company has business transactions with the proprietary company, associated companies and allied companies which such transactions are normal business practice in accordance with the trade conditions and the basis as agreed upon among others as shown in Page 31.

- Novarious category of inter-transaction in a manner likely to be in violation of/non-compliance with the Rules of the Stock Exchange of Thailand has been undertaken.
5. In respect of a shareholder who cannot participate in the Meeting by own self, the Company provides a Proxy Letter both in Thai and English for forwarding along with the Letter of Invitation to the Meeting to facilitate the shareholder in delegating an Independent Director or any person to be his proxy without any restriction that the proxy must be an Executive or a Director of the Company to attend the Meeting on his behalf which, in this respect, the right of voting on various Agendas shall be at the desire of the shareholder. In addition, the shareholder can download the Letter of Proxy from the Company website: [www.sahaunion.co.th/ut](http://www.sahaunion.co.th/ut)
  6. In the Letters of Invitation to the Meeting:
    - Documentation/evidence for use in assigning a proxy is specified under “Remark” part of the Letter of Proxy.
    - There is no requirement/condition which would create any entangled problem in assigning a proxy.
  7. In respect of the 19th Shareholders Annual Ordinary Meeting on 24 April 2012:
    - The Company assigned Securities Depository Center (Thailand) Co., Ltd., to send Letters of Invitation in advance on 5 April 2012, to all shareholders in accordance with the names appearing in the Shareholder Register as of the closing date of the Company's shareholder registration.
    - The Company had communicated matter on the Letters of Invitation to the Meeting via Company Website: [www.sahaunion.co.th/ut](http://www.sahaunion.co.th/ut) in advance on 21 March 2012, consisting of the opinions of Board of Directors on each Agenda including supplementary documents supporting the Meeting on various Agendas, map of the Meeting place and Proxy Letter to facilitate all groups of the shareholders including the institutional shareholder category in traveling to attend the Meeting or preparing the Letter of Proxy both in Thai and English in the case of a shareholder being unable to attend the Meeting.
  8. In the Letters of Invitation to the shareholders each time, the Company By-Laws on the part relating to such particular meeting both in Thai and English were attached in order to enable to all shareholders to generally know of various definitions, rules, procedures and rights.
  9. In 2012, the Company had no Item being a financial assistance to any company not being the Company's subsidiaries.
  10. The Company has a policy on the prevention against the use of internal data on the matter of securities trade by instructing Directors and Executives to avoid engaging in the securities trade of the Company within the period of 14 days before the disclosure of data on the Financial Report of the Period or various quarters and within 24 hours after the disclosure of such data which, in this connection, Directors and Executives have been informed for acknowledgements and compliances which in 2-12, there was no Directors nor Executives of the Company having been engaged in the trade of securities by using the internal data.

#### **(4) Taking into account Role of Stakeholders.**

The Company has carried out various businesses and transactions by being well aware of the fact that the rights of stakeholders notwithstanding whether it is the right prescribed by law or by mutually-made agreement including good relationship and cooperation irrespective of whether they are internal stakeholders: such as, shareholders, Directors, Executives and employees of the Company or external stakeholders: such as; societies/communities, clients, trading partners, account payables, government sector and other related organizations which are vital factors to help promote the Company to proceed with the sustainable growth and the building up of competing capability in order to lead to Company's success in the long term. In this respect, the Company Directors, in 2012, conducted reviews, revisions and improvements of Good Corporate Governance Manual and Code of Business Ethics to be suitable with the conditions in carrying out business of the Company by prescribing the Vision as the Textile Company being trustful on the quality and delivery, having food business management, able to carry out business continuously with stability and sustainability under the Mission:

- To carry out business for the yield of suitable returns with stability and sustainability.
- To build up good relationships with stakeholders in order to facilitate the benefits to one another.

- To pay sincere attentions on, take responsibility for and respond to the needs of clients at the best possibility, safeguard secrecy of, build up good relationships with and create satisfactions to the clients.
  - To treat employees equitably, righteously and give them suitable returns including supporting the working capability development to enable them to adapt themselves acquainted to the changing situation and progress in their careers.
  - To set a firm resolution in carrying out business with corporate social responsibilities by refraining from violating human rights and protecting the environments from being adversely affected by the carrying out of the operations under international standard, Official Regulations and participate in social and community activities
- a) Policy connected with Stakeholders:
1. Promoting the process in creating good relations and co-operations between the Company and stakeholders.
  2. Firmly adhering to the concept in carrying out the Company business with transparency and to take into account the roles of various groups of stakeholders including the policy on looking after the environments and social community.
  3. Policy on the safety, occupational health and condition of working environments:
    - Complying with the official-related Rules and Regulations.
    - Promoting and supporting the operations of activities on the aspects of the safety, occupational health and condition of working environments both during duty hours and off-duty hours.
    - Promoting all levels of employees to acquire knowledge and be conscious on the safety both at the working place and in daily life.
  4. Policy on Environmental Management:
    - Strictly complying with the official and environmental-related Rules and Regulations and terms of requirement of other related organizations with which the Company has made the agreements.
    - Causing to have the system continuously improved and developed.
    - Implementing measure to prevent and control over the releases/disposals of waste residues by safe methodology causing very least environmental impact and properly in accordance with the law.
  5. Providing communication channels to stakeholders in making inquiries, notifying the data, complaints or doubts in Financial Report through various channels as follows:
    - In the case of searching for data of the Company, the data can be viewed on the Company website: <http://www.sahaunion.co.th/ut> Company Secretary shall be the person to update the data regularly.
    - In the case of any doubt on Financial Report, contacts for inquiries can be made to Accounting and Finance Manager and/or Managing Director at Telephone No. 02-3231085-87.
    - In the case of a notification on the data, a complaint, pertinent notification can be made to the Audit Committee Secretary at Telephone No. 02-3231085-87 in order that a report of the same can be made to Audit Committee Chairman, Managing Director or an assigned person to proceed with the actions on the investigations/solving problems as suitable if the complaint is truly grounded. In this respect, the Company has the measure to keep confidential data received and protect the data informant.
- b) Guidelines on Stakeholder Treatment:
- Society and Community;
    - Promoting and instilling all levels of Executives and employees to have the sense of responsibility to the environments and to be advantageous to the societies and communities.
    - Promoting the organizing of activities or participating in supporting the activities connected with community development by prescribing it as a policy and disclosing the executions publicly.

- 
- Improving production and working process continuously in order to prevent the adverse impact from possibly occurring including the use of natural resources worthily and reduction of fruitlessness unnecessarily.
  - Mapping out policy in respect of heedful care of the environments and having the practical implementation guidelines concretely which shows the responsibility towards the environments.
  - Refraining from supporting the stakeholders with the Company to destroy the natures and environments.
  - Complying with related law, regulations and terms of requirement.
  - Disclosing data virtually reflecting the compliances with the way of Corporate Social Responsibilities described in the Annual Report abovementioned.
  - Shareholders;
    - Practicing equitable treatments to all shareholders and in accordance with rules prescribed by law.
    - Respecting the rights of shareholders under the important elements of having a good corporate governance.
    - Performing duties as well as making decisions in carrying out any actions honestly and righteously to both major shareholders and free floats for the benefits of related groups in the overalls.
    - Managing the Company business for progress, stability and causing the yielding of suitable returns to the shareholders.
    - Performing duties with capabilities and cautions like a learned, experienced and skillful person.
    - Reporting the situation and operational results of the Company to the shareholders equitably, regularly and fully in accordance with the reality.
  - Clients;
    - Firmly adhering to and holding it in practical performances in carrying out the operations with honesty and transparency and shall treat all clients equitably.
    - Producing, making the deliveries and providing services with quality goods with the standard meeting the needs or higher than expected of the clients at fair prices.
    - Disseminating correct information data in order that data relating to the goods and services could be publicly informed.
    - Having available an organization, system or public hearing process for listening to recommendations, opinions or complaints relating to the goods and other services which, in this connection, the Company will bring such matters up for considerations, improvements and actions on the corrections expeditiously within the reasonable period of time.
    - Keeping clients' confidential information in confidence by not disseminating it or making use of it for the benefit of the Company or the other person unlawfully.
    - Creating good relations and searching for the way to increase benefits to the clients continuously.
  - Trading Partner and Creditor;
    - Equitable and righteous treatments and based on the receipts of fair returns by both parties.
    - Refraining from demanding, receiving or paying any benefits other than the benefits in accordance with trade agreement. If information is found to be that there has been a demand, receiving or paying any benefits dishonestly, the Company shall jointly work with the trading partner to check the fact and end the problem expeditiously.
    - Refraining from using own power and duty or power and duty of the other person for own benefits or providing assistance to the other person unlawfully.

- Refraining from participating in the activity of trading partner which is conflicting to the interest of or may cause a damage to the Company including refraining from performing personal work or taking the job to do for the other person in the work which is similar to the work of the Company even such work is performed during the off-duty hours of the Company.
- Strictly complying with the conditions of the Contract and agreements made with the trading partner. If it is in the case where a compliance with the agreement in any case cannot be materialized, the Company shall jointly work with the trading partner to consider the actions in finding the way to correct the discrepancy immediately.
- Trade Rivals;
  - Treating trade rivals in compatibility with the international principle under frame of the law relating to the practical principle on good trade competitiveness.
  - Refraining from violating or perceiving trade secrets of the trading partner by way fraudulent act.
  - Refraining from trying to destroy reputation of trade rivals by malicious accusation without any ground.
- Employees;
  - Strictly complying with the law and various rules and regulations relating to the employees.
  - Paying attentions on and assisting in the carrying out of any actions in maintaining the environmental condition in the working place with safety and meeting hygienic standard at all times.
  - Paying attentions, giving importance on the development, transferring of knowledge and ability of employees by giving them an opportunity thoroughly and constantly.
  - Giving suitable returns in accordance with the knowledge, ability, responsibility and work achievements of each employee.
  - An appointment and a transfer including the gift of incentive reward and punishment inflicted up on employees must be done equitably, honestly and on the base of the knowledge, ability and suitability including the doing or performances of such employee.
  - Promoting the participations of the employees in prescribing working direction and solving the Company's problems.
  - Listening to the opinions and recommendations of all levels of employees equally and equitably.
  - All employees must perform their duties with responsibilities by themselves and strictly comply with the Company Regulations.
  - Enhancing employees to have rights in submitting applications to become members of Employees Provident Fund in Sahaunion Group which, currently, all employees of the Company are members of the Provident Fund.
- In 2012, the Company had activities connected with the stakeholders which can be summarized as follows:
  - Jointly working with the community in organizing activity in presenting Buddhist Lent Candles and Yellow Robes to the Monk.
  - Donating money and supplies to the schools, official organizations and foundations marking various auspicious occasions.
  - Organizing Big Cleaning Activity including the eradications of mosquitoes and insects in the areas around the factory and dormitory and dining hall.
  - Organizing Games Tournaments for Unity among company in the Group in Bangpoo Area.
  - Providing assistances to employees being the flood victims.
  - Being the recipient of the Honor Award for Outstanding Business Establishment on the aspects of Labor Relations and Labor Welfare for 5 consecutive years (2007-2012) where the event of which was organized by Department of Labor Welfare and Protection, Ministry of Labor.



## (5) Disclosure and Transparency

The Board of Directors is responsible for ensuring that all important information relevant to the Company, is disclosed correctly, accurately and on a timely basis.

- Managing Director, together with the accounting and financial managers and company secretary, is responsible to communicate and provide information to shareholders.
- The company secretary shall be obliged to update the Company information on a regular basis

Investors and general interested person can search the Company information, in addition to disclosing information as specified in relevant regulations through the channel of the Stock Exchange of Thailand, annual statements (Form 56-1), and the Annual Report, via the Company's website at <http://www.sahaunion.co.th/ut> or contact the Accounting and Financial Department at Tel. No.02-3231085-93 ext.1113. All disclosed information would be in Thai and English.

## (6) Responsibilities of the Board of Directors

The Board of Directors plays an important role in corporate governance for the best interest of the Company. The Board of Directors is accountable to shareholders and independent of management. The Board of Directors is responsible to guide the direction of the Company's operation, to monitor the operations of management, and to show the board accountability for the Company and shareholders

### a) Board Structure

1. In AGM No.19 convened on April 24th, 2012, the Meeting has its resolution to establish the Board of Directors, totally 9 persons, consisting of:
  - Executive directors 2 persons
  - Non-executive directors 4 persons
  - Independent and audit directors 3 persons (equal to one-third of the total number of the Board of Directors)
  - The Chairman shall not be the same person as the Managing Director and shall have different authorities, duties and responsibilities from the Managing Director.
  - Name list of the Board of Directors and company secretary are shown on page 12 and 14
2. Term in office of directors; 3 years.
3. Qualification of the Company independent director
  - (a) Holding shares not over one percent of the total shares with voting right of the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, however, it includes shareholding by related persons of the independent director also.
  - (b) Not being or has been a director with management participation on employees, consultant with regular salary or authorized person of the Company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or of authorized person of the Company for license, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the Company for license.
  - (c) Not being person of whole blood or registration as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the Company for license or subsidiary.
  - (d) Not have or has been in business relation with the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the Company for license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the Company, holding company, subsidiary,

affiliation, major shareholder or authorized person of the Company, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office.

- The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same person.
- (e) Not being or has been auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.
- (f) Not being or has been any professional provider which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.
- (g) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.
- (h) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.
- (i) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.

After the appointment to be independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to make decision on the business operation of the Company, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision.

4. The assumption of current office of each director has been disclosed on page
5. The Company secretary is responsible for performing the duty as specified in Securities and Exchange Act (No.4) B.E.2551 SECTION 89/15, 89/16, 89/17, and 89/23

b) Committees

Committees consist of the Audit Committee and the Remuneration and Nominating Director, whereas the scope of authorities and responsibility of each committee has been specified on page 13 and 14

- The Audit Committee consists of independent directors and having complete qualifications as per the criteria of the Stock Exchange of Thailand, represented by Emeritus Professor Dr. Achara Chandrachai, the Chairman of Audit Committee, who has the knowledge and experience in reviewing the financial statements. Details of educational qualifications and experiences of Emeritus Professor Dr. Achara Chandrachai are as specified on page 4

- 
- Dr. Pilastpong Subsermsri, Chairman of the Remuneration and Nominating Committee, is an audit/independent director.
- c) Roles and Responsibilities of the Board
- The Board of Directors
    - 1) Determine the Company direction, target, and business policy
    - 2) Supervise the management regarding an appropriate risk management.
    - 3) Supervise the Company's accounting and financial report disclosure accuracy and completeness.
    - 4) Consider Company annual operating plan and budgets as per the Managing Director proposed.
    - 5) Evaluate operating result and consider annual remuneration of the Managing Director.
    - 6) Determine gratuities for employees
    - 7) Determine interim dividend to the shareholders.
    - 8) Perform duties in accordance with law, purpose, regulations, and resolutions of the shareholders' meeting.
    - 9) Regarding performance duties according to scope of duties and authorities, the Board of directors may assign one or more directors or other person to perform on behalf of the Board of Directors.
  - The Audit committee
    - 1) Review the Company's financial reports for accuracy, adequacy and in accordance with the generally accepted standard of accounting
    - 2) Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer and dismissal of the manager of the internal audit office;
    - 3) Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
    - 4) Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;
    - 5) Consider the related transactions or transactions which may have conflicts of interests in accordance with the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the Company;
    - 6) Prepare a report of the Audit Committee, which must be disclosed in the annual report of the
      - Company and signed by the Chairman of the Audit Committee and shall contain at least the data, as follows:
        - Comments on the accuracy, completeness and reliability of the financial reports of the Company;
        - Comments on the adequacy of the internal control system of the Company;
        - Comments on the compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
        - Comments on the appropriateness of the auditor;
        - Comments on the transactions which may have conflicts of interests;
        - The number of meetings of the Audit Committee and attendances of each member of the Audit Committee;
        - Comments or overall remarks that the Audit Committee has received from the performance of duties under the Charter or Regulations of the Audit Committee;
        - Other transactions as shareholders and general investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors

- Nomination and Remuneration committee
  - 1) Determine guidelines for nomination of directors
  - 2) Select and nominate the qualified individuals to be approved by the Board of Directors
  - 3) Consider the procedures of determination of remuneration for directors
  - 4) Determine the amount of remunerations for directors to be proposed to the meeting of the Board of Directors for approval
- d) Board of Directors Meetings
  - The Company determined to held the Board of Directors' meeting every month, except if there is a significant issue, there may be additional meetings as appropriate. By setting the annual meeting schedule in advance and notify directors of the meeting schedule. For each of the meeting, the invitation letter for the board meeting , together with supporting documents will be submitted to the board at least 7 days in advance prior to the date of the meeting.
  - During the meetings, the Chairman of the meeting encourages consideration on various issues with transparency and allocates sufficient time for complete management's presentation and comprehensive directors' discussion and delivers the written minute of the board meeting covering all issues, content, and significant opinion, which will be kept orderly for audited.
  - In the year 2012, the Board of Directors' meetings had been convened once a month, totally 12 times, as scheduled in advance; whereas, in each meeting of the Board of Directors;;
    - The Chairman and the Managing Director shall jointly consider selecting matters to be included in the Board of Directors' meeting agenda; and each director shall be free to propose an issue for a meeting, which to be included in other agendas.
    - The Company secretary shall submit invitation for the Board of Directors' meeting, together with the meeting agendas and supporting documents to the Board of Directors in order to study the data for 7 days prior to the date of the meeting;
    - At least 2 hours shall be spent so that the Management shall propose matters; and directors shall carefully and thoroughly discuss on significant issues; whereas, the Chairman has encouraged all directors to use their careful discretions on these issues; and all directors have paid their attention to all issues to be discussed in the meeting, including the issue of corporate governance
    - The top management shall attend the Board of Directors' meeting to give additional information on issues directly involved with the problem such as marketing situations, supply of raw materials and manufacturing, etc., thus to be used for consideration of the succession plan;
    - The Board of Directors may ask for additional and necessary data from the Managing Director or the Company's secretary or other assigned executives within the scope of the prescribed policy
    - Non-executive directors shall be given an opportunity to attend their mutual meeting as may be
    - Necessary to discuss on any interesting management-related problems, without the management's attendance; and the Managing Director shall be notified of the meeting results
    - The number of meeting attendances of each director has been specified on Page 14

e) Board Self Assessment

The Board of Directors has conducted the self- assessment regularly on yearly basis. For the year 2012, the Board of Directors considered the self-assessment of each director together and summarized to be assessment of the Board of Directors, in order to solve any problem and make improvement. The assessment results compared to that of the year 2011 are as follows;

Topics of Assessment	2012	2011
1. Structure and qualifications of the Board of Directors	94.44%	93.89%
2. Roles, duties, and responsibilities of the board of Directors	91.51%	86.11%
3. The Board of Directors' meeting	96.53%	93.40%
4. Performance of duties of directors	94.84%	89.68%
5. Relationship with the management	97.22%	92.78%
6. Self-development of directors and development of executive	91.20%	87.50%
Total Scores	93.72%	89.87%
f) Remuneration		
<ul style="list-style-type: none"> <li>The Remuneration and Nominating Committee shall be obliged to consider and fix the remunerations of the Board of Directors within the limit approved by the Shareholders' meeting;</li> <li>Shareholders have the right to consider criteria and remuneration policy by considering determination of directors' remunerations proposed by the Board of Directors, by defining an agenda in the Annual General Meeting of shareholders.</li> <li>Remunerations of the Managing Director and the top management shall be subject to the workgroup based salary structure which shall be reviewed from time to time and in accordance with the principle and policy prescribed by the Board of Directors; whereby, the remuneration levels shall be considered from the operating result of the Company and the work performances of each of the management.</li> <li>Remuneration of directors and managements of the year 2012 is shown on page 16</li> </ul>		
g) Board and Management Training		
<ul style="list-style-type: none"> <li>The Board of Directors has promoted and facilitated the organization of training and dissemination of knowledge to people involved with the performance of duties such as DAP curriculum for the Board of Directors; ACP curriculum for the Audit Committee; and the risk management curriculum for executives, etc.</li> <li>The Company secretary has prepared documents and use information for performance of duties of new directors and introducing the nature of business operation and guidelines for business operation and useful data</li> <li>The Managing Director is responsible for the report, on a regular basis, regarding the development and succession plan, including preparation in case of unable to perform his duties.</li> <li>The Managing Director is responsible for reporting annually to the project for the development of managements and what they have done during the year.</li> </ul>		

## Use of Inside Information

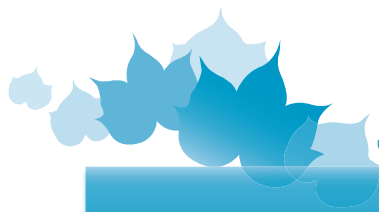
The company has a policy to prevent the use of inside information and has issued the rules and regulations of the company. Employees, managements and directors have been informed do not use one's authorities and duties or to make use of authorities and duties of others for one's own benefits, or to help others in an illegal manner and all personnel of the Company must perform their work with honesty. Moreover, the Company has determined the degrees of punishments, in case, the above-mentioned disciplines are violated

- Securities trading, the Company has defined the directors and managements to avoid securities trading of the Company within 14 days before the disclosure of the annual or quarterly financial report and within 24 hours after the disclosure of that information.

- The Company has defined the directors and management to report their stakeholders and securities holdings on basis every year or having any changes. The Company secretary is responsible for keeping these reports.

- In the year 2012, not found such violation and no cases of the Company's directors/executives have traded securities by using of the inside information.





## Social Activities

In 2012, the Company has received the outstanding enterprise for labour relations and labour welfare awards, consecutive 5 years (2007 – 2012), organized by the Department of Labour Protection and Welfare, Ministry of Labour. Summary of social activities are as follows;



Activities on religions: Employees made merit and offered candles on the Buddhist Lent Day in Suphanburi, Ayutthaya, and Angthong.



**Activities on education:**  
The Company's representatives have given books, *The King of Thailand and Buddhism*, to schools and government agencies in Samut Prakan Province.

**Activities on environment:**  
Management and employees jointly plant trees on the occasion of Mother Day, August 12th, 2012 at the factory space in order to restore nature for happiness and good lives.



**Activities on social:**  
The Company's representative participated the project on plant trees, build check dam, and dredge canal. Planting mangrove forest in 8,500, dedicated to His Majesty the King at the Army's rehabilitation and relaxation center (Bang Pu Seaside Resort), Samut Prakan.



**Activities on labour relations:**  
- Representative of the employer and the employees received the outstanding enterprise for labour relations and labour welfare awards of 2012 from Assistant to the Minister of Labour and Social Welfare at the IMPACT Exhibition & Convention Center, Muang Thong Thani.  
- The Company's representative received the outstanding enterprise for promoting workforce skills development program for the year 2011 from Assistant to the Ministry of Labour and welfare at Bangkok Cha-Da Hotel, Bangkok

**Activities on health:**  
- Organized an entertaining sport competition to promote employees' exercise (senior male-female football)  
- Cleaned company canteen, sprayed the insecticide on a quarterly basis.

The Company has prepared the Audit Committee Charter to describe the duties and responsibilities for review so that the Company shall have appropriateness and effectiveness of the internal control system and internal audit systems.

In 2012, the Audit Committee has considered and approved the internal audit plan; acknowledged the audit results and considered the Management's report; and has given recommendations which were beneficial to administration and correction of defects; and has also followed up the result of improvements and has reported the same to the Board of Directors on a quarterly basis.

Moreover, the Audit Committee has discussed with the licensed auditor of Ernst & Young Office Limited, without participation from the Company's management, to acknowledge the auditor's remarks and to give comments on the audit plan to ensure that the processes of preparation and disclosure of data in the financial report are correct, complete and reliable; and the auditor has given the opinions that no material discrepancy was found.

In the Board of Directors' Meeting No. 2/2556 convened on February 19th, 2013, the Board of Directors has approved the evaluation result of adequacy of the internal control system of 2012 that the Company had adequate internal control system according to 5 main parts, as follows:

### **Part 1: Organizational Control and Environment Measure;**

- The Board of Directors has supervised and determined the clear and assessable goals of business operation, which are suitable to the changing business conditions and are not motives for employees to act in bad faith.
- Regarding the organizational structure, the Company has clearly prescribed the chain of command and has prepared the documents of work procedures, work manuals, including written requirements relating to business integrity, thus, to be used as operational guidelines of directors, management and employees; moreover, the Company has prescribed that the management and managers at all levels, including employees who are responsible for business transactions with individuals or outside organizations shall sign a certificate of omission from taking any action which may cause any conflict of interest.

### **Part 2: Risk Management Measure;**

- The Board of Directors has defined the management to report on the company's Board of Directors meeting about market conditions, exchange rate, the purchase of raw material, especially purchases of cotton, which must consider the plan to use, the remaining quantity of cotton, price, and lead time of delivery and operating result of the associated companies. The Board of Directors/ risk management working group has been meeting on a regular basis to discuss and assessment of risks by analyzing the various risk factors, including events that occur both domestic and abroad, that will affect the company's operations. In the year 2012, there were some events such as climate changes affecting cotton yields decreased, the fluctuation of Cotton prices that change according to the demand of the country's import of cotton, or solving the economics crisis of the European Community and a short-term solutions regarding financial cliff of the United States, etc., may affect the orders that were still in a lower than the normal level. Define guidelines and responsible for the operation, as well as the progress report on the implementation and the actual results.
- The Company had its risk management at the operational level by appointing the working group of risk management to review activities or internal processes and preparing a list of risk factors and work plans to prevent or reduce potential risks; provided that the Internal Audit Office shall apply the result of risk management to prepare the audit plan and shall report the audit result to the Managing Director and/or the Audit Committee.

### **Part 3: Management Control Activities;**

- The Company has divided the duties and responsibilities relating to approval, transactions recording and supervision of separate storage of assets, clear determination of scope of powers and duties and approval limit of the management at each level in writing. The Company has made transactions with major shareholders, directors, the management or related parties as though such transactions have been made with the third parties; and has proposed the matter to the Audit Committee for consideration before submitting the same for approval in the Board of Directors' meeting.



#### Part 4 Information and Communication Measure;

- The Company has prepared the data relating to matters to be proposed to the Board of Directors for consideration; moreover, related parties have clarified and answered the inquiries; and opinions or remarks of directors shall be recorded in the minutes of the Board of Directors' meeting.
- Regarding the accounting operation, the Company has kept the supporting documents for transactions recording and accounts in sections according to the period prescribed by law; and has also reviewed the accounting policies if they are in accordance with the generally accepted principle of accounting and suitable to the nature of the Company's businesses.

#### Part 5 Monitoring

- The Company has reported the monthly operating result in the Board of Directors' meeting and has also explained and given the corrective guidelines in the event that the operating result failed to meet the targets and it shall be regarded as continued issues which must be corrected and reported to the monthly meeting of directors.
- The Company has prescribed that the Internal Audit Office shall be obliged to review the operations and to report the audit result to the Audit Committee directly with recommendations in favour of the business administration and to report the same to the Board of Directors on a quarterly basis.

#### Related Party Transactions

1. In the year 2012, the Company had significant business transactions with related parties as follows;

Name / Relationship	Transactions	Million Baht		Pricing policy	Need
		2012	2011		
Saha-Union Plc. / parent company	● Purchases of raw materials	321	807	Cost plus margin of parent company	Common procurement for group company to ease of negotiation with suppliers regarding price and quantity.
TCUA / associated company	● Sales of goods	59	292	Cost plus margin	Normal doing business such supply chain.
	● Purchase of goods	2	2	Cost plus margin of associated company	Comply with the joint venture agreement.
	● Sales of machinery and equipment	-	4	Agreed price	
	● Rental income	13	12	Contract price	
	● Other income	6	6	Contract price	
Related companies/ co-directors and SU being major shareholder	● Sales of goods and services	9	8	Cost plus margin	Normal doing business such supply chain.
	● Purchases of goods and raw materials	2	11	Cost plus margin of related companies	
	● Rental income	6	6	Contractprice	Economic benefits on property that is not in use or not suitable for the current company's production.
	● Other income	3	3	Contract price	

2. As at December 31st, 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
<b>Trade and receivables – related parties</b>		
Parent company	-	700
Associated company	23,195	8,099
Related companies (Has common shareholders)	1,074	753
Related companies (Held by the Company)	1,143	63
Others	16	13
Total trade and other receivables – related parties	<u>25,428</u>	<u>9,628</u>
<b>Trade and other payables – related parties</b>		
Parent company	97,887	124,772
Associated company	293	128
Related companies (Has common shareholders)	71	390
Others	56	70
Total trade and other payables – related parties	<u>98,307</u>	<u>125,360</u>

3. Policy or trend on related party transactions in the future which are normal doing business or under the term of the on-going agreement should be based on fair and agree on both parties and does not cause to transfer benefits.

## Explanations and Financial Status Analysis and Operational Result

Over the Year of 2012, the Company's operational result in accordance with Separate financial statement accounted for the loss of 276.95 million Baht, an increasing in the loss of 291.66 million Baht comparing with the Year 2011 which accounted for the net profit of 14.70 million Baht due to the reason that Ten Cate-Union Protective Fabrics Asia Limited (TCUA) had continuous loss to cause to reasonably believe that TCUA could not continue to operate business any longer. The Company, therefore, set aside the allowance for impairment of its investment in TCUA in full amount of 186.25 million Baht.

For Financial Statement in which the equity method is applied accounted for the net loss of 92.34 million Baht, an increasing in the loss of 115.16 million Baht comparing with the Year 2011 which accounted for the net profit of 22.82 million Baht due to the main reason of the dullness of textile markets which were affected by European debt crisis which has continuously prolonged until the present consequently resulting in the wholesale export quantities to foreign countries both in Europe and Japan to eventually decrease. In addition, there were negative factors both on price competitions and rate of exchanges, thus, making the sale price per unit lower than that in 2011.

The following data report is overview of the Company's operational result of the Financial Statements in which the equity method is applied:

### Overview:

Company's operational result for the year ending 31 December 2012 and 2011 are as follows:

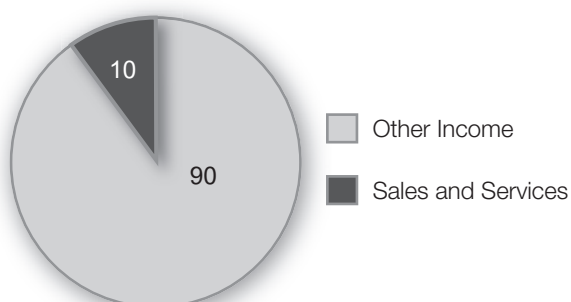
(Unit: Million Baht)

	For the year ending 31 December			
	2012	2011	Increase(Decrease)	
			Amount	Percentage
Sales and services income	711.65	1,089.13	(377.48)	(34.66)
Other income	82.27	107.59	(25.32)	(23.53)
Cost of Sales and Services	795.22	1,065.77	(270.55)	(25.39)
Selling Expenses	26.10	23.65	2.45	10.36
Administrative Expenses	62.33	40.29	22.04	54.70
Loss from investment devaluation	16.95	-	16.95	-
Financial Expenses	3.18	0.96	2.22	231.25
Operational Profit (loss)	(109.86)	66.05	(175.91)	(266.33)
Income Tax Expenses	-	53.55	53.55	(100.00)
Share of profit (loss) from investment in associated company	17.52	10.32	7.20	69.77
Profit (Loss) – Net	(92.34)	22.82	(115.16)	(504.65)

The Company accounted for net loss for the year ending 31 December 2012 in the increment of 115.16 million Baht comparing with the Year 2011 which accounted for the net profit of 22.82 million Baht. In that respect, revenues from sales and services had decreased in the amount of 377.48 million Baht or 34.66%.

### Operational Result Analysis

#### (1) Income



(Unit: Million Baht)

	For the year ending 31 December			
			Increase (Decrease)	
	2012	2011	Amount	Percentage
Sales and services income	711.65	1,089.13	(377.48)	(34.66)
Other income	82.27	107.59	(25.32)	(23.53)
Total Revenues:	793.92	1,196.72	(402.80)	(33.66)

## a) Sales and services income:

The Company accounted for the decrement in the sales and services income in the amount of 377.48 million Baht or 34.66% which were affected by prolonged European debt crisis consequently resulting in the textile markets to be dull, thus, resulting in the quantity of the purchase orders to decrease.

## b) Other income:

The Company accounted for the decrement in the other income in the amount of 25.32 million Baht due to the reason that the sale price of raw material residues per weight was decreased in accordance with the decreased buying price of the raw material

## (2) Expenses.

(Unit: Million Baht)

	For the year ending 31 December			
			Increase (Decrease)	
	2012	2011	Amount	%
Cost of sales and services	795.22	1,065.77	(270.55)	(25.39)
Selling expenses	26.10	23.65	2.45	10.36
Administrative expenses	62.33	40.29	22.04	54.70
Loss on impairment of investment in associated company	16.95	-	16.95	-

## a) Cost of sales and services:

Cost of sales and services was decreased in the amount of 270.55 million Baht or 25.39% in the proportion of less than the revenues due to the reason that the labor cost was higher consequently as a result of the minimum wage rate adjustments from 1 April 2012.

## b) Selling expenses:

Selling expenses were increased in the amount of 2.45 million Baht or 10.36% which were the expenses which were increased on the export formalities.

## c) Administrative Expenses:

Administrative expenses were increased in the amount of 22.04 million Baht due to the reason that there was, in 2011, a transfer back (expense reduction) on the particular of the allowance set aside for the impairment of investment value in Union Business Management (UBM) in the amount of 20.97 million Baht.

## d) Loss on impairment of investment in associated company:

The Company accounted for the loss on impairment of investment in associated company in the amount of 16.95 million Baht as a result of the setting aside of the allowance for impairment loss on investment in TCUA.

## e) Financial Expenses:

The Company accounted for the financial expenses in increment in the amount of 2.22 million Baht or 231.25% being the interest payable of 3.18 million Baht from financial institutional loans.

**f) Share of profit (loss) from investments in associated companies:**

The Company recognized profit (loss) from the investments in associated companies in the increased amount of 7.20 million Baht or 69.77% of which the Company had made the account entries in accordance with the prescribed account standard

**(3) Profit (loss):**

The Company accounted for net loss of 92.34 million Baht, an increase of 115.16 million Baht comparing with 2011. In conclusion, the Company accounted for net loss of 2.52 Baht per common share which was a decrease when comparing with 2011 which accounted for the net profit of 0.04 Baht per common share.

**Financial Status Analysis.**

**(1) Asset Analysis:**

(Unit: Million Baht)

	For the year ending 31 December			
			Increase (Decrease)	
	2012	2011	Amount	Percentage
Total Assets	1,102.69	1,143.47	(40.78)	(3.57)
Total Liabilities	292.54	268.31	24.23	9.03
Total Shareholder Equity	810.15	875.16	(65.01)	(7.43)

The significant change in the particulars of the assets, liabilities and shareholder equity as of 31 December 2012 when comparing with the balance as of 31 December 2011, are as follows:

**a) Assets:**

As of 31 December 2012, the Company had the total assets in the amount of 1,102.69 million Baht, a decrease from 2011 by 40.78 million Baht or 3.57%, the significant details of which are as follows:

- Cash and cash equivalents in the amount of 36.12 million Baht or 3.28% of the total assets, an increase of 25.40 million Baht or 236.94% due to the reason that the Company had received the payments of the costs of the goods from clients during yearend period.
- Account receivable and other debtors in the amount of 121.37 million Baht or 11.01% of the total assets, an increase of 69.60 million Baht or 134.44% due to the reason that the total sales of the 4th quarter of 2012 was higher than the total sales in 2011, thus, resulting in the total accrued balance of the account receivable to be increased all along, as well. In selling goods to foreign clients, the Company required the clients to open Letter of Credit (L/C) before goods deliveries and that the Company prescribed the rules on the setting aside of doubtful debt allowance by considering on the basis of the period of the overdue payment of the accrued debt and solvency of the client by individual which in 2012, there was no account receivable with overdue accrued payment. It was, therefore, unnecessary for the Company to set aside the doubtful debt allowance.
- Inventory in the amount of 215.08 million Baht or 19.51% of the total assets, a decrease of 151.35 million Baht or 41.30%. Most of the decrement was as a result of the decrease in the finished products and raw materials due to the reason that there was a decrease in the purchase orders of the goods of both domestic and overseas markets.

- Investments in associated companies in the amount of 209.57 million Baht or 19.01% of the total assets, an increase of 27.45 million Baht or 15.07%. The additional investments derived from Union Fiber Co., Ltd., in the amount of 104.85 million Baht and the investment amount which was reduced from TCUA in the amount of 77.40 million Baht because the uncertainty in the business operations had arisen, the company, therefore, came up with a consideration to reduce the value of the investments in the total amount.
- Land, plant and equipments in the amount of 333.10 million Baht or 30.21% of the total assets, a decrease of 9.32 million Baht or 5.48% due to the reason the Company had sold out the unused assets.

**b) Liabilities:**

As of 31 December 2012, the Company accounted for the total liabilities of 292.54 million Baht, an increase from the preceded year in the amount of 24.23 million Baht or 9.03%; the significant details of which are as follows:

- Bank overdraft in the amount of 60 million Baht or 20.51% of the total liabilities, an increase of 60 million Baht.
- Account payable and other creditors in the amount of 143.16 million Baht or 48.94% of the total liabilities, a decrease of 18.78 million Baht or 11.60 which was arisen from a decrease in the principal account payable and the decrease in the total goods sales.
- The Company had no accrued income tax payment in 2012, the Company, therefore, had no total tax to be paid to Department of Revenue when comparing with 2011 wherein the total tax of 2.69 million Baht was required to be paid.
- A long term benefit of the employees has been reserved in the amount of 41.85 million Baht, a decrease of 0.94 million Baht or 2.30% which, in this respect, the Company has complied with the accounting standard.

**c) Shareholders' Equity:**

As of 31 December 2012, the Company accounted for shareholders' equity in the amount of 810.15 million Baht, a decrease of 65.01 million Baht or 7.43%. The reason for the change were as follows:

- On the part connected with the operational result, the Company accounted for the loss of 92.324 million Baht during the year. In accordance with the resolution of the shareholders meeting, there was an allocation of the amount of 12 million Baht for dividend payments consequently resulting in the shareholders' equity to decrease in the amount of 104.34 million Baht.
- On the part unconnected with the operational result, which was the recognition of the surplus profit derived from the adjustment on the investment value in the securities allowance for sales to be tantamount to the market price which was not the profit actually arising. Whole year net profit had increased in the amount of 39.33 million Baht.

Based on the data abovementioned, the shareholders' equity had totally decreased in the amount of 65.01 million Baht.

**Source of the Investment.**

The Company's investment structure as of 31 December 2012, consisted of the liabilities in the total amount of 292.54 million Baht and shareholders' equity in the amount of 810.15 million Baht or the proportion of liabilities to shareholder equity of 0.36:1. Therefore, source of the investment from liabilities accounted for very least proportion when comparing with the capital portion. This could be expressed that the Company's liability proportion has still been rated at the low level. Therefore, the risk of the Company's creditors is at a low exposure on the matter of receiving the performance of obligations from the Company in the future.

## Financial Status Analysis.

### (1) Liquidity Analysis:

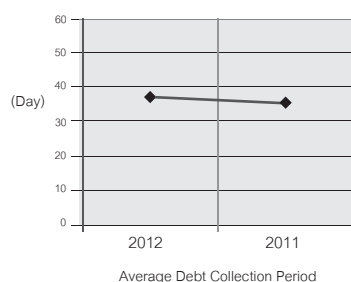
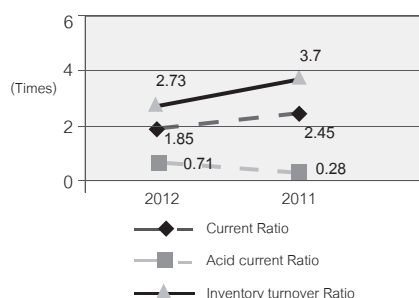
(Unit: Million Baht)

	For the year ending 31 December			
	2012	2011	Increase (Decrease)	
			Amount	Percentage
Net cash flows from (used in) operating activities	4.42	(100.40)	104.82	104.40
Net cash flows from (used in) investing activities	(27.01)	25.36	(52.37)	(206.51)
Net cash flows from (used in) financing activities	47.99	(102.54)	150.53	146.80
	36.12	10.72	25.40	236.94

Cash and cash equivalents as of 31 December 2012 was 36.12 million Baht, an increase from preceded year in the amount of 25.40 million Baht or 236.94%. The details of the source on the acquisitions and spending of the money are as follows:

1. Net cash flows from (used in) operating activities in the amount of 4.42 million Baht had acquired from the operations with minus result in the amount of 188.03 million Baht and the cash had acquired as a circulating capital in the amount of 198.60 million Baht which in most case had arisen from the Company's buying of raw materials which had decreased from 2011; interest payment of 2.40 million Baht and tax payment of 3.75 million Baht.
2. Net cash flows from (used in) investing activities in the amount of 27.01 million Baht due to the reason that the Company had purchased the machines and equipments in the amount of 39.55 million Baht. Received cash from selling the unused machines and equipments in the amount of 7.01 million Baht and from the other long term investment dividends in the amount of 5.53 million Baht.
3. Net cash flows from (used in) financing activities in the amount of 47.99 million Baht due to the reason that the Company had taken a short-term loan from financial institution in the amount of 59.99 million Baht and paid bonus for 2011 in the amount of 12 million Baht at the rate of 0.20 Baht per share.

### (2) Significant Liquidity Ratio



1. Current ratio was 1.85 times to 1 when comparing with 2011 which was 2.45 times. The current ratio was decreased due to the reason that the Company's current assets had decreased, particularly, the inventory which had been decreased because of being used in the productions.
2. Acid current ratio was 0.71 times to 1 when comparing with 2011 which was 0.28 times.
3. Inventory turnover ratio was 2.73 times to 1 when comparing with 2011 which was 3.70 times.
4. Average debt collection period was 37 days when comparing with 2011 which was 35 days which was quite close to the period of time of the credit term which the Company had given the account receivable.



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**Investment Expenses.**

In 2012, the Company accounted for the investment expenses on the purchase of the machines and equipments in the amount of 39.55 million Baht.

**Key factor and influence which may affect the operations or financial status in the future.**

At present, the Company can carry out business operations continuously. However, in preparing the Financial Statements in accordance with the standard of Financial Report, it is necessary for the Company to always exercise discretion and estimates on the matter of uncertainty which in exercising such discretion and estimates, the result may differ from the amount which has been estimated. The significant issues which may have an effect on the business operations or financial status in the future are as follows:

- An adjustment on the decrease in the inventory value.
- Allowance for investment devaluation in associated companies.
- Allowance for investment devaluation in securities for sales and general investments.
- Land, plant and equipments and depreciation allowance.
- Employee's benefits after leaving the jobs in accordance with the Benefit Project.
- Raw material problem condition as a result of the fluctuation in the price and quantity of delivery.
- Business operation capability of clients in recovering from problem of European debt crisis.

**Auditor Remuneration.****(1) Audit Fee:**

The Auditor of the Company for 2012 is Mr. Narong Pantawong and/or Mr. Supachai Panyawattano and/or Miss. Siraporn Ouaanunkun, of Ernst and Young Limited Office and the audit fee for audits of Financial Statements for the year is fixed at 510,000 Baht. Fee for verifications of the interim Financial Statements of the Company in total of 3 quarters is 360,000 Baht. Fee for verifications of the interim Financial Statements of associated Company in total of 3 quarters is 90,000 Baht, the total audit fees is, therefore, 960,000 per year. The Company has not paid the audit fees to the Auditor or person of business enterprise connected with the Auditor and the Audit Office to which the Auditor belongs.

**(2) Non-audit fee:**

The Company has not paid non-audit fee other than the abovementioned. No fee will be paid to such Auditor or Office once again in the succeeding year for service work which is not completed.



## Report of the Audit Committee

### To Shareholders:

In 2012, the Audit Committee consists of 3 independent directors, i.e., Emeritus Professor Dr. Achara Chandrachai, the Chairman of the Audit Committee; Mrs. Suthinee Khunwongsa and Dr. Pilasphong Sapsermsri, the audit directors. The Audit Committee has convened 4 meetings and has discussed with the management, the internal auditor and the auditor on the related matters; and has performed their duties, which can be summarized, as follows:

#### 1. Review of Financial Work:

The Audit Committee has reviewed the quarterly financial statements and the financial statements of 2012 in conjunction with the management and the Internal Audit Office by inviting the auditor to attend all meetings which the quarterly financial statements and the annual financial statements shall be reported, thus, to ensure that the financial statements have been prepared in accordance with the generally accepted accounting standard and with the criteria of the Stock Exchange of Thailand; moreover, the Audit Committee has also convened a meeting with the Auditor without the management's attendance in order to discuss freely on the Auditor's remarks and to give comments to the audit plan of the Auditor;

#### 2. Review of Good Corporate Governance:

The Audit Committee has reviewed the company business operation relating to the compliance with the Company's Corporate Governance and Business Code of Conduct Manual and found that the Company's directors, the management and employees have operated the business with integrity and had no problem relating to the code of conduct;

#### 3. Review of the Risk Management:

The Audit Committee has reviewed the risk management of the Company and found that the Board of Directors and management have conducted this matter on a regular basis. That is, there are, in the the Board of Directors' meeting, discussion and risk assessment by analyzing various risk factors to define guidelines and assign responsible for the operation, as well as the progress report on the implementation and the actual results. In addition, the Company had its risk management at the operational level, preparing risk management manual and risks profile used for preparing internal audit plan.

#### 4. Review of Internal Control and Internal Audit:

The Audit Committee has reviewed, considered and approved the internal audit annual plan and evaluated the adequacy of the internal control system in conjunction with the auditor and the internal auditor and found that the Company's internal control has been adequate and effective; and has also given recommendations which are beneficial to improvement of efficiency of the internal control system;

#### 5. Review of Related Party Transactions:

The Audit Committee has considered and given its comments on the entry into related party transactions by taking account of the Company's interest, transparency and equitable treatment to all shareholders and without any transfer of interest, thus, to ensure that the Company has operated in accordance with the normal business conditions and has disclosed the data completely and adequately;

#### 6. Self-Evaluation:

The Audit Committee has evaluated the individual work performances (of oneself and of other directors); and has evaluated the committee as a whole under the Charter of the Audit Committee and in accordance with the operational guidelines of the Stock Exchange of Thailand; whereas, according to the said evaluation result, the Audit Committee has completely operated its work under the scope, duties and responsibilities assigned by the Board of Directors;

#### 7. Consideration and Appointment of the Auditor

The Audit Committee has considered and approved to submit the matter to the Board of Directors to be approved by the Shareholders' meeting relating to the appointment of Ernst & Young Office Limited as the Company's auditor of 2012; In summary, the Audit Committee has continuously given its importance to the internal control so that the Company shall have its good corporate governance and proper and adequate internal control in compliance with the law, rules and regulations relating to the Company's business operation.

On behalf of the Audit Committee



(Emeritus Professor Dr. Achara Chandrachai)

Chairman of the Audit Committee



## *Board of Directors' Responsible on the Financial Statement*

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The Board of Directors shall assume the full responsibilities for all financial statements of the company and financial information appeared in the annual report. The financial statements were prepared in accordance with generally accepted accounting standards in Thailand, while the company applied appropriate accounting policies, with careful consideration and estimates and also revealed important information in Notes to Financial Statements.

The Board of Directors has maintained the effective internal control system to reasonably ensure that the recording of accounting information was correct, complete, and enough to maintain the assets and to realize the weakness to prevent from any corruption or abnormal operations significantly.

For this purpose, the Board of Directors has appointed the Audit Committee comprising independent directors and non-executive directors responsible for the quality of financial reports and the internal control system. Comments made by the Audit Committee on this subject are listed in the Annual Report.

The Board of Directors concluded that the company's overall internal control system was satisfactory and adequate to give credibility to the financial statements of the company as of December 31st, 2012.

On behalf of the Board of Directors



**(Miss Sriwarin Jirapakkana)**

Chairman



**(Mr. Vichai Chaitaneeyachat)**

Managing Director

### Independent Auditor's Report

To the Shareholders of Union Textile Industries Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied of Union Textile Industries Public Company Limited, which comprise the statements of financial position as at 31 December 2012, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Union Textile Industries Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Textile Industries Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



**Narong Puntawong**

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok: 14 February 2013

# Statements of financial position

Unit : Baht

As at 31 December 2011 and 2012		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	36,120,129	10,722,526	36,120,129	10,722,526
Trade and other receivables	8	121,372,222	51,767,832	121,372,222	51,767,832
Inventories	9	215,084,349	366,430,943	215,084,349	366,430,943
Other current assets		4,247,148	1,368,200	4,247,148	1,368,200
<b>Total current assets</b>		<b>376,823,848</b>	<b>430,289,501</b>	<b>376,823,848</b>	<b>430,289,501</b>
<b>Non-current assets</b>					
Investments in associated companies	10	209,568,881	182,125,338	25,000,100	211,247,100
Other long-term investments	11	135,649,300	125,399,300	135,649,300	125,399,300
Investment properties	12	47,223,482	52,885,144	47,223,482	52,885,144
Property, plant and equipment	13	333,102,702	352,416,934	333,102,702	352,416,934
Other non-current assets		323,869	357,870	323,869	357,869
<b>Total non-current assets</b>		<b>725,868,234</b>	<b>713,184,586</b>	<b>541,299,453</b>	<b>742,306,347</b>
<b>Total assets</b>		<b>1,102,692,082</b>	<b>1,143,474,087</b>	<b>918,123,301</b>	<b>1,172,595,848</b>

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

# Statements of financial position (continued)

Unit : Baht

As at 31 December 2011 and 2012		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	14	60,000,000	6,836	60,000,000	6,836
Trade and other payables	15	143,158,825	161,933,421	143,158,825	161,933,421
Income tax payable		-	2,694,041	-	2,694,041
Other current liabilities		93,470	10,855,313	93,470	10,855,313
<b>Total current liabilities</b>		<b>203,252,295</b>	<b>175,489,611</b>	<b>203,252,295</b>	<b>175,489,611</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	16	41,845,642	40,911,807	41,845,642	40,911,807
Deferred income from use of plants	12	47,444,566	51,911,234	47,444,566	51,911,234
<b>Total non-current liabilities</b>		<b>89,290,208</b>	<b>92,823,041</b>	<b>89,290,208</b>	<b>92,823,041</b>
<b>Total liabilities</b>		<b>292,542,503</b>	<b>268,312,652</b>	<b>292,542,503</b>	<b>268,312,652</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
		<b>600,000,000</b>	<b>600,000,000</b>	<b>600,000,000</b>	<b>600,000,000</b>
Issued and fully paid					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
Retained (deficit) earnings					
Appropriated - statutory reserve	18	150,000,000	150,000,000	150,000,000	150,000,000
Unappropriated		(33,065,352)	71,278,229	(148,228,702)	140,723,696
Other components of shareholders' equity		93,214,931	53,883,206	23,809,500	13,559,500
<b>Total shareholders' equity</b>		<b>810,149,579</b>	<b>875,161,435</b>	<b>625,580,798</b>	<b>904,283,196</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,102,692,082</b>	<b>1,143,474,087</b>	<b>918,123,301</b>	<b>1,172,595,848</b>

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

# Income statements

Unit : Baht

For the years ended 31 December 2012		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Revenues</b>					
Sales and services income		711,651,429	1,089,134,304	711,651,429	1,089,134,304
Other income					
Sales of scrap		18,502,332	47,169,128	18,502,332	47,169,128
Gains on sales of machinery and equipment		4,215,194	6,342,600	4,215,194	6,342,600
Rental income		18,271,822	18,073,065	18,271,822	18,073,065
Exchange gains		12,715,531	14,709,300	12,715,531	14,709,300
Dividend income	11	5,530,000	1,750,000	5,530,000	1,750,000
Others		23,035,675	19,549,949	25,239,976	21,754,250
<b>Total revenues</b>		<b>793,921,983</b>	<b>1,196,728,346</b>	<b>796,126,284</b>	<b>1,198,932,647</b>
<b>Expenses</b>					
Cost of sales and services		943,617,297	927,344,766	943,617,297	927,344,766
Allowance for diminution in value of inventories (reversal)		(148,401,390)	138,428,025	(148,401,390)	138,428,025
Total cost of sales and services		795,215,907	1,065,772,791	795,215,907	1,065,772,791
Selling expenses		26,098,948	23,650,212	26,098,948	23,650,212
Administrative expenses		62,334,840	40,289,269	62,334,840	40,289,269
Loss on impairment of investment in associated company	10.1	16,950,552	-	186,247,000	-
<b>Total expenses</b>		<b>900,600,247</b>	<b>1,129,712,272</b>	<b>1,069,896,695</b>	<b>1,129,712,272</b>
<b>Profit (loss) before share of profit from investments in associated companies, finance costs and income tax expense</b>		<b>(106,678,264)</b>	<b>67,016,074</b>	<b>(273,770,411)</b>	<b>69,220,375</b>
Share of profit from investments in associates companies	10.2	17,516,670	10,317,803	-	-
<b>Profit (loss) before finance cost and income tax expense</b>		<b>(89,161,594)</b>	<b>77,333,877</b>	<b>(273,770,411)</b>	<b>69,220,375</b>
Finance costs		(3,181,987)	(963,770)	(3,181,987)	(963,770)
<b>Profit (loss) before income tax expense</b>		<b>(92,343,581)</b>	<b>76,370,107</b>	<b>(276,952,398)</b>	<b>68,256,605</b>
Income tax expense	20	-	(53,553,846)	-	(53,553,846)
<b>Profit (loss) for the year</b>		<b>(92,343,581)</b>	<b>22,816,261</b>	<b>(276,952,398)</b>	<b>14,702,759</b>
<b>Basic earnings (loss) per share</b>					
Profit (loss)	21	(2.52)	0.04	(6.62)	(0.14)

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



# Statements of comprehensive income

Unit : Baht

For the years ended 31 December 2012	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
<b>Profit (loss) for the year</b>	(92,343,581)	22,816,261	(276,952,398)	14,702,759
<b>Other comprehensive income:</b>				
Gain (loss) on change in value of available-for-sale investments				
Available-for-sale securities of the Company	10,250,000	(8,250,000)	10,250,000	(8,250,000)
Available-for-sale securities of the associated company	29,081,725	(22,272,865)	-	-
<b>Other comprehensive income for the year</b>	39,331,725	(30,522,865)	10,250,000	(8,250,000)
<b>Total comprehensive income for the year</b>	(53,011,856)	(7,706,604)	(266,702,398)	6,452,759

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

# Statements of changes in shareholders' equity

For the years ended 31 December 2012

Unit : Baht

Financial statements in which the equity method is applied

	Other components of equity					Total equity
	Surplus on changes in value of available-for-sale investments					
	Available-for-sale investments of the associated company					
	Investments of the Company					
	Issued and paid-up share capital		Retained (deficit) earnings		Available-for-sale investments of the associated company	
	Preference shares	Ordinary shares	Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2011</b>	150,000,000	450,000,000	150,000,000	150,461,968	21,809,500	984,868,039
Dividend paid (Note 22)	-	-	-	(102,000,000)	-	(102,000,000)
Total comprehensive income for the year	-	-	-	22,816,261	(8,250,000)	(7,706,604)
<b>Balance as at 31 December 2011</b>	150,000,000	450,000,000	150,000,000	71,278,229	13,559,500	875,161,435
<b>Balance as at 1 January 2012</b>	150,000,000	450,000,000	150,000,000	71,278,229	13,559,500	875,161,435
Dividend paid (Note 22)	-	-	-	(12,000,000)	-	(12,000,000)
Total comprehensive income for the year	-	-	-	(92,343,581)	10,250,000	(53,011,856)
<b>Balance as at 31 December 2012</b>	150,000,000	450,000,000	150,000,000	(33,065,352)	23,809,500	810,149,579

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

# Statements of changes in shareholders' equity (continued)

Unit : Baht

For the years ended 31 December 2012

## Separate financial statements

	Other components of equity					Total shareholders' equity
	Surplus on changes in value of investments in available-for-sale investments of the Company					
	Retained (deficit) earnings					
	Appropriated - statutory reserve	Unappropriated				
Issued and paid-up share capital	Preference shares	Ordinary shares				
<b>Balance as at 1 January 2011</b>	150,000,000	450,000,000	150,000,000	228,020,937	21,809,500	999,830,437
Dividend paid (Note 22)	-	-	-	(102,000,000)	-	(102,000,000)
Total comprehensive income for the year	-	-	-	14,702,759	(8,250,000)	6,452,759
<b>Balance as at 31 December 2011</b>	150,000,000	450,000,000	150,000,000	140,723,696	13,559,500	904,283,196
<b>Balance as at 1 January 2012</b>	150,000,000	450,000,000	150,000,000	140,723,696	13,559,500	904,283,196
Dividend paid (Note 22)	-	-	-	(12,000,000)	-	(12,000,000)
Total comprehensive income for the year	-	-	-	(276,952,398)	10,250,000	(266,702,398)
<b>Balance as at 31 December 2012</b>	150,000,000	450,000,000	150,000,000	(148,228,702)	23,809,500	625,580,798

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

# Cash flow statements

Unit : Baht

For the years ended 31 December 2012

Financial statements  
in which the equity method is applied

Separate financial statements

	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(92,343,581)	76,370,107	(276,952,398)	68,256,605
Adjustments to reconcile profit (loss) before tax to cash provided by (paid from) operating activities:				
Depreciation	61,734,921	52,085,563	61,734,921	52,085,563
Allowance for diminution in value of inventories (reversal)	(148,401,390)	138,428,025	(148,401,390)	138,428,025
Gains on sales of machinery and equipment	(4,215,194)	(6,342,600)	(4,215,194)	(6,342,600)
Allowance for impairment loss on investment in associated company	16,950,552	-	186,247,000	-
Reversal of allowance for impairment loss on investment	-	(20,967,639)	-	(20,967,639)
Share of profit from investments in associated companies	(17,516,670)	(10,317,803)	-	-
Unrealised gains on exchange	(567,940)	(77,736)	(567,940)	(77,736)
Recognition of deferred income from use of plants	(2,262,368)	(2,262,365)	(4,466,669)	(4,466,666)
Provision for long-term employee benefits	1,560,898	3,662,138	1,560,898	3,662,138
Dividend from other long-term investments	(5,530,000)	(1,750,000)	(5,530,000)	(1,750,000)
Interest expenses	2,563,587	145,687	2,563,587	145,687
Profit (loss) from operating activities before changes in operating assets and liabilities	(188,027,185)	228,973,377	(188,027,185)	228,973,377
Operating assets (increase) decrease				
Trade and other receivables	(69,036,450)	139,649,670	(69,036,450)	139,649,670
Inventories	289,321,723	(294,213,262)	289,321,723	(294,213,262)
Other current assets	(1,823,481)	1,713,783	(1,823,481)	1,713,783
Other non-current assets	34,001	28,000	34,001	28,000
Operating liabilities decrease				
Trade and other payables	(18,939,197)	(101,180,714)	(18,939,197)	(101,180,714)
Other current liabilities	(335,582)	(6,272,582)	(335,582)	(6,272,582)
Provision for long-term employee benefits	(627,063)	(830,325)	(627,063)	(830,325)
Cash flow from (used in) operating activities	10,566,766	(32,132,053)	10,566,766	(32,132,053)
Cash paid for interest expenses	(2,398,986)	(145,687)	(2,398,986)	(145,687)
Cash paid for corporate income tax	(3,749,508)	(68,128,054)	(3,749,508)	(68,128,054)
<b>Net cash flows from (used in) operating activities</b>	<b>4,418,272</b>	<b>(100,405,794)</b>	<b>4,418,272</b>	<b>(100,405,794)</b>

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

## Cash flow statements (continued)

Unit : Baht

For the years ended 31 December 2012	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	65,000,000	-	65,000,000
Acquisition of machinery and equipment	(39,558,715)	(50,317,250)	(39,558,715)	(50,317,250)
Proceeds from sales of machinery and equipment	7,014,882	8,930,355	7,014,882	8,930,355
Dividend from other long-term investments	5,530,000	1,750,000	5,530,000	1,750,000
<b>Net cash from (used in) investing activities</b>	<b>(27,013,833)</b>	<b>25,363,105</b>	<b>(27,013,833)</b>	<b>25,363,105</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	59,993,164	(538,303)	59,993,164	(538,303)
Dividend paid	(12,000,000)	(102,000,000)	(12,000,000)	(102,000,000)
<b>Net cash from (used in) financing activities</b>	<b>47,993,164</b>	<b>(102,538,303)</b>	<b>47,993,164</b>	<b>(102,538,303)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,397,603</b>	<b>(177,580,992)</b>	<b>25,397,603</b>	<b>(177,580,992)</b>
Cash and cash equivalents at beginning of year	10,722,526	188,303,518	10,722,526	188,303,518
Cash and cash equivalents at end of year	36,120,129	10,722,526	36,120,129	10,722,526
<b>Supplement cash flows information:</b>				
Non cash-transaction				
Transferred spare parts to be equipment during the year	-	10,138,398	-	10,138,398

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



# Notes to financial statements

For the years ended 31 December 2012

## 1. Corporate information

Union Textile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of textiles. The Company’s registered addresses are as follows:

Head office: 1828 Sukhumvit Road, Bangchak Sub District, Phraknong District, Bangkok  
Branch: 205 Moo 4, Sukhumvit Road (Km. 39.5), Tambol Bangpoo Mai, Amphur Muang Samutprakarn, Samutprakarn.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

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

## 3. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting standards:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

## TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities in accordance with the stipulated guidelines. The Company's management believes that the effect of the adoption to the financial statements of the Company will be to increase brought-forward retained earnings of the year 2013 by Baht 7 million.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

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

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### *Sales of goods*

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

#### *Rendering of services*

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

#### *Dividends*

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

### 4.2 Cash and cash equivalents

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



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#### **4.3 Trade accounts receivable**

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

#### **4.4 Inventories**

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

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

#### **4.5 Investments**

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

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

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

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, they are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the properties is recognised in profit or loss in the period when they are derecognised.

#### **4.7 Property, plant and equipment/Depreciation**

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

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

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

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Related party transactions**

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

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

#### **4.9 Long-term leases**

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.10 Foreign currencies**

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

Gains and losses on exchange are included in determining income.

#### **4.11 Impairment of assets**

At the end of each reporting period, the Company performs an impairment review on its property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. An impairment loss is recognised in profit or loss.

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#### **4.12 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

##### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### ***Defined benefit plans***

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through a restatement method.

#### **4.13 Provisions**

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

#### **4.14 Deferred income from use of plants**

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

#### **4.15 Income Tax**

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

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## 5. Significant accounting judgments and estimates

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

### Allowance of diminution in value of inventories

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

### Impairment of investment in associated company

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

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

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

### Property, plant and equipment/Depreciation

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

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

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

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

(Unit: Million Baht)

	<u>2012</u>	<u>2011</u>	<u>Pricing policy</u>
<b><u>Transactions with parent company</u></b>			
Purchases of raw materials	321	807	Cost plus margin of parent company
<b><u>Transactions with associated company</u></b>			
Sales of goods	59	292	Cost plus margin
Purchase of goods	2	2	Cost plus margin of associated company
Sales of machinery and equipment	-	4	Agreed price
Rental income	13	12	Contract price
Other income	6	6	Contract price
<b><u>Transactions with related companies</u></b>			
Sales of goods and services	9	8	Cost plus margin
Purchases of goods and raw materials	2	11	Cost plus margin of related companies
Rental income	6	6	Contract price
Other income	3	3	Contract price

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
<b><u>Trade and other receivables - related parties (Note 8)</u></b>		
Parent company	-	700
Associated company	23,195	8,099
Related companies (Has common shareholders)	1,074	753
Related company (Held by the Company)	1,143	63
Others	16	13
Total trade and other receivables - related parties	<u>25,428</u>	<u>9,628</u>
<b><u>Trade and other payables - related parties (Note 15)</u></b>		
Parent company	97,887	124,772
Associated company	293	128
Related companies (Has common shareholders)	71	390
Others	56	70
Total trade and other payables - related parties	<u>98,307</u>	<u>125,360</u>

**Directors and management's benefits**

During the year ended 31 December 2012 and 2011, the Company had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Short-term employee benefits	9,627	16,435
Post-employment benefits	4	616
Total	<u>9,631</u>	<u>17,051</u>

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Cash	11	71
Bank deposits	36,109	10,652
Total	<u>36,120</u>	<u>10,723</u>

As at 31 December 2012, bank deposits in saving accounts and fixed deposits carried interests between 0.63 and 3.00 percent per annum (2011: 0.75 and 3.50 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u>		
Age of receivables		
Not yet due	14,751	85
Total trade receivables - related parties	<u>14,751</u>	<u>85</u>
<u>Trade receivables - unrelated parties</u>		
Age of receivables		
Not yet due	92,550	38,386
Total trade receivables - unrelated parties	<u>92,550</u>	<u>38,386</u>
Total trade receivables	<u>107,301</u>	<u>38,471</u>
<u>Other receivables</u>		
Other receivables - related parties	10,677	9,543
Other receivables - unrelated parties	3,394	3,754
Total other receivables	<u>14,071</u>	<u>13,297</u>
Total trade and other receivables	<u>121,372</u>	<u>51,768</u>

## 9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	85,835	177,367	(6,504)	(32,019)	79,331	145,348
Work in process	24,858	21,186	-	(4,875)	24,858	16,311
Raw materials and chemicals	111,443	305,553	(580)	(105,738)	110,863	199,815
Spare parts and factory supplies	6,148	13,500	(6,116)	(8,543)	32	4,957
Total	<u>228,284</u>	<u>517,606</u>	<u>(13,200)</u>	<u>(151,175)</u>	<u>215,084</u>	<u>366,431</u>

## 10. Investments in associated companies

### 10.1 Details of associated companies

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Financial statements in					
			Shareholding percentage		which the equity method is applied		Separate financial statements	
			2012	2011	2012	2011	2012	2011
			%	%				
Unifibre Co., Ltd.	Agent	Thailand	20.83	20.83	209,569	104,725	25,000	25,000
Ten Cate-Union Protective Fabric Asia Ltd. ("TCUA")	Production of work wear and safety wear fabric	Thailand	49.35	49.35	16,950	77,400	190,000	190,000
Total investments in associated companies					226,519	182,125	215,000	215,000
Less: Allowance for impairment loss on investment in TCUA					(16,950)	-	(190,000)	(3,753)
Total investments in associated companies - net					209,569	182,125	25,000	211,247

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

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

The agreement also describes material events in case of which either shareholder may request TCUA's board of directors to call a shareholders' meeting to decide whether to dissolve and liquidate TCUA. Such material events are as follows:

- 1) The return on equity (ROE) of TCUA is less than 5 percent for any 3 consecutive years, commencing from 2009, or
- 2) TCUA has accumulated losses in excess of 50 percent of its registered capital.

Up until 31 December 2012, the return on equity of TCUA had been less than 5 percent for 4 consecutive years, and TCUA had accumulated losses in excess of 50 percent of its registered capital. In view of above-mentioned contractual requirement, there is uncertainty as to whether TCUA will be able to continue as a going concern especially when it had lost one major customer in the fourth quarter of 2012.

Given the above factors, TCUA's board of directors is scheduled to hold a meeting on 20 February 2013 to consider whether TCUA should continue to carry on its business. For prudent reasons, the Company has set aside full allowance for impairment of its investments in TCUA in the current year.

### 10.2 Share of profit/loss and dividend received

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



(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied	
	Share of profit (loss) from investments in associated companies during the year	
	<u>2012</u>	<u>2011</u>
Unifibre Co., Ltd.	75,762	5,163
Ten Cate-Union Protective Fabric Asia Ltd.	(58,246)	5,155
Total	<u>17,516</u>	<u>10,318</u>

The share of profit from the investment in Unifibre Co., Ltd. (the associated company) amounting to Baht 75.7 million includes a net-after-tax gain from sale of investment properties amounting to Baht 69.9 million (2011: nil). This share of profit has been calculated from financial statements prepared by the management of that company, and not audited by its auditor. However, the Company's management believes that there would be no material discrepancies if those financial statements had been audited by the associated company's auditor.

The Company had no dividend received from associated companies in 2012 and 2011.

### 10.3 Summarised financial information of associated companies

Financial information of the associated companies is summarised below.

Company's name	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at		as at		as at		for the years		for the years	
	31 December		31 December		31 December		ended		ended	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unifibre Co., Ltd.	120	120	1,062	515	57	12	17	21	363	25
Ten Cate-Union Protective Fabric Asia Ltd.	385	385	376	672	321	474	645	981	(142)	4

### 11. Other long-term investments

	Shareholding percentage		Investment value	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	%	%	Thousand Baht	Thousand Baht
<b><u>Investment in available-for-sale securities</u></b>				
Saha-Union Plc.	0.33	0.33	16,191	16,191
Add: Unrealised gain from change in value of investment			23,809	13,559
Investment in available-for-sale securities, net			<u>40,000</u>	<u>29,750</u>
<b><u>Investment in other companies</u></b>				
Union Business Management Co., Ltd.	19.00	19.00	94,999	94,999
Union Micronclean Co., Ltd.	13.00	13.00	650	650
Total Investments in other companies			<u>95,649</u>	<u>95,649</u>
Total other long-term investments - net			<u>135,649</u>	<u>125,399</u>

During the current year, the Company received dividends of Baht 4.0 million from Union Micronclean Co., Ltd (2011 : nil) and Baht 1.5 million from Saha-Union Plc. (2011: 1.8 million).

## 12. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Land awaiting sales / Leased land	Plant for use in investment	Total
31 December 2012			
Cost	41,227	167,538	208,765
<u>Less</u> Accumulated depreciation	-	(161,542)	(161,542)
Net book value	41,227	5,996	47,223
31 December 2011			
Cost	41,227	167,538	208,765
<u>Less</u> Accumulated depreciation	-	(155,880)	(155,880)
Net book value	41,227	11,658	52,885

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	2012	2011
Net book value at beginning of year	52,885	58,551
Depreciation charged	(5,662)	(5,666)
Net book value at end of year	47,223	52,885

As at 31 December 2012, the fair value of land was Baht 308 million, which was estimated by an accredited independent valuer using the market approach. The Company did not engage an independent professional valuer to appraise the value of the plant. However, the management believes that the fair value of this asset is not significantly different from its net book value.

In 2008, the Company contributed part of its assets, consisting of plant and all structures of a dyeing factory, including the wastewater treatment plant, to its investment in Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA"). The Company has not derecognized these assets from its accounts because the Company has certain commitments to fulfill under a land lease agreement with TCUA. The Company has therefore recorded the value of the investment under the caption of "Deferred income from use of plants" in the statement of financial position and is amortising it to revenue in profit or loss. In January 2013, the Company sent a letter to TCUA asking it to consider whether to renew the land lease for another term. If TCUA does not express its intention to renew the lease, the Company commitments with respect to the plants so contributed would be regarded as having been fulfilled and the balance of "Deferred income from use of plants" amounting to Baht 47 million will be transferred to income in 2013.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Assets used in the operations						Unused assets not qualified to be classified as held for sale	
	Land	Buildings and improvement	Machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Machinery and equipment	Total
<b>Cost</b>								
As at 1 January 2011	35,498	257,601	1,794,778	34,818	17,075	29,073	35,713	2,204,556
Additions	-	-	2,924	1,373	882	45,138	-	50,317
Disposals / write-off	-	(26,752)	(140,079)	(8,089)	(185)	-	(28,428)	(203,533)
Transfer between classes of accounts	-	2,045	61,594	(28)	(564)	(63,047)	-	-
Transfer from inventories	-	-	2,064	-	-	8,074	-	10,138
As at 31 December 2011	35,498	232,894	1,721,281	28,074	17,208	19,238	7,285	2,061,478
Additions	-	-	295	1,510	-	37,754	-	39,559
Disposals / write-off	-	(37,140)	(63,170)	(2,835)	(113)	-	-	(103,258)
Transfer between classes of accounts	-	5,413	40,491	365	-	(46,269)	-	-
As at 31 December 2012	35,498	201,167	1,698,897	27,114	17,095	10,723	7,285	1,997,779
<b>Accumulated depreciation</b>								
As at 1 January 2011	-	243,085	1,539,298	32,808	12,821	-	35,575	1,863,587
Depreciation for the year	-	1,789	42,786	816	1,028	-	-	46,419
Depreciation on disposals / write-off	-	(26,737)	(137,095)	(8,078)	(738)	-	(28,297)	(200,945)
As at 31 December 2011	-	218,137	1,444,989	25,546	13,111	-	7,278	1,709,061
Depreciation for the year	-	2,595	51,323	1,064	1,091	-	-	56,073
Depreciation on disposals / write-off	-	(35,634)	(61,907)	(2,805)	(112)	-	-	(100,458)
As at 31 December 2012	-	185,098	1,434,405	23,805	14,090	-	7,278	1,664,676
<b>Net book value</b>								
1 January 2011	35,498	14,516	255,480	2,010	4,254	29,073	138	340,969
31 December 2011	35,498	14,757	276,292	2,528	4,097	19,238	7	352,417
31 December 2012	35,498	16,069	264,492	3,309	3,005	10,723	7	333,103
<b>Depreciation for the year</b>								
2011 (Baht 40 million included in manufacturing cost, and the balance in administrative expenses)								46,419
2012 (Baht 47 million included in manufacturing cost, and the balance in administrative expenses)								56,073

As at 31 December 2012, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,127 million (2011: Baht 1,191 million).

### 14. Bank overdrafts and short-term loans from financial institutions

The short-term loans from financial institutions carried interest between 3.55 to 3.60 percent per annum. These credit facilities are unsecured; however, the Company has undertaken not to dispose of or transfer or create any obligations on its immovable properties as specified in the credit facilities agreement, unless prior consent has been obtained in writing from the banks.

## 15. Trade and other payables

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Trade accounts payable - related parties	98,259	125,321
Trade accounts payable - unrelated parties	26,986	19,842
Other payable - unrelated parties	48	39
Accrued expenses - unrelated parties	17,866	16,731
Total trade and other payables	<u>143,159</u>	<u>161,933</u>

## 16. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Defined benefit obligation at beginning of year	40,912	38,080
Current service cost	203	1,200
Interest cost	2,589	2,462
Transferred from related company	1,231	-
Benefits paid during the year	(1,858)	(830)
Provisions for long-term employee benefits at end of year	<u>41,846</u>	<u>40,912</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Current service cost	(1,028)	1,200
Interest cost	2,589	2,462
<b>Total expense recognised in profit or loss</b>	<u>1,561</u>	<u>3,662</u>
Line items under which such expenses are included in profit or loss		
Cost of sales	161	2,808
Selling and administrative expenses	1,400	854

Principal actuarial assumptions at the valuation date were as follows:

	<u>2012</u>	<u>2011</u>
	(% per annum)	(% per annum)
Discount rate	4.0	4.0
Future salary increase rate (depending on age of employee)	3.0 - 6.5	3.0 - 6.5
Staff turnover rate (depending on age of employee)	0 - 30	0 - 30

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation
	Financial statements in which the equity method is applied/ Separate financial statements
Year 2012	41,846
Year 2011	40,912
Year 2010	38,080

## 17. Preference shares

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

The cumulative unpaid dividend to the preference shares as of 31 December 2012 totalled Baht 39 million (2011: Baht 21 million).

## 18. Statutory reserve

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

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

As at 31 December 2012, the statutory reserve was Baht 150 million (equivalent to 25 percent of its registered share capital) had reached the minimum amount as stipulated in the Company's regulations.

## 19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Salary and wages and other employee benefits	139,884	145,546
Depreciation	61,735	52,086
Utilities expenses	101,777	111,142
Raw materials and consumables used	628,858	701,786
Changes in inventories of finished goods and work in process	57,469	(50,933)

## 20. Income tax

The Company is not liable to corporate income tax for the year 2012 due there was loss from operation.

## 21. Basic earnings (loss) per share

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

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

Financial statements in which the equity method is applied						
	Profit (loss)		Weighted average number of ordinary shares		Basic earnings (loss) per share	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit (loss)	(92,344)	22,816				
Less: Dividend of preference shares	(21,000)	(21,000)				
<b>Profit (loss) attributable to ordinary shares</b>	<u>(113,344)</u>	<u>1,816</u>	45,000	45,000	<u>(2.52)</u>	<u>0.04</u>

Separate financial statements						
	Profit (loss)		Weighted average number of ordinary shares		Basic loss per share	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Baht	Baht
Profit (loss)	(276,952)	14,703				
Less: Dividend of preference shares	(21,000)	(21,000)				
<b>Loss attributable to ordinary shares</b>	<u>(297,952)</u>	<u>(6,297)</u>	45,000	45,000	<u>(6.62)</u>	<u>(0.14)</u>

## 22. Dividend

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividends for 2010	Annual General Meeting of the shareholders on 19 April 2011	<u>102,000</u>	1.70
Final dividends for 2011	Annual General Meeting of the shareholders on 24 April 2012	<u>12,000</u>	<u>0.20</u>

## 23. Segment information

The Company's operations principally involve a single business segment, the manufacture and distribution of textiles, which is carried only in Thailand. As a result, all of the revenues, operating income and assets as reflected in these financial statements pertain to this business segment and geographic area. During 2012, the Company had export sales amounting to Baht 497 million (2011: Baht 687 million).

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## **24. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 3 million (2011: Baht 2 million) to the fund.

## **25. Commitment and contingent liabilities**

### **25.1 Operating lease commitment**

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

As at 31 December 2012, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 7 million (2011: Baht 8 million).

### **25.2 Guarantees**

As at 31 December 2012, there were outstanding bank guarantees of Baht 8 million issued by banks on behalf of the Company to guarantee the usage of electricity (2011: Baht 17 million).

## **26. Financial instruments**

### **26.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, bank overdrafts and short-term loans and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

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

#### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its cash at banks and bank overdrafts and short-term loans. However, since most of the Company's financial assets and liabilities bear non interest or bear floating interest rates, the interest rate risk of the Company is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the reprising date if this occurs before the maturity date.

(Unit: Million Baht)

Financial statements in which the equity method is applied  
as at 31 December 2012

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	1	33	2	36	0.63 - 3.00
Trade and other receivables	-	-	121	121	-
Investments in associated companies	-	-	210	210	-
Other long-term investments	-	-	136	136	-
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	60	-	-	60	3.55 - 3.60
Trade and other payables	-	-	143	143	-

(Unit: Million Baht)

Financial statements in which the equity method is applied  
as at 31 December 2011

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	1	9	1	11	0.75 - 3.50
Trade and other receivables	-	-	52	52	-
Investments in associated companies	-	-	182	182	-
Other long-term investments	-	-	125	125	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	162	162	-



(Unit: Million Baht)

Separate financial statements  
as at 31 December 2012

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	1	33	2	36	0.63 - 3.00
Trade and other receivables	-	-	121	121	-
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	136	136	-
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	60	-	-	60	3.55 - 3.60
Trade and other payables	-	-	143	143	-

(Unit: Million Baht)

Separate financial statements  
as at 31 December 2011

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	1	9	1	11	0.75 - 3.50
Trade and other receivables	-	-	52	52	-
Investments in associated companies	-	-	211	211	-
Other long-term investments	-	-	125	125	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	162	162	-

**Foreign currency risk**

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

The balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2012 (Million)	2011 (Million)	2012 (Baht per 1 foreign currency unit)	2011
US dollar	1.77	0.47	30.6316	31.6912
Euro	0.33	0.35	40.5563	41.0274

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2012

Foreign currency	Sold amount	Weighted average contractual exchange rate to sell	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.85	31.0795	06/02/13 - 30/09/13
Euro	1.96	40.0461	11/01/13 - 11/07/13

As at 31 December 2011

Foreign currency	Sold amount	Weighted average contractual exchange rate to sell	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	9.72	31.2956	04/01/12 - 25/06/12
Euro	2.22	42.9090	13/01/12 - 20/04/12

## 26.2 Fair value of financial instruments

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

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

## 27. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.36:1 (2011: 0.31:1) and debt to equity ratio in the separate financial statements was 0.47:1 (2011: 0.30:1).

## 28. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 14 February 2013.



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บริษัท ยูเนียนอุตสาหกรรมสิ่งทอ จำกัด (มหาชน)  
UNION TEXTILE INDUSTRIES PUBLIC COMPANY LIMITED

**สำนักงานใหญ่:**

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