

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**1. GENERAL INFORMATION**

|   | THE COMPANY  | THE SUBSIDIARIES  |  |
|---|--|---|--|
|   |  | S. Apparel Company Limited  | T-CHAMBER Company Limited  |
| <b>1.1</b> Legal status   | A juristic person established under Thai law and listed on the Stock Exchange of Thailand. | A juristic person established under Thai law on January 5, 1988.                      | A juristic person established under Thai law on April 25, 2007.      |
| <b>1.2</b> Company locations                                    |  |   |  |
| - Head office and factory                                       | 129/1 Chongnonthri Road, Kwaeng Chongnonthri, Khet Yannawa, Bangkok.                       | 4/2 Moo8, Bangna-Trad Road, KM. 18 Tumbol Bangchalong, Amphur Bangplee, Samutprakarn. | 129/1 Chongnonthri Road, Kwaeng Chongnonthri, Khet Yannawa, Bangkok. |
| - Factory-Branch (Saha Group Industrial Park Project- Lamphun)  | 99/3 Moo 5, Tambol Paa-Sak, Amphur Muang Lamphun, Lamphun.                                 |   |  |
| -Factory-Branch (Saha Group Industrial Park Project- Kabinburi) | 125 Moo 5, Tambol Nonthri, Amphur Kabinburi, Prachinburi.                                  |   |  |
| <b>1.3</b> Type of business                                     | Manufacturing and distributing ready-made clothes and leatherware.                         | Manufacturing, subcontracting and distributing ready-made clothes.                    | Distributing ready-made clothes.                                     |

## 2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 The interim consolidated and the separate financial statements have been prepared in accordance with Thai Accounting Standards under the Accounting Act, B.E. 2543 (2000) including the Accounting Profession Act, B.E. 2547 (2004), and the Notification of the Office of the Securities and Exchange Commission. The interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2008.

### 2.2 Announcement of new accounting standards and financial reporting standards

(a) The following accounting standards, financial reporting standards and accounting treatment guidance have been revised and become effective to the financial statements for the periods beginning on or after January 1, 2009 :

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) (formerly : TAS 54) Non-current Assets Held for Sale and  
Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

The Company has adopted according to the accounting standards, financial reporting standards and accounting treatment guidance with no significant impact on the financial statements for the current period.

(b) Accounting standards which are not effective for the current year

|                       |   | <u>Effective date</u> |
|-----------------------|---|-----------------------|
| TAS 20                | Accounting for Government Grants and Disclosure of<br>Government Assistance | January 1, 2012       |
| TAS 24 (revised 2007) | Related Party Disclosures   | January 1, 2011       |
| TAS 40                | Investment Property   | January 1, 2011       |

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

2.4 These interim consolidated financial statements included the interim financial statements of Thanulux Public Company Limited and its subsidiary companies as follows :

|                            | <u>% Holding</u> |
|----------------------------|------------------|
| S. Apparel Company Limited | 80.00            |
| T-CHAMBER Company Limited  | 99.99            |

2.5 Inter-company balances and significant transactions of the Company and its subsidiaries have been eliminated from the interim consolidated financial statements.

2.6 The Company invested in S. Apparel Company Limited by holding its common stocks starting from April 1, 2004. The negative goodwill on acquisition of Baht 55.23 million arose from the excess of fair values of the identifiable assets and liabilities of the acquirer over the cost of acquisition. The negative goodwill was adjusted to beginning retained earnings in the consolidated financial statements (see Note 3).

### 3. CHANGES IN ACCOUNTING POLICIES

In 2008, the Company has changed its accounting policy for the negative goodwill at the beginning of the business combination accounting period before January 1, 2008, which requires to adjust such negative goodwill to beginning retained earnings following the Financial Reporting Standard No. 3 on the subject of “Business Combination” (revised 2007)(formerly : TAS 43). In consequence of changing in such accounting policy, the Company has restated the previous periods of comparative consolidated financial statements. Cumulative effects on the change in accounting policy from the past which has to be increasingly adjusted to the beginning retained earnings of the consolidated financial statements as at January 1, 2008, was amount of Baht 34.52 million.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenues and expenses recognition

Revenues from sales and cost of sales are recognized upon delivery of goods to customers.

Other revenues and expenses are recognized on an accrual basis.

#### 4.2 Investments in securities

Investments in Open-end Fund are considered as trading securities, stated at fair value.

The Company recognizes its investment revaluation as gain or loss in the statements of income.

Investments in the available-for-sale securities are stated at fair value. The Company recognizes its investment revaluation as separate item under shareholders' equity and will record in the statements of income when sold.

Investments in general investments are stated at cost net after the allowance for loss on diminution.

Investments in debt securities are classified as held-to-maturity investments which shown at amortized cost.

Cost of investments in securities sold during the period is calculated by the average method.

The Company recorded dividend income when the right to receive is established.

#### **4.3 Allowance for doubtful accounts**

The Company provides allowance for doubtful accounts for the estimated losses that may be incurred by estimating from past experience. Bad debts are immediately written off during the period whenever incurred.

#### **4.4 Allowance for goods returned**

The allowance for goods returned is set up by assessing from the past experience.

#### **4.5 Inventories**

Finished goods and raw materials are stated at cost or net realizable value, whichever is the lower. Cost is determined by the average method.

Goods in process are stated at average cost of raw materials plus labor and manufacturing expenses.

The Company set up provision for diminution in value for obsolete goods by assessing the current condition of inventories.

#### **4.6 Investments in subsidiary**

The subsidiary undertaking is that company in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or otherwise has power to govern the financial and operating policies of the subsidiary. Investments in subsidiary are stated by cost method in the separate financial statements.

#### 4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation of assets. Depreciation is provided for all fixed assets other than land, by using the straight-line method based on the estimated useful lives of the following assets :

|                          | <u>Years</u> |
|--------------------------|--------------|
| Buildings and structures | 20           |
| Machinery                | 5-10         |
| Computer and accessories | 3            |
| Other fixed assets       | 5-10         |

Property, plant and equipment in the consolidation presented by summing up of subsidiaries' assets which were adjusted to be fair value on the acquisition dates. The increase in appraisal value made by the independent appraiser is depreciated according to the remaining useful lives of assets.

#### 4.8 Intangible assets

Intangible assets mean acquired right for using computer softwares which are capitalized based on the acquiring costs incurred and bring to use as intended. These costs are amortized by the straight-line method through the period of useful lives in 5-10 years.

#### 4.9 Leasehold rights

Leasehold rights are stated at cost less cumulative amortization by writing off over the lease term.

#### 4.10 Foreign currency transactions

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities on the balance sheet date are converted to Baht at the rate of exchange in effect on that date. Except the agreed transactions of forward exchange contracts with the banks, will be recorded at fair value.

Gains or losses on exchange rates are credited or charged to operations of each period.

**4.11 Related parties**

The parties which have, directly or indirectly, some common management, major shareholders or some common related persons are accounted for as related parties.

**4.12 Leases****Operating leases**

Leases where most of substantial risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses in the statements of income over the lease term.

**Financial leases**

Leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals. Interest or financial expenses are recognized in the statements of income in proportion to the principal balance.

**4.13 Basic earnings per share**

Basic earnings per share is determined by dividing the periodical net profit by the weighted average number of common stocks held by the outsiders during the period.

**4.14 Cash and cash equivalents**

For the purpose of preparation of cash flows statements, cash and cash equivalents are cash on hand and fixed deposit at financial institutions due not more than 3 months with no obligation.

#### 4.15 Employee benefits

##### Employee provident fund

The Company provides a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to expenses in the statements of income in the incurred period.

##### Retirement fund

Obligations for contributions to retirement fund are computed on the benefit formula and are recognized as an expense in the statements of income. Benefits are payable to employees upon retirement.

#### 4.16 Use of accounting estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

#### 5. INVESTMENTS IN OPEN-END FUND comprise :-

(THOUSAND BAHT)

| PARTICULARS   | CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS |               |
|---|--|---------------|
|   | Jun. 30, 2009                                      | Dec. 31, 2008 |
| Investments in Open-end Fund-Debt securities            | 10,219   | 31,567        |
| Provision for investment<br>adjustment in Open-end Fund | 15   | 65            |
| Investments in Open-end Fund-net                        | 10,234   | 31,632        |

Investments in Open-end fund are trading securities. The difference between fair value and cost is shown as provision for investment adjustment in Open-end Fund. Unrealized gain (loss) on investments in Open-end Fund during the period was duly recognized in the statements of income.

**6. TRADE ACCOUNTS RECEIVABLE** comprise :-

(THOUSAND BAHT)

| PARTICULARS                                      | CONSOLIDATED   |                | THE SEPARATE FINANCIAL STATEMENTS |                |
|--|----------------|----------------|-----------------------------------|----------------|
|  | Jun. 30, 2009  | Dec. 31, 2008  | Jun. 30, 2009                     | Dec. 31, 2008  |
| <b>Trade accounts receivable-related parties</b> |                |                |                                   |                |
| Trade notes receivable                           |                |                |                                   |                |
| Current  | 1,287          | 1,416          | 1,287                             | 1,416          |
| Trade accounts receivable                        |                |                |                                   |                |
| Current  | 154,604        | 199,216        | 155,759                           | 199,977        |
| Overdue within 3 months                          | 11,759         | 4,756          | 11,894                            | 4,756          |
| Over 6 to 12 months                              | 88             | 138            | 88                                | 138            |
| Total  | 167,738        | 205,526        | 169,028                           | 206,287        |
| <u>Less</u> : Allowance for doubtful accounts    | -              | (138)          | -                                 | (138)          |
| Allowance for goods returned                     | (38,000)       | (38,000)       | (38,000)                          | (38,000)       |
| Trade accounts receivable related parties-net    | 129,738        | 167,388        | 131,028                           | 168,149        |
| <b>Trade accounts receivable-others</b>          |                |                |                                   |                |
| Trade notes receivable                           |                |                |                                   |                |
| Current  | 1,583          | 35             | 1,583                             | 25             |
| Trade accounts receivable                        |                |                |                                   |                |
| Current  | 88,547         | 142,652        | 73,559                            | 103,769        |
| Overdue within 3 months                          | 18,366         | 29,122         | 11,987                            | 17,703         |
| Over 3 to 6 months                               | 2,554          | 2,220          | 2,475                             | 2,116          |
| Over 6 to 12 months                              | 3              | 131            | 3                                 | 129            |
| Total  | 111,053        | 174,160        | 89,607                            | 123,742        |
| <u>Less</u> : Allowance for doubtful accounts    | (3)            | (130)          | (3)                               | (129)          |
| Trade accounts receivable others-net             | 111,050        | 174,030        | 89,604                            | 123,613        |
| <b>Total Trade Accounts Receivable-net</b>       | <b>240,788</b> | <b>341,418</b> | <b>220,632</b>                    | <b>291,762</b> |

**7. SHORT-TERM LOANS TO RELATED PARTIES** comprise :-

(THOUSAND BAHT)

| PARTICULARS                                | CONSOLIDATED  |               | THE SEPARATE FINANCIAL STATEMENTS |               | INTEREST RATES PER YEAR (%) |               |
|--|---------------|---------------|-----------------------------------|---------------|-----------------------------|---------------|
|  | Jun. 30, 2009 | Dec. 31, 2008 | Jun. 30, 2009                     | Dec. 31, 2008 | Jun. 30, 2009               | Dec. 31, 2008 |
| SSDC (Tigertex) Co., Ltd.                  |               |               |                                   |               |                             |               |
| Beginning balances                         | 40,000        | 12,000        | 40,000                            | 12,000        |                             |               |
| <u>Add:</u> Increase during the period     | -             | 28,000        | -                                 | 28,000        | 3.75 – 4.25                 | 3.50 – 4.25   |
| Ending balances                            | 40,000        | 40,000        | 40,000                            | 40,000        |                             |               |
| Five Stars Plus Co., Ltd.                  |               |               |                                   |               |                             |               |
| Beginning balances                         | 5,000         | 7,000         | -                                 | -             |                             |               |
| <u>Add:</u> Increase during the periods    | 3,000         | 500           | 3,000                             | -             | 3.00 – 4.75                 | 3.62 – 4.75   |
| <u>Less:</u> Settlement during the periods | (2,000)       | (2,500)       | -                                 | -             |                             |               |
| Ending balances                            | 6,000         | 5,000         | 3,000                             | -             |                             |               |
| Thai Itokin Co., Ltd.                      |               |               |                                   |               |                             |               |
| Beginning balance                          | -             | -             | -                                 | -             |                             |               |
| <u>Add:</u> Increase during the period     | -             | 44,000        | -                                 | 44,000        | -                           | 4.50          |
| <u>Less:</u> Settlement during the period  | -             | (44,000)      | -                                 | (44,000)      |                             |               |
| Ending balance                             | -             | -             | -                                 | -             |                             |               |
| Erawan Textile Co., Ltd.                   |               |               |                                   |               |                             |               |
| Beginning balance                          | 83,200        | -             | 83,200                            | -             |                             |               |
| <u>Add:</u> Increase during the periods    | 41,530        | 83,200        | 41,530                            | 83,200        | 4.75 – 5.50                 | 5.50          |
| <u>Less:</u> Settlement during the period  | (74,730)      | -             | (74,730)                          | -             |                             |               |
| Ending balances                            | 50,000        | 83,200        | 50,000                            | 83,200        |                             |               |
| Total                                      | 96,000        | 128,200       | 93,000                            | 123,200       |                             |               |

Short-term loans to related parties are unsecured loans.

**8. INVESTMENTS IN SUBSIDIARIES** comprise:

(THOUSAND BAHT)

| SUBSIDIARY COMPANIES | % HOLDING     |               | COST METHOD   |               |
|----------------------|---------------|---------------|---------------|---------------|
|                      | Jun. 30, 2009 | Dec. 31, 2008 | Jun. 30, 2009 | Dec. 31, 2008 |
| S. Apparel Co., Ltd. | 80.00         | 80.00         | 27,729        | 27,729        |
| T-CHAMBER Co., Ltd.  | 99.99         | 99.99         | 9,999         | 9,999         |
| Total                |               |               | 37,728        | 37,728        |

(THOUSAND BAHT)

| SUBSIDIARY COMPANIES | TYPE OF BUSINESS   | PAID-UP CAPITAL  |                  | DIVIDEND                                    |       |
|----------------------|--|------------------|------------------|---|-------|
|                      |  | Jun.<br>30, 2009 | Dec.<br>31, 2008 | For the six-month<br>periods ended June 30, |       |
|                      |  |                  |                  | 2009  | 2008  |
| S. Apparel Co., Ltd. | Manufacturing,<br>subcontracting and<br>distributing ready-made<br>clothes | 36,000           | 36,000           | 4,032                                       | 2,304 |
| T-CHAMBER Co., Ltd.  | Distributing ready-made<br>clothes   | 10,000           | 10,000           | -   | -     |

**9. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES** comprise :-

(THOUSAND BAHT)

| Companies  | Paid-up capital | % Holding |          | Investment |          | Dividend               |        |
|--|-----------------|-----------|----------|------------|----------|------------------------|--------|
|  |                 | As at     |          | As at      |          | For the six-month      |        |
|  |                 | Jun.      | Dec.     | Jun.       | Dec.     | periods ended Jun. 30, |        |
|  |                 | 30, 2009  | 31, 2008 | 30, 2009   | 31, 2008 | 2009                   | 2008   |
| <b>- Related Parties</b>   |                 |           |          |            |          |                        |        |
| 1. People's Garment Plc.   | 96,000          | 14.05     | 14.05    | 52,683     | 52,683   | 7,281                  | 5,798  |
| 2. I.C.C. International Plc.   | 290,634         | 3.31      | 3.31     | 109,015    | 109,015  | 9,626                  | 9,226  |
| 3. Sahacogen (Chonburi) Plc.   | 955,000         | 1.77      | 1.77     | 32,759     | 32,759   | 2,539                  | 4,920  |
| 4. Thai Wacoal Plc.  | 120,000         | 1.39      | 1.39     | 22,476     | 22,476   | 2,505                  | 2,171  |
| 5. Textile Prestige Plc.   | 108,000         | 0.96      | 0.96     | 10,185     | 10,185   | 311                    | 518    |
| 6. Saha Pathana Inter-Holding Plc.                                     | 494,034         | 0.38      | 0.36     | 10,847     | 9,042    | 376                    | 356    |
| 7. Far East DDB Plc.   | 75,000          | 0.35      | 0.35     | 505        | 505      | 129                    | 129    |
| 8. O.C.C. Plc.   | 60,000          | 0.13      | 0.13     | 41         | 41       | 40                     | 36     |
| 9. Saha Pathanapibul Plc.  | 318,422         | 0.07      | 0.07     | 995        | 995      | 140                    | 110    |
| Total  |                 |           |          | 239,506    | 237,701  | 22,947                 | 23,264 |
| <u>Add:</u> Unrealized gain on investment revaluation                  |                 |           |          | 480,976    | 510,087  | -                      | -      |
| Total net investments in available-for-sale securities-related parties |                 |           |          | 720,482    | 747,788  | 22,947                 | 23,264 |
| <b>- Other Companies</b>   |                 |           |          |            |          |                        |        |
| 1. President Bakery Plc.   |                 |           |          | 13,500     | 13,500   | 1,292                  | 905    |
| 2. Thai Toray Textile Mill Plc.  |                 |           |          | 265        | 265      | 30                     | 45     |
| 3. Nation Multimedia Group Plc.  |                 |           |          | 8,608      | 8,608    | -                      | -      |
| 4. Bangkok Bank Plc.   |                 |           |          | 10,002     | 10,002   | 253                    | 253    |
| 5. Kasikornbank Plc.   |                 |           |          | 654        | 654      | 23                     | 22     |
| 6. The Siam Cement Plc.  |                 |           |          | 4,541      | 4,541    | 40                     | 150    |
| 7. PTT Plc.  |                 |           |          | 832        | 832      | 10                     | 33     |
| 8. Thoresen Thai Agencies Plc.   |                 |           |          | 75         | 75       | 2                      | 5      |
| 9. Thai Oil Plc.   |                 |           |          | 367        | 367      | 6                      | 16     |
| 10. PTT Aromatics and Refining Plc.                                    |                 |           |          | 450        | 450      | 6                      | 32     |
| 11. Regal Corporation  |                 |           |          | 9,854      | 9,854    | -                      | -      |
| Total  |                 |           |          | 49,148     | 49,148   | 1,662                  | 1,461  |
| <u>Add:</u> Unrealized gain on investment revaluation                  |                 |           |          | 26,388     | 11,052   | -                      | -      |
| Total net investments in available-for-sale securities-other companies |                 |           |          | 75,536     | 60,200   | 1,662                  | 1,461  |
| <b>TOTAL INVESTMETNS IN AVAILABLE FOR SALE SECURITIES</b>              |                 |           |          |            |          |                        |        |
| <b>(THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS)</b>        |                 |           |          | 796,018    | 807,988  | 24,609                 | 24,725 |

## 10. GENERAL INVESTMENTS comprise :

(THAI CURRENCY : THOUSAND BAHT  
FOREIGN CURRENCIES : THOUSAND)

| THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS       |                         |                  |                  |                  |                  |                        |       |
|--|-------------------------|------------------|------------------|------------------|------------------|------------------------|-------|
| Companies  | Paid-up capital         | % Holding        |                  | Investment       |                  | Dividend               |       |
|  |                         | As at            |                  | As at            |                  | For the six-month      |       |
|  |                         | Jun.<br>30, 2009 | Dec.<br>31, 2008 | Jun.<br>30, 2009 | Dec.<br>31, 2008 | periods ended Jun. 30, |       |
|  |                         |                  |                  |                  |                  | 2009                   | 2008  |
| <b>- Related Parties</b>                                     |                         |                  |                  |                  |                  |                        |       |
| 1. Thai Monster Co., Ltd.                                    | 20,000                  | 19.00            | 19.00            | 5,549            | 5,549            | -                      | -     |
| 2. Total Way Image Co., Ltd.                                 | 20,000                  | 19.00            | 19.00            | 7,132            | 7,132            | 1,520                  | 1,520 |
| 3. Thai Naxis Co., Ltd.                                      | 20,000                  | 19.00            | 19.00            | 4,700            | 4,700            | 133                    | 133   |
| 4. Celebrate Wealth Co., Ltd.                                | 20,000                  | 19.00            | 19.00            | * 3,799          | * 3,799          | -                      | -     |
| 5. SSDC (Tigertex) Co., Ltd.                                 | 270,000                 | 18.96            | 18.96            | 58,394           | 58,394           | 512                    | 4,609 |
| 6. International Commercial Coordination<br>(Hong Kong) Ltd. | HKD 2,000               | 18.00            | 18.00            | * 2,291          | * 2,291          | -                      | -     |
| 7. International Leather Fashion Corp., Ltd.                 | 50,000                  | 18.00            | 18.00            | 8,810            | 8,810            | 1,440                  | 1,080 |
| 8. Wise Winner Co., Ltd.                                     | 10,000                  | 18.00            | 18.00            | * 1,800          | * 1,800          | -                      | -     |
| 9. Five Stars Plus Co., Ltd.                                 | 50,000                  | 17.00            | 17.00            | * 8,500          | * 8,500          | -                      | -     |
| 10. Morgan De Toi (Thailand) Ltd.                            | 25,000                  | 15.99            | 15.99            | 3,999            | 3,999            | -                      | -     |
| 11. Champ Ace Co., Ltd.                                      | 40,000                  | 15.00            | 15.00            | 6,000            | 6,000            | 1,500                  | 1,500 |
| 12. Pak Numpo Wattana Co., Ltd.                              | 1,000                   | 14.00            | 14.00            | 1,037            | 1,037            | -                      | -     |
| 13. S.T.G.C. Co., Ltd.                                       | 2,500                   | 13.00            | 13.00            | * 325            | * 325            | -                      | -     |
| 14. Erawan Textile Co., Ltd.                                 | 181,832                 | 15.18            | 13.00            | 63,854           | 9,427            | -                      | -     |
|  | (Year 2008 :<br>72,732) |                  |                  |                  |                  |                        |       |
| 15. Grand Star Industry Co., Ltd.                            | 20,000                  | 12.50            | 12.50            | 4,992            | 4,992            | 1,250                  | 1,750 |
| 16. Intanin Chiangmai Co., Ltd.                              | 5,000                   | 12.50            | 12.50            | 2,781            | 2,781            | -                      | -     |
| 17. Koraj Wattana Co., Ltd.                                  | 1,000                   | 12.50            | 12.50            | 1,528            | 1,528            | -                      | -     |
| 18. Sun & sand Co., Ltd.                                     | 1,000                   | 12.50            | 12.50            | 1,499            | 1,499            | -                      | -     |
| 19. Eastern I.C.C. Co., Ltd.                                 | 1,000                   | 12.50            | 12.50            | 2,938            | 2,938            | -                      | -     |
| 20. Maharachapruerk Co., Ltd.                                | 1,000                   | 12.00            | 12.00            | 415              | 415              | -                      | -     |
| 21. Belle Maison (Thailand) Co., Ltd.                        | 80,000                  | 11.63            | 11.63            | * 9,300          | * 9,300          | -                      | -     |
| 22. Thai Takaya Co., Ltd.                                    | 30,000                  | 11.00            | 11.00            | 3,300            | 3,300            | 396                    | -     |
| 23. Thai Gunze Co., Ltd.                                     | 180,000                 | 8.00             | 8.00             | 17,280           | 17,280           | 994                    | 763   |
| 24. Wazeda Education (Thailand) Co., Ltd.                    | 28,000                  | 7.14             | 7.14             | * 2,000          | * 2,000          | -                      | -     |

(THAI CURRENCY : THOUSAND BAHT

FOREIGN CURRENCIES : THOUSAND)

| THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS  |                 |           |          |            |          |                        |        |  |
|---|-----------------|-----------|----------|------------|----------|------------------------|--------|--|
| Companies   | Paid-up capital | % Holding |          | Investment |          | Dividend               |        |  |
|   |                 | As at     |          | As at      |          | For the-six-month      |        |  |
|   |                 | Jun.      | Dec.     | Jun.       | Dec.     | periods ended Jun. 30, |        |  |
|   |                 | 30, 2009  | 31, 2008 | 30, 2009   | 31, 2008 | 2009                   | 2008   |  |
| 25. Thai Bunka Fashion Co., Ltd.                        | 25,000          | 8.00      | 8.00     | * 2,000    | * 2,000  | -                      | -      |  |
| 26. Mit Pathana Homeshopping Co., Ltd.                  | 30,000          | 5.67      | 5.67     | * 1,700    | * 1,700  | -                      | -      |  |
| 27. Sriracha Aviation Co., Ltd.                         | 33,000          | 6.06      | 6.06     | * 2,000    | * 2,000  | -                      | -      |  |
| 28. Guangdong Xie Zhong Garment Co., Ltd.               | USD 2,900       | -         | 5.00     | -          | * 2,851  | -                      | -      |  |
| 29. Sunrise Garment Co., Ltd.                           | 10,000          | 5.00      | 5.00     | 1,966      | 1,966    | 60                     | 75     |  |
| 30. K. Commercial and Construction Co., Ltd.            | 50,000          | 5.00      | 5.00     | 6,694      | 6,694    | 500                    | 250    |  |
| 31. H & B Intertext Co., Ltd.                           | 40,000          | 5.00      | 5.00     | * 2        | * 2      | -                      | -      |  |
| 32. Bangkok Tokyo Socks Co., Ltd.                       | 102,300         | 4.89      | 4.89     | 3,755      | 3,755    | -                      | -      |  |
| 33. Sriracha BSC Bowling Co., Ltd.                      | 47,000          | 4.26      | 4.26     | * 2,000    | * 2,000  | -                      | -      |  |
| 34. Thai Shikibo Co., Ltd.                              | 237,500         | 4.81      | 4.81     | 11,425     | 11,425   | 1,485                  | 1,257  |  |
| 35. Thai Staflex Co., Ltd.                              | 60,000          | 4.00      | 4.00     | 2,400      | 2,400    | 240                    | 276    |  |
| 36. Treasure Hill Co., Ltd.                             | 200,000         | 4.00      | 4.00     | * 6,300    | * 6,300  | -                      | -      |  |
| 37. BSC Entertainment Co., Ltd.                         | 174,000         | 4.00      | 4.00     | * 8,237    | * 8,237  | -                      | -      |  |
| 38. Thai Asahi Kazei Spandex Co., Ltd.                  | 1,350,000       | 4.00      | 4.00     | 54,000     | 54,000   | 4,259                  | 5,248  |  |
| 39. Value Added Textile Co., Ltd.                       | 16,500          | 3.00      | 3.00     | 67         | 67       | 124                    | 99     |  |
| 40. Panland Co., Ltd.                                   | 300,000         | 3.00      | 3.00     | * 9,000    | * 9,000  | -                      | -      |  |
| 41. Wien Co., Ltd.                                      | 10,000          | 2.40      | 2.40     | 1,067      | 1,067    | 144                    | 144    |  |
| 42. Sahapat Real Estate Co., Ltd.                       | 250,000         | 2.40      | 2.40     | 6,165      | 6,165    | -                      | -      |  |
| 43. Thai Janome Co., Ltd.                               | 88,000          | 2.00      | 2.00     | 1,760      | 1,760    | 477                    | 904    |  |
| 44. Sahapat Properties Co., Ltd.                        | 20,000          | 1.00      | 1.00     | 200        | 200      | -                      | -      |  |
| 45. Thai Itokin Co., Ltd.                               | 50,000          | 1.00      | 1.00     | * 911      | * 911    | -                      | -      |  |
| 46. Racha Uchino Co., Ltd.                              | 81,000          | 0.49      | 0.49     | 163        | 163      | 78                     | 4      |  |
| 47. Pattaya Manufacturing Co., Ltd.                     | 30,000          | 0.33      | 0.33     | 741        | 741      | 30                     | 35     |  |
| Total   |                 |           |          | 344,776    | 293,200  | 15,142                 | 19,647 |  |
| Less: * Provision for loss on diminution in investments |                 |           |          | (39,490)   | (41,326) | -                      | -      |  |
| Total general investments-related parties-net           |                 |           |          | 305,286    | 251,874  | 15,142                 | 19,647 |  |

(THAI CURRENCY : THOUSAND BAHT

FOREIGN CURRENCIES : THOUSAND)

| THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS                    |                 |           |          |            |          |                        |        |
|---|-----------------|-----------|----------|------------|----------|------------------------|--------|
| Companies   | Paid-up capital | % Holding |          | Investment |          | Dividend               |        |
|   |                 | As at     |          | As at      |          | For the-six-month      |        |
|   |                 | Jun.      | Dec.     | Jun.       | Dec.     | periods ended Jun. 30, |        |
|   |                 | 30, 2009  | 31, 2008 | 30, 2009   | 31, 2008 | 2009                   | 2008   |
| <b>- Other Companies</b>  |                 |           |          |            |          |                        |        |
| 1. Miwaki SDN. BHD.   | RM 500          | 19.00     | 19.00    | 2,481      | 2,481    | 236                    | -      |
| 2. Miwaki Philippines Inc.  | USD 400         | 19.00     | 19.00    | * 3,317    | * 3,317  | -                      | -      |
| 3. Intersouth Co., Ltd.   | 1,000           | 12.50     | 12.50    | 4,286      | 4,286    | -                      | -      |
| 4. Bulton (Thailand) Co., Ltd.  | 4,000           | 10.00     | 10.00    | 250        | 250      | -                      | -      |
| 5. The International Knitting Mills Co., Ltd.                             | 40,000          | 2.81      | 2.81     | * 1,500    | * 1,500  | -                      | -      |
| 6. Sunlots Enterprise Co., Ltd.   | 130,000         | 2.69      | 2.69     | * 4        | * 4      | -                      | -      |
| 7. Khonkaen Vithes Suksa Co., Ltd.  | 60,000          | 1.67      | 1.67     | 1,000      | 1,000    | -                      | -      |
| 8. Thanara Co., Ltd.  | 60,000          | -         | 1.25     | -          | 1        | -                      | -      |
| 9. Sigma Holding Co., Ltd.  | 46,364          | 0.26      | 0.26     | 120        | 120      | -                      | -      |
| 10. Osoth Inter Laboratories Co., Ltd.                                    | 105,000         | 0.15      | 0.15     | * 88       | * 88     | -                      | -      |
| Total   |                 |           |          | 13,046     | 13,047   | 236                    | -      |
| <u>Less:</u> * Provision for loss on diminution in investments            |                 |           |          | (4,909)    | (4,909)  | -                      | -      |
| Total general investments-other companies-net                             |                 |           |          | 8,137      | 8,138    | 236                    | -      |
| <b>Total General Investments of the Separate Financial Statements-net</b> |                 |           |          | 313,423    | 260,012  | 15,378                 | 19,647 |
| General Investments of the Subsidiary-related party                       |                 |           |          |            |          |                        |        |
| Treasure Hill Co., Ltd.   |                 |           |          | 4,000      | 4,000    | -                      | -      |
| <u>Less:</u> Provision for loss on diminution in investments              |                 |           |          | (4,000)    | (4,000)  | -                      | -      |
| <b>Total General Investments of the Subsidiary-net</b>                    |                 |           |          | -          | -        | -                      | -      |
| <b>TOTAL GENERAL INVESTMENTS-NET (THE CONSOLIDATED)</b>                   |                 |           |          | 313,423    | 260,012  | 15,378                 | 19,647 |

In June 2009, the Company sold its all amounts of investments in Guangdong Xie Zhong Garment Co., Ltd. and Thanara Co., Ltd., amount of Baht 1.96 million with the gain on sales of investment amount of Baht 0.94 million.

As at December 31, 2008, the Company has prepaid share subscription to the Erawan Textile Co., Ltd. amount of Baht 42.55 million. In 2009, the Company has increased its capital amount of Baht 11.88 million, such company has already registered the capital increase with the Ministry of Commerce.

**11. INVESTMENTS IN DEBT SECURITIES** comprise :-

(THOUSAND BAHT)

| PARTICULARS  | CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS |               |
|--|--|---------------|
|  | Jun. 30, 2009                                      | Dec. 31, 2008 |
| The Siam Cement Public Company Limited                 | 44,000   | 44,000        |
| CH. Karnchang Public Company Limited                   | 30,000   | 30,000        |
| Charoen Pokphand Foods Public Company Limited          | 10,000   | 10,000        |
| Thai Airways International Public Company Limited      | 8,200  | 8,200         |
| Bank of Ayudhya Public Company Limited                 | 10,000   | 10,000        |
| PTT Chemical Public Company Limited                    | 10,000   | 10,000        |
| Advanced Info Service Public Company Limited           | 10,000   | -             |
| PTT Exploration and Production Public Company Limited  | 20,000   | -             |
| Total  | 142,200  | 112,200       |
| <u>Less</u> Portion due for redemption within one year | (35,000)   | (15,000)      |
| Investments in debt securities-net                     | 107,200  | 97,200        |

The Company has invested in debt securities as at June 30, 2009 as follows :

| Issued date                               | Number of units (units) | Amount (Thousand Baht) | Terms (years) | Coupon rate (per annum) | Interest payment                                    | Maturity date | Type of debentures  |
|---|-------------------------|------------------------|---------------|-------------------------|---|---------------|---|
| <u>Siam Cement Public Company Limited</u> |                         |                        |               |                         |   |               |   |
| Nov. 3, 08                                | 8,000                   | 8,000.00               | 4             | 5.35                    | Every 3 months since the issuing date of debenture. | Nov. 1, 12    | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| Apr. 1, 08                                | 1,000                   | 1,000.00               | 4             | 4.25                    | Every 3 months since the issuing date of debenture. | Apr. 1, 12    |   |
| Apr. 2, 07                                | 10,000                  | 10,000.00              | 4             | 5.75                    | Every 3 months since the issuing date of debenture. | Apr. 1, 11    |   |
| Mar.31,06                                 | 10,000                  | 10,000.00              | 4             | 6.00                    | Every 3 months since the issuing date of debenture. | Apr. 1, 10    |   |
| Oct. 3, 05                                | 15,000                  | 15,000.00              | 4             | 5.25                    | Every 3 months since the issuing date of debenture. | Oct. 1, 09    |   |
| <u>Total</u>                              |                         | 44,000.00              |               |                         |   |               |   |

| Issued date  | Number of units (units) | Amount (Thousand Baht) | Terms (years) | Coupon rate (per annum)                          | Interest payment                                    | Maturity date | Type of debentures  |
|--|-------------------------|------------------------|---------------|--|---|---------------|---|
| <b>CH. Karnchang Public Company Limited</b>              |                         |                        |               |  |   |               |   |
| Apr. 30, 08  | 20,000                  | 20,000.00              | 3             | 5.00   | Every 6 months since the issuing date of debenture. | Apr. 30, 11   | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| Jul. 26, 07  | 10,000                  | 10,000.00              | 3             | 5.25   | Every 6 months since the issuing date of debenture. | Jul. 26, 10   |   |
| <b>Total</b>   |                         | 30,000.00              |               |  |   |               |   |
| <b>Charoen Pokphand Foods Public Company Limited</b>     |                         |                        |               |  |   |               |   |
| Oct. 19, 07  | 10,000                  | 10,000.00              | 3             | 4.25   | Every 6 months since the issuing date of debenture. | Oct. 19, 10   | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| <b>Total</b>   |                         | 10,000.00              |               |  |   |               |   |
| <b>Thai Airways International Public Company Limited</b> |                         |                        |               |  |   |               |   |
| Nov. 22, 07  | 2,200                   | 2,200.00               | 3             | 4.51   | Every 6 months since the issuing date of debenture. | Nov. 22, 10   | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| Nov. 22, 07  | 6,000                   | 6,000.00               | 5             | 5.04   | Every 6 months since the issuing date of debenture. | Nov. 22, 12   |   |
| <b>Total</b>   |                         | 8,200.00               |               |  |   |               |   |
| <b>Bank of Ayudhya Public Company Limited</b>            |                         |                        |               |  |   |               |   |
| Jun. 5, 08   | 10,000                  | 10,000.00              | 2             | 4.25   | Every 3 months since the issuing date of debenture. | Jun. 5, 10    | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| <b>Total</b>   |                         | 10,000.00              |               |  |   |               |   |
| <b>PTT Chemical Public Company Limited</b>               |                         |                        |               |  |   |               |   |
| Dec. 4, 08   | 10,000                  | 10,000.00              | 5             | 1st- 3rd year at 5.35 and 4th – 5th year at 6.00 | Every 3 months since the issuing date of debenture. | Dec. 4, 13    | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| <b>Total</b>   |                         | 10,000.00              |               |  |   |               |   |

| Issued date  | Number of units (units) | Amount (Thousand Baht) | Terms (years) | Coupon rate (per annum)   | Interest payment                                    | Maturity date | Type of debentures  |
|--|-------------------------|------------------------|---------------|---|---|---------------|---|
| <u>Advanced Info Service Public Company Limited</u>          |                         |                        |               |   |   |               |   |
| Jan. 23, 09  | 10,000                  | 10,000.00              | 5             | 1st- 2nd year at 4.00 and 3rd – 4th year at 5.00 and 5th year at 6.00 | Every 3 months since the issuing date of debenture. | Jan. 23, 14   | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| <u>Total</u>   |                         | 10,000.00              |               |   |   |               |   |
| <u>PTT Exploration and Production Public Company Limited</u> |                         |                        |               |   |   |               |   |
| May.29,09  | 20,000                  | 20,000.00              | 3             | 3.25  | Every 3 months since the issuing date of debenture. | May.29,12     | Unsecured debenture, unsubordinated, trustee debenture with the holder's name |
| <u>Total</u>   |                         | 20,000.00              |               |   |   |               |   |
| <u>Total in investments in debt securities</u>               |                         | 142,200.00             |               |   |   |               |   |

The portion of debt securities due for redemption within one year was shown under current assets.

## 12. LEGAL RESERVE

The Company has set up legal reserve which duly met 10% of authorized share capital, in compliance with the Public Company Act, B.E. 2535 (1992). Such reserve is forbidden for dividend payment.

**13. GENERAL RESERVE**

On April 27, 2009, the Ordinary General Shareholders' Meeting was held and approved a resolution to appropriate net profit for general reserve amount of Baht 10.00 million.

On April 21, 2008, the Ordinary General Shareholders' Meeting was held and approved a resolution to appropriate net profit for general reserve amount of Baht 9.50 million.

The Company has appropriated part of its net profit for general reserves with no specific objective.

**14. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION**

On April 27, 2009, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends from BOI business operation at Baht 0.80 per share, to the shareholders of 120 million shares. On June 23, 2008, the Board of Directors' Meeting was held and has a resolution to pay interim dividends from BOI business operation at Baht 0.26 per share, to the shareholders. The dividends were paid from BOI business operation of Lamphun Project 2 according to the Promotional Certificate No. 1396/2543 amount of Baht 31.20 million, which were paid on July 21, 2008, and the remaining was paid at Baht 0.54 per share. The dividends were paid from BOI business operation of Kabinburi Project 3 according to the Promotional Certificate No. 1329(1)/2544 amount of Baht 64.80 million. The payment date is fixed on May 22, 2009. The Meeting also approved to pay the directors' remuneration not more than Baht 9 million.

On April 21, 2008, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends from BOI business operation at Baht 0.75 per share, to the shareholders of 120 million shares. The dividends were paid from BOI business operation of Kabinburi Project 3 according to the Promotional Certificate No. 1329(1)/2544 amount of Baht 18 million, and Lamphun Project 2 according to the Promotional Certificate No. 1396/2543 amount of Baht 72 million, totalling Baht 90 million. The payment date is fixed on May 16, 2008. The Meeting also approved to pay the directors' remuneration not more than Baht 9 million.

## 15. FOREIGN CURRENCY TRANSACTIONS

### 15.1 Selling forward exchange contracts

The Company and the subsidiaries have entered into Selling Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rate fluctuation which might affect to Baht received from export trade accounts receivable that can be summarized as follows:

As at June 30, 2009

| Particulars | CONSOLIDATED           |                                 |  | THE SEPARATE FINANCIAL STATEMENTS |                                 |  |
|-------------|------------------------|---------------------------------|--|-----------------------------------|---------------------------------|--|
|             | Amount<br>(in million) | Delivery will be<br>made during | Exchange rates on<br>delivery date<br>(Currency exchange<br>to Baht) | Amount<br>(in million)            | Delivery will be<br>made during | Exchange rates on<br>delivery date<br>(Currency exchange<br>to Baht) |
| USD         | 0.24                   | Dec. 09                         | 34.10 – 34.26  | 0.11                              | Dec. 09                         | 34.21 – 34.26  |
| JPY         | 14.78                  | Nov. – Dec. 09                  | 0.3548 – 0.3628  | -                                 | -                               | -  |
| EUR         | 0.24                   | Nov. – Dec. 09                  | 46.69 – 48.38  | 0.20                              | Nov. 09                         | 47.105   |

As at December 31, 2008

| Particulars | CONSOLIDATED           |                                 |  | THE SEPARATE FINANCIAL STATEMENTS |                                 |   |
|-------------|------------------------|---------------------------------|--|-----------------------------------|---------------------------------|---|
|             | Amount<br>(in million) | Delivery will be<br>made during | Exchange rates on<br>delivery date<br>(Currency exchange<br>to Baht) | Amount<br>(in million)            | Delivery will be<br>made during | Exchange rate on<br>delivery date<br>(Currency exchange<br>to Baht) |
| USD         | 0.54                   | Apr. – Jun. 09                  | 34.07 – 35.15  | 0.14                              | Apr. 09                         | 34.07   |
| JPY         | 9.66                   | Jun. 09                         | 0.3814 – 0.3884  | -                                 | -                               | -   |
| EUR         | 0.30                   | May – Jun. 09                   | 44.26 – 48.60  | -                                 | -                               | -   |

## 15.2 Uncovered risk transactions

The Company and the subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(AMOUNT IN MILLION)

| Particulars        | CONSOLIDATED       |               |                   |               | THE SEPARATE FINANCIAL STATEMENTS |               |                   |               |
|--------------------|--------------------|---------------|-------------------|---------------|-----------------------------------|---------------|-------------------|---------------|
|                    | Foreign currencies |               | Converted to Baht |               | Foreign currencies                |               | Converted to Baht |               |
|                    | Jun. 30, 2009      | Dec. 31, 2008 | Jun. 30, 2009     | Dec. 31, 2008 | Jun. 30, 2009                     | Dec. 31, 2008 | Jun. 30, 2009     | Dec. 31, 2008 |
| <b>Assets</b>      |                    |               |                   |               |                                   |               |                   |               |
| USD                | 1.15               | 2.87          | 38.94             | 99.85         | 1.12                              | 2.53          | 38.08             | 88.15         |
| EUR                | 0.28               | 0.19          | 13.54             | 9.40          | 0.16                              | 0.13          | 7.58              | 6.24          |
| JPY                | 1.25               | 3.68          | 0.44              | 1.403         | -                                 | 0.005         | -                 | 0.002         |
| <b>Total</b>       |                    |               | 52.92             | 110.653       |                                   |               | 45.66             | 94.392        |
| <b>Liabilities</b> |                    |               |                   |               |                                   |               |                   |               |
| USD                | 0.15               | 0.08          | 5.01              | 2.66          | 0.13                              | 0.07          | 4.31              | 2.33          |
| EUR                | 0.15               | 0.12          | 7.48              | 5.83          | 0.15                              | 0.12          | 7.48              | 5.79          |
| JPY                | 8.18               | 4.47          | 2.92              | 1.75          | 1.34                              | 1.02          | 0.48              | 0.40          |
| <b>Total</b>       |                    |               | 15.41             | 10.24         |                                   |               | 12.27             | 8.52          |

## 16. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company was granted some special promotional privileges from the Board of Investment as follows:

|   |   |   |  |                           |                                  |  |
|---|---|---|--|---------------------------|----------------------------------|--|
| 1. Promotional certificates Nos.  | 1286/2536   | 7028/2537   | 1396/2543                                    | 1329(1)/2544              | 1515/Or./2544                    | 1604(2)/2550                                 |
| 2. Dates of promotional certificates  | 23/12/93  | 31/08/94  | 24/07/00                                     | 02/05/01                  | 16/08/01                         | 18/6/07                                      |
| 3. The generating revenues dates  | 10/11/94  | 14/02/95  | 01/08/00                                     | 01/02/03                  | 10/09/01                         | 1/10/07                                      |
| 4. The promotional privileges for manufacturing of  | Leather products<br>or<br>artificial leather<br>(cancelled project on 25/09/08) | Ready-made garment<br>(cancelled project on 19/06/08) | Leather products<br>or<br>artificial leather | Textile<br>or<br>fragment | Ready-made garment               | Leather products<br>or<br>artificial leather |
| 5. Important privileges which are granted :   |   |   |  |                           |                                  |  |
| 5.1 Exemption from corporate income tax on net profit from promotional operations, commencing from the generating revenue date.                               | 8 years<br>(Expired on 9/11/02)   | 8 years<br>(Expired on 13/02/03)                      | 8 years<br>(Expired on 31/07/08)             | 8 years                   | 3 years<br>(Expired on 13/06/04) | 8 years                                      |
| 5.2 Exemption from income tax on dividends from promoted business which was exempted from income tax as 5.1.  | 8 years<br>(Expired on 9/11/02)   | 8 years<br>(Expired on 13/02/03)                      | 8 years<br>(Expired on 31/07/08)             | 8 years                   | 3 years<br>(Expired on 13/06/04) | 8 years                                      |
| 5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate after the exemption for corporate income tax is ended. | 5 years<br>(Expired on 9/11/07)   | 5 years<br>(Expired on 13/02/08)                      | 5 years                                      | 5 years                   | 5 years<br>(Expired on 13/06/09) | 5 years                                      |
| 5.4 Allowance for double deduction of expenses of public utilities (electricity, water supply and transportation) for the year.                               | 10 years<br>(Expired on 9/11/04)  | 10 years<br>(Expired on 13/02/05)                     | 10 years                                     | 10 years                  | 5 years<br>(Expired on 13/06/06) | 10 years                                     |

As a promoted industry, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

## 17. COMMITMENT AND CONTINGENT LIABILITIES

17.1 The Company and the subsidiaries have commitment and contingent liabilities as follows:

(MILLION BAHT)

| PARTICULARS                            | CONSOLIDATED  |               | THE SEPARATE FINANCIAL STATEMENTS |               |
|--|---------------|---------------|-----------------------------------|---------------|
|  | Jun. 30, 2009 | Dec. 31, 2008 | Jun. 30, 2009                     | Dec. 31, 2008 |
| Bank guarantee with Customs Department | 4.94          | 4.78          | 4.13                              | 3.45          |
| Bank guarantee for electricity         | 4.95          | 4.95          | 4.28                              | 4.28          |
| Bank guarantee for business operation  | 0.32          | 0.40          | 0.32                              | 0.40          |
| Loan guarantee for related companies   | 0.31          | 172.26        | 0.31                              | 172.26        |

17.2 The Company has entered into 9 trademark countercontracts with respective owners concerning about the manufacturing and distribution of garments and leather products under their trademarks. Both parties have mutual obligations to fulfil under these contracts. The trademark fees are 5.0-7.5% upon sales amount.

17.3 The Company has commitment relating to land and building lease contract with the compensation for transferring of leasehold right and monthly rental according to the contract as follows :

(BAHT)

| PARTICULARS          | PERIODS     | LEASE TERM (YEARS) | LEASE RIGHT COMPENSATION | MONTHLY RENTAL |
|----------------------|-------------|--------------------|--------------------------|----------------|
| Land lease right     | 2008 – 2018 | 10                 | -                        | 45,000         |
| Building lease right | 2004 – 2021 | 17                 | 17,079,606               | 4,428          |

**18. EXPENSES BY NATURE**

(THOUSAND BAHT)

| For the six-month periods   | CONSOLIDATED  |               | THE SEPARATE FINANCIAL STATEMENTS |               |
|---|---------------|---------------|-----------------------------------|---------------|
|   | Jun. 30, 2009 | Jun. 30, 2008 | Jun. 30, 2009                     | Jun. 30, 2008 |
| (Increase) decrease in the changes of finished goods and work in progress | (6,757)       | (16,382)      | 4,957                             | (13,989)      |
| Purchase of finished goods  | 80,041        | 71,557        | 77,023                            | 69,781        |
| Raw material and consumables used   | 357,427       | 457,224       | 302,572                           | 374,950       |
| Management benefit expenses   | 24,764        | 21,554        | 23,723                            | 20,616        |
| Employee benefit expenses   | 261,748       | 272,300       | 231,238                           | 244,710       |
| Depreciation and amortization expenses                                    | 30,118        | 32,040        | 27,625                            | 29,801        |
| Royalty expenses  | 41,297        | 37,344        | 41,297                            | 37,344        |
| Other expenses  | 91,404        | 98,918        | 84,134                            | 89,596        |
| Total   | 880,042       | 974,555       | 792,569                           | 852,809       |

**19. FINANCIAL INFORMATION BY SEGMENT**

The Company and its subsidiaries operate in core business segment, that is ready-made clothes and leather product industry with geographical segments of both local and export sales for the six month periods as follows:

(MILLION BAHT)

| CONSOLIDATED                      | June 30, 2009 |        |          | June 30, 2008 |        |          |
|-----------------------------------|---------------|--------|----------|---------------|--------|----------|
|                                   | Local         | Export | Total    | Local         | Export | Total    |
| Sales by segment                  | 583.00        | 300.68 | 883.68   | 531.15        | 493.42 | 1,024.57 |
| Result of operation by segment    | 83.83         | 23.53  | 107.36   | 83.50         | 64.33  | 147.83   |
| Non-allocation expenses           |               |        | 103.74   |               |        | 97.84    |
| Other income                      |               |        | 93.50    |               |        | 96.09    |
| Corporate income tax              |               |        | 2.88     |               |        | 7.66     |
| Net profit of Minority Interest   |               |        | (0.34)   |               |        | (0.63)   |
| Net profit                        |               |        | 93.90    |               |        | 137.79   |
| Property, plant and equipment-net |               |        | 410.58   |               |        | 448.70   |
| Intangible assets-net             |               |        | 4.34     |               |        | 4.29     |
| Leasehold rights-net              |               |        | 11.94    |               |        | 12.95    |
| Total assets                      |               |        | 2,843.05 |               |        | 2,807.66 |

## 20. TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiaries have certain transactions with its related parties which are related through the shareholding or having co-management or co-directors. Therefore, the effects of these transactions were reflected in the accompanying financial statements on the mutual agreement and in normal business.

| RELATED PARTIES  | TYPE OF BUSINESS  | RELATIONSHIP                                     |
|--|---|--|
| 1. S. Apparel Co., Ltd.                                    | Manufacturing, subcontracting and distributing ready-made clothes | Management and shareholders and being subsidiary |
| 2. T-CHAMBER Co., Ltd.                                     | Distributing ready-made clothes                                   | Shareholders and being subsidiary                |
| 3. People's Garment Plc.                                   | Garment manufacturing   | Management and shareholders                      |
| 4. I.C.C. International Plc.                               | Consumer goods distributing                                       | Management and shareholders                      |
| 5. Sahacogen (Chonburi) Plc.                               | Electricity generating and distributing                           | Management and shareholders                      |
| 6. Thai Wacoal Plc.  | Ladies' lingerie manufacturing                                    | Management and shareholders                      |
| 7. Textile Prestige Plc.                                   | Embroidery fabric manufacturing                                   | Management and shareholders                      |
| 8. Saha Pathana Inter- Holding Plc.                        | Holding company   | Management and shareholders                      |
| 9. Far East DDB Plc.                                       | Advertising   | Shareholders                                     |
| 10. O.C.C. Plc.  | Distributing cosmetics and garment                                | Management and shareholders                      |
| 11. Saha Pathanapibul Plc.                                 | Consumer goods distributing                                       | Management and shareholders                      |
| 12. Thai Monster Co., Ltd.                                 | Garment manufacturing   | Management and shareholders                      |
| 13. Total Way Image Co., Ltd.                              | Leatherware manufacturing   | Management and shareholders                      |
| 14. Thai Naxis Co., Ltd.                                   | Label manufacturing   | Management and shareholders                      |
| 15. Celebrate Wealth Co., Ltd.                             | Distributing import fashion goods                                 | Management and shareholders                      |
| 16. SSDC (Tigertex) Co., Ltd.                              | Bleaching, dyeing fabric and yarn                                 | Management and shareholders                      |
| 17. International Commercial Coordination (Hong Kong) Ltd. | Apparel distributing  | Management and shareholders                      |
| 18. International Leather Fashion Corp., Ltd.              | Leatherware manufacturing   | Management and shareholders                      |
| 19. Wise Winner Co., Ltd.                                  | Distributing garment and sport equipment                          | Management and shareholders                      |
| 20. Five Stars Plus Co., Ltd.                              | Leather garment manufacturing                                     | Management and shareholders                      |
| 21. Morgan De Toi (Thailand) Ltd.                          | Garment distributing  | Management and shareholders                      |
| 22. Champ Ace Co., Ltd.                                    | Garment manufacturing   | Management and shareholders                      |
| 23. Pak Numpo Wattana Co., Ltd.                            | Apparel distributing  | Management and shareholders                      |
| 24. S.T.G.C. Co., Ltd.                                     | Research and develop business                                     | Management and shareholders                      |
| 25. Grand Star Industry Co., Ltd.                          | Fabric manufacturing  | Management and shareholders                      |
| 26. Intanin Chiangmai Co., Ltd.                            | Apparel distributing  | Shareholders                                     |

| RELATED PARTIES                              | TYPE OF BUSINESS                           | RELATIONSHIP                |
|--|--|-----------------------------|
| 27. Koraj Wattana Co., Ltd.                  | Apparel distributing                       | Management and shareholders |
| 28. Sun & Sand Co., Ltd.                     | Apparel distributing                       | Management and shareholders |
| 29. Eastern I.C.C. Co., Ltd.                 | Apparel distributing                       | Management and shareholders |
| 30. Maharachapreuk Co., Ltd.                 | Apparel distributing                       | Management and shareholders |
| 31. Belle Maison (Thailand) Co., Ltd.        | Catalog sale                               | Management and shareholders |
| 32. Thai Takaya Co., Ltd.                    | Jeans manufacturing                        | Management and shareholders |
| 33. Thai Gunze Co., Ltd.                     | Garment manufacturing                      | Management and shareholders |
| 34. Waseda Education (Thailand) Co., Ltd.    | Education institution                      | Management and shareholders |
| 35. Thai Bunka Fashion Co., Ltd.             | Fashion institution                        | Management and shareholders |
| 36. Mit Pathana Homeshopping Co., Ltd.       | Television direct sale                     | Management and shareholders |
| 37. Sriracha Aviation Co., Ltd.              | Machinery and plane maintenance            | Management and shareholders |
| 38. Guangdong Xiezhong Garment Co., Ltd.     | Garment manufacturing                      | Management and shareholders |
| 39. Sunrise Garment Co., Ltd.                | Garment manufacturing                      | Shareholders                |
| 40. K. Commercial and Construction Co., Ltd. | Construction contractor                    | Management and shareholders |
| 41. H & B Intertext Co., Ltd.                | Fabric doll manufacturing                  | Shareholders                |
| 42. Sriracha BSC Bowling Co., Ltd.           | Bowling alley                              | Management and shareholders |
| 43. Thai Shikibo Co., Ltd.                   | Cotton yarn manufacturing                  | Management and shareholders |
| 44. Thai Staflex Co., Ltd.                   | Fabric products                            | Management and shareholders |
| 45. Treasure Hill Co., Ltd.                  | Golf course                                | Management and shareholders |
| 46. BSC Entertainment Co., Ltd.              | Bowling alley                              | Management and shareholders |
| 47. Thai Asahi Kazei Spandex Co., Ltd.       | Manufacturing and distributing<br>spandex  | Shareholders                |
| 48. Value Added Textile Co., Ltd.            | Fabric embroidering and printing           | Shareholders                |
| 49. Panland Co., Ltd.                        | Property development                       | Management and shareholders |
| 50. Wien Co., Ltd.                           | Direct sale                                | Management and shareholders |
| 51. Sahapat Real Estate Co., Ltd.            | Real estate development                    | Management and shareholders |
| 52. Janome (Thailand) Co., Ltd.              | Sewing machines                            | Management and shareholders |
| 53. Sahapat Properties Co., Ltd.             | Property development                       | Shareholders                |
| 54. Thai Itokin Co., Ltd.                    | Garment manufacturing                      | Management and shareholders |
| 55. Racha Uchino Co., Ltd.                   | Household textile                          | Management and shareholders |
| 56. Erawan Textile Co., Ltd.                 | Spun yarn and fabrics manufacturing        | Management and shareholders |
| 57. Pattaya Manufacturing Co., Ltd.          | Garment manufacturing                      | Management and shareholders |
| 58. Ramasorn Thaveekarn Co., Ltd.            | Investment                                 | Management                  |
| 59. Deluxe Bijou Societe Anonyme Co., Ltd.   | Manufacturing and distributing<br>ornament | Management                  |
| 60. PTK Multi Services Co., Ltd.             | Security service                           | Shareholders                |

| RELATED PARTIES                  | TYPE OF BUSINESS                     | RELATIONSHIP                |
|----------------------------------|--------------------------------------|-----------------------------|
| 61. Watsadoramai Co., Ltd.       | Distributing agent                   | Management                  |
| 62. I.D.F. Co., Ltd.             | Investment                           | Shareholders                |
| 63. Keen Intertrade Co., Ltd.    | Agent                                | Management                  |
| 64. Bangkok Tokyo Socks Co.,Ltd. | Manufacturing and distributing socks | Management and shareholders |

The significant related accounting transactions are as follows:

(THOUSAND BAHT)

| RELATED TRANSACTIONS<br>IN BALANCE SHEETS | CONSOLIDATED  |               | THE SEPARATE FINANCIAL<br>STATEMENTS |               |
|---|---------------|---------------|--------------------------------------|---------------|
|   | Jun. 30, 2009 | Dec. 31, 2008 | Jun. 30, 2009                        | Dec. 31, 2008 |
| Trade accounts receivable                 |               |               |                                      |               |
| - I.C.C. International Plc.               | 149,996       | 189,763       | 149,996                              | 189,763       |
| - Other companies                         | 17,742        | 15,763        | 19,032                               | 16,524        |
| Total                                     | 167,738       | 205,526       | 169,028                              | 206,287       |
| Short-term loans extended (Note 7)        | 96,000        | 128,200       | 93,000                               | 123,200       |
| Advance payments                          | 5,201         | 559           | 5,299                                | 638           |
| Accrued revenues                          | 6,167         | 9,467         | 6,171                                | 9,506         |
| Investments - net (Notes 9 and 10)        | 1,025,768     | 999,662       | 1,025,768                            | 999,662       |
| Purchase of fixed assets                  | -             | 598           | -                                    | 604           |
| Trade accounts payable                    | 10,226        | 11,967        | 10,773                               | 12,238        |
| Accrued expenses                          | 5,994         | 7,339         | 5,994                                | 7,339         |

(THOUSAND BAHT)

| RELATED TRANSACTIONS IN INCOME STATEMENTS<br>FOR THE SIX MONTH PERIODS | CONSOLIDATED  |               | THE SEPARATE FINANCIAL<br>STATEMENTS |               |
|--|---------------|---------------|--------------------------------------|---------------|
|  | Jun. 30, 2009 | Jun. 30, 2008 | Jun. 30, 2009                        | Jun. 30, 2008 |
| Sales  |               |               |                                      |               |
| - I.C.C. International Plc.  | 473,032       | 447,105       | 473,032                              | 447,105       |
| - Other companies  | 29,007        | 28,704        | 30,502                               | 30,736        |
| Total  | 502,039       | 475,809       | 503,534                              | 477,841       |
| Dividend income (Notes 8, 9 and 10)                                    | 38,089        | 42,911        | 42,121                               | 45,215        |
| Other income   | 36,501        | 30,761        | 37,768                               | 32,209        |
| Loss on disposal of fixed assets                                       | -             | (93)          | -                                    | (93)          |
| Purchase of goods and raw materials                                    | 41,042        | 34,375        | 48,098                               | 35,400        |
| Other expenses   | 30,360        | 31,946        | 30,365                               | 31,972        |

Revenues from sales, purchases of goods and raw materials, other revenues and expenses shown in the statements of income are in accordance with the general trading conditions. For the transactions with no reference of market prices, the prices or compensation will be fixed under the agreed contracts.

## **21. INCOME TAXES**

Corporate income taxes of the Company and its subsidiaries for the three-month and six-month periods ended June 30, 2009 and 2008 are calculated from the accounting profits and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

Corporate income taxes of the Company and its subsidiaries for the three-month period ended June 30 shown negative amount because income tax for the six-month period is less than that of three-month period.

Non – BOI business operation or non-taxable privileges, the tax computation was calculated at the rate of 25 per cent.

BOI business operation is calculated income tax according to the privileges which are granted (see also Note 16).

Corporate income taxes of the subsidiaries are calculated at the rate of 30 per cent.

## **22. RECLASSIFICATION OF ACCOUNTING TRANSACTIONS**

Some accounting transactions of 2008 financial statements have been reclassified to conform with the presentation of 2009 financial statements.

## **23. FINANCIAL STATEMENTS APPROVAL**

These interim financial statements are duly approved by the Company's directors on July 22, 2009.