

## Related Transactions

### (1) Disclosure of Related Transactions, as follows:

In 2009, the Company and subsidiary companies have entered into connected accounting transactions, such connections being a result of shareholdings or having the same executive officers or Directors, as noted in clause 28 of the notes to the financial statements. These transactions were made under normal trading terms and conditions and at market values or agreed values in the case where the transaction could not refer to a market value.

As at 31 December 2009, the Company's account contained the following connected transactions:

1. Short-term loans to related parties (clause 7 of the notes to the financial statements)
2. Investments in available-for-sale securities - related parties (clause 10 of the notes to the financial statements)
3. General Investments - related parties (clause 11 of the notes to the financial statements)

The objectives of investments in 2-3 were to provide a supply chain to support the principal business of the Company, as well as to engage in new businesses with potential in order to promote the Company's long-term stability.

### Connected transactions entered in 2009

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1. Thanulux Public Company Limited Board of Directors Meeting No. 1/2552 on February 18, 2009 considered and approved the Company's reduction of the amount, along with alterations to the procedures for extending financial assistance to Erawan Textiles Company Limited, a connected person, from the prior loan and guarantee amount of Baht 255.15 million to Baht 124.73 million, a reduction of Baht 130.42 million. Interests were equivalent to the interest rate for a one-year fixed deposit account offered by commercial banks increased by an amount determined by Company with repayment terms upon redemption.

Connected persons:

1. Saha Pathana Inter-Holding Plc. has the following shareholdings:

Thanulux Plc.	23.517 %
Erawan Textiles Co., Ltd.	15.180 %
2. ICC International Plc. has the following shareholdings:

Thanulux Plc.	10.022 %
Erawan Textiles Co., Ltd.	15.180 %

Interested directors had left the meeting room and did not cast votes in this agenda.

Opinion of the Board of Directors: Approval is recommended for the reduction of amount and the alteration of procedures for extending financial assistance to Erawan Textiles Company Limited in order to enable the business to carry on its operations and to manage the Company's cash for the highest return and benefits from the Company's cash surplus. Also, the relevant terms were deemed reasonable.

2. Thanulux Public Company Limited Board of Directors Meeting No. 2/2552 on May 12, 2009 considered and approved the Company's reduction of the amount, along with

alterations to the procedures for extending financial assistance to Erawan Textiles Company Limited, a connected person, from the prior investment amount of Baht 124.73 Million to Baht 70.00 Million, a reduction of Baht 54.73 Million. Interests were equal to the interest rate for a one-year fixed deposit account offered commercial banks increased by an amount determined by Company with repayment terms upon redemption.

Connected persons:

1. Saha Pathana Inter-Holding Plc. has the following shareholdings:

Thanulux Plc.	23.517 %
Erawan Textiles Co., Ltd.	15.180 %

2. ICC International Plc. has the following shareholdings:

Thanulux Plc.	10.022 %
Erawan Textiles Co., Ltd.	15.180 %

Interested directors had left the meeting room and did not cast votes in this agendum.

Opinion of the Board of Directors: Approval of the change in financial assistance to Erawan Textile Company Limited since the reduction in loan amount would reduce the risks of the Company. Also, since the borrower was an upstream business in relation to the Company, financial assistance should be extended in order to support the businesses of the joint investor. Moreover, such loan amounted to management of the Company's cash for the highest return from the Company's cash surplus without affecting the sufficiency of the Company's working capital.

3. Thanulux Public Company Limited Board of Directors Meeting No. 6/2551 on November 10, 2008 approved various transactions with 19 connected persons in relation to its ordinary business operations that had been undertaken or expected to be undertaken in the year 2009, the details of which were as follows.

No.	Connected Persons	Relationship
1	Ramasorn Thaveekarn Co., Ltd.	Transactions with major shareholder
2	PTK Multi Services Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc.
3	Wise Winner Co., Ltd.	Co- Major shareholder - Ramasorn Thaveekarn Co., Ltd.
4	Morgan De Toi (Thailand) Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc.
5	Total Way Image Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc. - Ramasorn Thaveekarn Co., Ltd.

<b>No.</b>	<b>Connected Persons</b>	<b>Relationship</b>
6	Celebrate Wealth Co., Ltd.	Co- Major shareholder - Ramasorn Thaveekarn Co., Ltd. TNL's Directors are major shareholders - Mrs. Varindr Leelanuwatana + Close relatives - Ms. Dusadee Soontrontumrong - Mr. Wichai Suthitivanich
7	International Leather Fashion Corp., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc. - Ramasorn Thaveekarn Co., Ltd.
8	Deluxe Bijou Societe Anonyme Co., Ltd.	Co- Major shareholder - Ramasorn Thaveekarn Co., Ltd.
9	Thai Monster Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc.
10	Five Stars Plus Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc.
11	Thai Takaya Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc.
12	Saha Pathana Inter-Holding Plc.	Transactions with major shareholder
13	Thai Wacoal Plc.	Co- Major shareholder - Saha Pathana Inter-Holding Plc.
14	SSDC (Tigertex) Co., Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc.
15	Thai Itokin Co.,Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.D.F. Co., Ltd.
16	Grand Star Industry Co.,Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc. - I.C.C. International Plc.
17	Thai secom Pitakkit Co.,Ltd.	Co- Major shareholder - Saha Pathana Inter-Holding Plc.
18	Keen Intertrade Co., Ltd.	Co- Major shareholder - Ramasorn Thaveekarn Co., Ltd.
19	I.C.C. International Plc.	Co- Major shareholder - Saha Pathana Inter-Holding Plc.

**The general characteristics of the transaction** : Not exceeding 3% of NTA as at September 30, 2008 equal to Baht 73.84 million

Items	Revenue / Expense Item	Example	Total amount (Not over)	Actual amount In 2009
Supporting normal business transaction	Revenue item	- consultancy fee	Baht 5 million	Baht 4.83 million
	Expense item	- consultancy fee	Baht 5 million	Baht 1.56 million
Transaction regarding rental of immovable property of not exceeding 3 years.	Revenue item	- rental of immovable property	Baht 30 million	Baht 6.13 million
The details of assets or service	Revenue item	- Data Processing Service	Baht 5 million	Baht 2.18 million
	Expense item	- rental of movable property and security expenses	Baht 10 million	Baht 4.61 million
Financial support		- lending - Guarantee	Baht 60 million	Baht 55.30 million

**Method for setting the price :**

<u>Rental Income</u> (immovable assets)	use the market price which will depend on the location, condition and the use of assets.
<u>Data Processing service</u>	calculate from cost plus the reasonable profit and quantity of assets use.
<u>Consultancy Fee</u>	Revenue / Expense, calculate from cost plus the reasonable profit which depend on the difficulty and scope of service.
<u>Rental Expense</u> (movable assets)	Revenue / Expense, use market price.
<u>Security Expense</u>	calculate from the amount of security guards in each shift.
<u>Lending interest</u>	calculated by average deposit interest rate of 5 big commercial banks plus 0.5% per annum.
<u>Guarantee fee</u>	calculated 1% per annum from the total guarantee amount.

Interested Directors had left the meeting room and did not cast votes on this agendum.

Opinion of the Board of Directors : Agree to approve all transaction stated. They are the normal business transactions. They will support and develop in the term of business for each other. They will create the competitiveness of the company, for the benefit of the company. All the price and connected conditions are reasonable.

## **Necessities and Sensibility of transactions with those having possible conflict of interests**

Operating business under highly competitive environment would require business alliance or networks, both upstream and downstream, so as to increase liquidity in business operation which will then leads to the sustainable growth and development. Any interested persons which are supply chains, the company's business alliances. The company needs to engage in business transaction with them for the benefit of the company itself and its shareholders. This is achieved by setting as the market or contracted price for the non-reference price.

## **Procedures or steps in the authorization of Related Transactions**

1. In the event of a connected transaction being a regular transactions, the management requested from Board of Directors Meeting No.5/2551, held on Friday, August 8, 2008, approved the authorization to management for those transactions under normal trading terms that would be reasonably made between parties generally in the same circumstances and under trade bargaining powers free from influence in the capacity of being a Director, executive officer or connected person. In this regard, the management would make regular reports of all transactions under such conditions for the acknowledgement of the Board of Directors Meeting every quarter.
2. In the event of a connected transaction not being a regular transaction, if the value of the transaction does not require the approval of the meeting of shareholders under the Regulations of the Stock Exchange of Thailand, it will first be considered by the Executive Committee of the Company. If the value of the transaction is within the authority of the Executive Committee, approval of the connected transaction would be completed at this stage where in the interested person would not participate in the meeting and cast votes. However, if the value of the connected transaction exceeds the authority of the Executive Committee, the Executive Committee would summarize its resolution and make a submission to the Board of Directors, also attended by the Audit Committee, for approval. Also in such a meeting, the interested person would not participate in the proceedings and cast votes.

### Criteria for Consideration

1. The benefits to be received by the Company and group companies in the present and future, such as
  - Investment returns, such as interests and dividends
  - Business opportunities of the Company
2. Securities which should be held by the Company when entering into a transaction
  - Guarantees received from the transaction
  - The status of the relevant company and the competency of the executive.

### **Policies and Future trends of Related Transactions**

Transactions with related parties will prevail but the volume depends on the economic situation as those with possible conflict of interests are the company's supply chain. The flexibility and adaptability of the supply chain will eventually facilitate the business competition and thus benefit the shareholders. Recognizing of its responsibilities to its shareholders, staff, and every party concerned, Company has set up the policies to ensure effective corporate governance