

English



# ANNUAL REPORT



**THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED**

385 Soi Bang Make Khao Sukhumvit Km.30.5 Taiban Amphur Muang Samutprakarn 10280

URL <http://www.tti.co.th>

Phone +6627038484 Fax +6623871983

# CONTENTS

---

	PAGE
MESSAGE FROM THE BOARD OF DIRECTORS	1
GENERAL INFORMATION	2
FINANCIAL HIGHLIGHTS	4
BUSINESS NATURE	5
RISK FACTORS	6
SHAREHOLDING AND MANAGEMENT STRUCTURES	7
BUSINESS TRANSACTION BETWEEN INDIVIDUALS AND RELATED COMPANIES	16
FINANCIAL STATUS AND PERFORMANCE FROM THE BOARD OF DIRECTORS	16
REPORT OF THE AUDIT COMMITTEE	17
APPENDIX	
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	10

## MESSAGE FROM THE BOARD OF DIRECTORS

---

Year 2013 ended with the outpouring of anger by anti-government protestors. Many of the so-called silent majority in the middle class broke their silence and expressed disagreement with the Government's controversial amnesty bill and draft to amend the charter on the senate's make-up. Several business groups also become active in pushing for political reform. On the economic side, Thailand was not doing so well in term of GDP due to many reasons such as, much lower than expected domestic consumption, export growth, private investment etc. Looking forward into year 2014. Political uncertainty amid the fragile state of domestic consumption and the slow recovery of the global economy. General outlook does not look so promising. Any new governing political party will need to help jump-start the Thai economy by mobilizing public spending.

Our company performed reasonably well in 2013 compared to the previous year due to a slightly better market situation in the textile industry worldwide compared to year 2012. New weaving machine had been installed to replace the old ones. Moreover there will be new spinning machine to be set up in year 2014 in order to increase our productivity and to reduce our costs.

Finally we would like to take this opportunity to express our sincere appreciation for your supports and understandings.

Board of Directors

## GENERAL INFORMATION

---

### Company Name

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED

### Business Nature

Spun yarn and Woven fabric Manufacturer and Garment

---

Head Office (Factory1)	:	385 Soi Bang Make Khao, Sukhumvit 30.5 K.M., Samutprakarn, 10280
Registered	:	0107537000441
Telephone	:	0-2703-8484
Fax	:	0-2387-0894, 0-2387-1983
Website	:	<a href="http://www.tti.co.th">http://www.tti.co.th</a>
E-mail	:	thaitex@tti.co.th
<hr/>		
Factory 2	:	275 Soi Bang Make Khao, Sukhumvit 30.5 K.M., Samutprakarn, 10280
<hr/>		
Factory 3	:	595 Moo 6, Sukhumvit Road, Bangpoo Mai, Amphur Muang, Samutprakarn, 10280
<hr/>		
Office 1	:	791-793 Mahajak Road, Chakrawad, Sampanthawong, Bangkok 10100
Telephone	:	0-2222-2390-1
Fax	:	0-2224-6336
<hr/>		
Office 2 (Showroom)	:	286 Rain Tree Office Garden Bldg A-5, Rama 9 Road, Soi17, Bangkok, 10310
Telephone	:	0-2719-6499
Fax	:	0-2719-6411
<hr/>		
Paid Up Capital	:	500 million baht. (par at 10 baht per share)
<hr/>		
Auditor	:	Mr. Pradit Rodloytuk Ast Master Co.,Ltd. 790/12 Thonglor Tower, Sukhumvit 55 Road, Klongtoey, Bangkok, 10110 Tel No.: 0-2185-0342, Fax No.: 0-2381-5716
<hr/>		

---

Legal Consultant : Charastam Law Office and Accountant  
281/7 Suksawasdi Road, Rajburana, Bangkok, 10140  
Tel No.: 0-2389-2298, Fax No.: 0-2389-2298

---

Securities' Registrar : Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand; Building 4<sup>th</sup> 6<sup>th</sup>-7<sup>th</sup> Floor, Rachadapisek Road,  
Klongtoey, Bangkok, 10110  
Tel No. 0-2359-1200-1 Fax No. 0-2359-1259

---

Investment in companies with 10% or more of registered capital

---

Company : Thai Rung Textile Co., Ltd

---

Address : 62 Soi Vilalai, Bangna-Trat Rd. 20<sup>th</sup> Km., Ampure Bangplee, Samutprakarn

---

Telephone : 0-2337-2323

---

Fax : 0-2337-2829

---

Business Nature : Manufacturer of Spun Yarn

---

Paid Capital : 600,000,000 Bath

---

Shareholder : 87.31 %

---

## FINANCIAL HIGHLIGHTS

Million baht

	Consolidated Financial Statements					Company's Financial Statements				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
<b>Financial Status</b>										
Current Assets	1,969.7	1,820.8	2,010.5	2,098.3	1,809.4	1,411.0	1,322.0	1,471.6	1,464.7	1,283.3
Total Assets	4,242.3	3,762.4	3,854.5	3,754.1	3,589.8	3,097.8	3,077.8	3,091.9	2,977.1	2,836.9
Current Liabilities	2,176.1	1,664.8	1,636.6	1,730.7	1,579.0	1,392.4	1,323.3	1,306.7	1,343.1	1,153.9
Total Liabilities	2,446.1	1,975.9	1,946.8	1,734.6	1,593.7	1,570.3	1,536.8	1,450.6	1,364.9	1,168.5
Shareholder's Equity	1,796.3	1,786.6	1,907.6	2,019.6	1,996.1	1,527.5	1,541.0	1,641.4	1,630.2	1,668.4
<b>Operation Report</b>										
Sales and services	4,018.9	3,883.4	4,329.6	4,381.6	3,526.8	2,923.1	2,696.4	3,156.3	3,221.8	2,715.0
Total revenues	4,124.8	3,959.1	4,440.6	4,481.5	3,568.8	3,042.6	2,759.8	3,316.6	3,345.1	2,778.1
Gross profit (loss)	273.3	130.5	273.0	298.7	103.0	163.7	101.0	234.8	116.1	59.9
Net profit (loss)	32.2	(96.1)	27.5	40.7	(130.2)	6.8	(75.4)	95.4	(13.1)	(94.4)
<b>Financial Ratio</b>										
Net profit (loss) Per share (baht)	0.52	(1.88)	0.55	0.81	(2.60)	0.14	(1.51)	1.91	(0.26)	(1.89)
Current ratio	0.91	1.09	1.23	1.21	1.15	1.01	1.00	1.13	1.08	1.11
Net profit (loss) / equity (%)	1.79	(5.38)	1.26	2.60	(6.30)	0.45	(4.89)	5.81	(0.80)	(5.46)
Return on total assets (%)	0.76	(2.55)	0.63	1.39	(3.50)	0.22	(2.45)	3.09	(0.44)	(3.19)
Debt equity ratio	1.36	1.11	0.99	0.86	0.80	1.03	1.00	0.88	0.83	0.70
Dividend per share (baht)	0.50	0.50	1.00	0.50	0.50	0.50	0.50	1.00	0.50	0.50
Book value per share (baht)	33.85	33.71	36.09	38.00	37.69	30.55	30.82	32.83	32.60	33.37

## BUSINESS NATURE

### THAI TEXTILE INDUSTRY PUBLIC CO., LTD.

Importer of textile's raw materials and manufacturer of raw yarns, dyed yarns, including fabric and garment which sold locally and internationally.

### THAI RUNG TEXTILE CO., LTD. (SUBSIDIARY COMPANY)

Manufacturer of 100% cotton and blended yarns which sold locally to other textile factories

### Revenues Structure

Unit : Million baht

Product / Service	Manufactured By Company	2013		2012		2011	
		Income	%	Income	%	Income	%
Garment							
local sale		21.41	0.52	21.20	0.54	12.98	0.29
export sale		190.45	4.62	173.77	4.39	168.44	3.79
Fabric							
local sale		970.67	23.53	970.55	24.51	952.56	21.45
export sale		1014.71	24.60	767.07	19.37	1,077.72	24.27
Raw Cotton And Yarns							
local sale		627.03	15.20	611.48	15.44	802.48	18.07
export sale		26.96	0.65	23.39	0.59	30.65	0.69
Services		70.15	1.70	88.22	2.23	64.96	1.46
Other Income		92.60	2.24	61.52	1.55	107.02	2.41
Total		3,313.88	73.06	2,717.20	68.62	3,216.81	72.44
Subsidiary							
Raw Cotton And Yarns		1,035.86	25.11	1,176.85	19.73	1,157.04	26.06
Spinning services		61.78	1.50	50.90	1.29	62.75	1.41
Other Income		13.26	0.32	14.15	0.36	3.95	0.09
Total		1,110.90	26.93	1,241.90	31.38	1,223.74	27.56
Grand total		4,124.78	100	3,959.10	100	4,440.55	100

## Source of Products

There are 3 manufacturing locations with maximum capacities as shown below and Subsidiary Company, which the location and production capacity are listed below:

Location	Address	Product	Capacity/Year 2013	
			Quantity	Unit
Factory 1	385 Soi Bang Make Khao, Samutprakarn	Fabric	32,000,000	Yards
Factory 2	275 Soi Bang Make Khao, Samutprakarn	Yarn	6,400,000	Lbs.
Factory 3	595 Sukhumvit Rd, Bangpooma,i Samutprakarn	Garment	1,500,000	Pcs.
Subsidiary	62 Soi Vilalai, Amphur Bangplee, Samutprakarn	Yarn	21,000,000	Lbs.

Yarn, which is the raw material for producing woven fabrics, is the Company and the Subsidiary's own, as well as, bought from other local yarn spinners. The woven fabrics are then sold to customers worldwide.

Thailand's quantities of raw are not sufficient for production; therefore, the Company imported raw fibers from various countries such as China, USA, Australia, Sudan, and Uzbekistan, according to the quality to produce the woven fabric

## Competition and Environment

The textile industry has always been very competitive both locally and internationally in products, prices, and production technologies. In order to reduce the cost of production and raise the product quality, the Company has to constantly monitor the ever-changing market situation, and procure new advanced machineries to increase the competitive advantage in cost of goods, variety, and quality of goods sold.

## RISKS FACTORS

=====

See Note 26 to the Company's and Consolidated Financial Statements (Appendix page 38)



## SHARE HOLDING AND MANAGEMENT STRUCTURE

### Shareholding and Management Structure 2013

Name	Position	Education/ Working Experience	Shareholdings		
			Increase(Decrease)	1 Company	2 Subsidiary Company
Mr. Boonnam Boonnamsap*	Chairman	ST. John College (Hong Kong)	1	0	Share
(See Remark)		Chairman Thai Rung Textile Co., Ltd.	2	0	Share
Dr. Chin Chinsetawong	Director	DBA; California Coast University, (USA)	1	0	Share
	Nomination Committee	MBA; California Coast University, (USA)	2	0	Share
	Compensation Committee	President Board of Director Union Paper Co., Ltd.			
	Chairman of the Audit Committee				
Mr. Mongkol mungkornkanok	Executive Director	Master Degree ( MSME Purdue University (USA) )	1	0	Share
	Managing Director	Managing Director, Thai Fareast Co., Ltd.	2	2,328	Share
Mr. Lim Mow Siung	Executive Director	Higher Diploma of Mechanical	1	0	Share
	Factory Manager	Managing Director, T.G. Industry Co., Ltd.	2	0	Share
Mr. Tawatchai Chaiyapinunt	Executive Director	Master Degree of Science in Engineering Management	1	0	Share
	Nomination Committee	Executive Director,	2	0	Share
	Compensation Committee	Rama Textile Industry (1988) Co., Ltd.			
	Sales Manager				
Mr. Kumjorn Chuenchoochit	Executive Director	Post Graduated Diploma, Management Studies (UK)	1	121,700	Share
	Sales Manager	Executive Director, Thai Rung Textile Co., Ltd.	2	14,012	Share
Mr. Chuang Kullawanwicht	Executive Director	Bachelor of Commerce and Accountancy	1	0	Share
	Accountant	Asst. Accountant, Feeders (Thai) Co., Ltd.	2	0	Share
Mr phaiboon Jaroonchaikanakij	Executive Director	Diploma of Commercial	1	0	Share
	Chief Financial Officer	Executive Director, Thai Rung Textile Co., Ltd.	2	0	Share
Mr. Udom Worarittichai	Director	High School ( Suatao )	1	0	Share
		Director, Thai Standard Industry Co., Ltd.	2	0	Share
Mrs. Ratana Suthipongchai	Director	Fellow Institute of bankers, London.	1	0	Share
	Nomination Committee	Vice President,	2	0	Share
	Compensation Committee	Bangkok First Investment & Trust Limited			
	Audit Committee				

Name	Position	Education/ Working Experience	Shareholdings		
			Increase(Decrease)	1	2
			Company	Subsidiary	Company
Prof. Dr. Somsak Chaiyapinunt	Director	PH.D. Engineer		1	0 Share
		<a href="#">Prof. Engineering Faculty of Chulalongkorn university</a>		2	0 Share
Mr. Preecha Chaipromprasith	Director	Diploma of Commercial		1	0 Share
	Audit Committee	<a href="#">Managing Director, Thai C.R. Co., Ltd.</a>		2	0 Share
Mr. Piroj Chuenchoochit  (See Remark)	Director	Eastbourne Technical College (UK)		1	102,000 Share
		Business Financial Management		2	4,000 Share
		Crawley Technical College (UK)			
		<a href="#">Marketing Manager, Thai Far East Co. Ltd.</a>			
		<a href="#">Managing Director, Rama Textile Industry (1988) Co., Ltd.</a>			
Mrs. Siriwan Boonnamsap	Director	Secondary School		1	0 Share
		<a href="#">Managing Director, Boonsiri Internationnal Co., Ltd.</a>		2	0 Share
Mr. Suchart Chantanakaracha	Director	Diploma of Commercial		1	0 Share
		<a href="#">Managing Director, Goldmine Garment Co., Ltd.</a>		2	0 Share
Dr. Kachornvut Namsirikul	Director	DBA, Chulalongkorn University		1	0 Share
	Audit Committee	School of Management, Boston University, USA		2	0 Share
		Faculty of Engineering, King Mongkut's University of Technology of North Bangkok			
		<a href="#">Professor of Commerce and Accountancy, Chulalongkorn University</a>			
Mr. Korn Sereerojanasiri	Director	Secondary School		1	0 Share
	Audit Committee	<a href="#">Managing Director, Thai Group Co., Ltd.</a>		2	0 Share
Mr. Narong Piriyaoprinsakul	Personnel Manager	Bachelor of law		1	0 Share
	Secretary of The Audit Committee	<a href="#">Lawyer Charastham and Accountancy</a>		2	0 Share
	Secretary of Nomination Committee				
	Secretary of Compensation Committee				
	Company Lawyer				
Mr. Chalerm Techawal	Factory Manager, Weaving Dept.	Bachelor of Science (Engineer)		1	0 Share
		<a href="#">Asst. Factory Manager, Thai American Textile Co., Ltd.</a>		2	0 Share

Name	Position	Education/ Working Experience	Shareholdings	
			Increase(Decrease)	
			1	Company
			2	Subsidiary Company
Mr. Tospol Lerdpuchareekul	Factory Manager, Spinning Dept.	Diploma of Textile Technology, Bangkok Technical Institute	1	0 Share
		Production Spinning Dept., Union Textile Co., Ltd.	2	0 Share
Mr. Nuntavouthi Chantanavarangkul	Factory Manager, Garment Dept.	Diploma of Textile Technology, Bangkok Technical Institute	1	0 Share
		Union Textile Co., Ltd.	2	0 Share
Miss Malee Opastaweechai	IT Manager	Bachelor of Science (Statistic) EDP Manager, C.C. Distribution Co., Ltd.	1	0 Share
			2	0 Share

- Remarks:
1. Mr. Prakob Chuenchoochit, former Chairman of the Board, passed away on 10 September 2013.
  2. Mr. Boonnam Boonnamsap is the new Chairman of the Board, appointed on 28 September 2013. (Resolution of the Board of Directors Meeting 4/2013 on 27 September 2013.)
  3. Mr. Paired Chuenchoochit is a Director on the Board since 14 November 2013 as a replacement for Mr. Prakob Chuenchoochit. (Resolution of the Board of Directors Meeting 5/2013 on 14 November 2013.)

#### Major Group of Shareholders (31 December 2013)

Rank	Name	No. of Share	Percentage
1	Mr. Kumjorn Chuenchoochit	11,994,667	24.0
2	Thailand securities depository co., ltd. for depositors	7,800,251	15.6
3	Miss Supatta Boonnamsap	5,804,985	11.6
4	Mr. Tawatchai Chaiyapinunt	5,362,870	10.7
5	Thai Textile International co., ltd.	4,128,315	8.3
6	Mr. Udom Worarittichai	2,964,945	5.9
7	Mr. Phaiboon Jaroonchaikanakij	2,478,100	5.0
8	Great San Holding co., ltd.	2,000,000	4.0
9	R.P.T. Resources co., ltd.	1,718,100	3.4
10	T.T. Resources co., ltd.	1,523,305	3.2

## Management Structure

There are 17 members on the Board of Directors, consisting of 7 Executive Directors, 4 Non-Executive Directors, and another 6 are Independent Directors, 5 of which are also on the Directors, Nomination, and Compensation Committee. The Directors are listed as follow:

1.	Mr. Boonnam	Boonnamsap	Chairman
2.	Mr. Mongkol	Mungkornkanok	Director
3.	Mr. Phaiboon	Jaroonchaikanakij	Director
4.	Mr. Lim Mou	Siung	Director
5.	Mr. Tawatchai	Chaiyapinunt	Director, Nomination, Compensation Committee
6.	Mr. Kumjorn	Chuenchoochit	Director
7.	Mr. Chuang	Kullawanwichit	Director, Secretary to the Board
8.	Mr. Udom	Worarittichai	Director
9.	Mrs. Siriwan	Boonnamsap	Director
10.	Prof.Dr. Somsak	Chaiyapinunt	Director
11.	Mr. Piroj	Chuenchoochit	Director
12.	Mr. Suchart	Chantanakaracha*	Director, Independent
13.	Dr. Chin	Chinsettawong*	Chairman of the Audit Committee, Independent Nomination, Compensation Committee
14.	Mrs. Ratana	Suthipongchai*	Audit Committee, Independent Nomination, Compensation Committee
15.	Mr. Preecha	Chaipromprasith*	Audit Committee, Independent
16.	Mr. Korn	Sereerojanasiri*	Audit Committee, Independent
17.	Dr. Kachornvut	Namsirikul*	Audit Committee, Independent
	Mr. Narong	Piriyaprinsakul	Secretary of Company Secretary of Audit Committee Secretary of Nomination Committee Secretary of Compensation Committee

\*Independent Directors

## Audit Committee Directors

On February 22, 2012, the Board of Directors appointed the following 5 people to be on the Audit Committee for the duration of 2 years.

1. Dr. Chin Chinsetawong (Chairman of the Audit Committee)
2. Mrs. Ratana Suthipongchai (Audit Committee)
3. Mr. Preecha Chaipromprasith (Audit Committee)
4. Mr. Korn Sereerojanasiri (Audit Committee)
5. Dr. Kachornvut Namsirikul (Audit Committee)

The audit committee of the company has the scope of duties and responsibilities to the Board of Directors on the following matters:

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- (3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- (4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- (5) To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
- (6) To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - (a) An opinion on the accuracy, completeness and creditability of the Company's financial report,
  - (b) An opinion on the adequacy of the Company's internal control system,
  - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - (d) An opinion on the suitability of an auditor,
  - (e) An opinion on the transactions that may lead to conflicts of interests,
  - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member,

- (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - (h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
- (7) To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

#### **Nomination Committee and Compensation Committee**

On February 22, 2012, the Board of Directors decided to form 2 subsidiary committees, the Nomination Committee and Compensation Committee, which will serve 2 year terms, and will consist of the same 2 independent directors, and 1 Executive Director on each committee. The Committee members are as follow:

1. Dr. Chin Chinsetawong (Independent Director and Director of Audit Committee)
2. Ms. Ratana Suthipongchai (Independent Director and Audit Committee)
3. Mr. Tawatchai Chaiyapinunt (Executive Director)
4. Mr. Narong PiriyaPrinsakul (Secretary of the Committees)

#### **Nomination Committee**

The Committee is responsible for setting qualification standards for individuals to be considered for top management positions and to be on the Board of Directors. They are also responsible for recommending qualified individuals for top management positions to the Board of Directors for consideration, as well as, to the General Shareholders Meeting for consideration to be on the Board of Directors.

#### **Remuneration Committee**

The Committee is responsible for setting conditions of remuneration for Directors and the remuneration of the top management to the Board of Directors for consideration. The Committee will consider to approve the remuneration of the top management, while the remuneration for Directors will be proposed at the General Shareholders Meeting.

## Board of Directors Meeting and Directors Remuneration

The Company scheduled a Board of Directors meeting every quarter, total 4 times a year. The Directors Remuneration is broken down as follow (In 2013, There were 5 Board of Directors meeting)

Director	Position	Directors Meeting		Remuneration for Director (Baht)		
		Attendance / Meetings		(Allowance and Bonus)		
		2013	2012	2013	2012	
1. Mr. Prakob	Chuenchoochit	*	3/5	4/4	155,000	160,000
2. Mr. Boonnam	Boonnamsap	*	5/5	4/4	135,000	135,000
3. Dr. Chin	Chinsettagong	◆■▲★	5/5	4/4	174,545	174,545
4. Mrs. Ratana	Suthipongchai	◆■▲★	5/5	4/4	174,545	174,545
5. Mr. Preecha	Chaipromprasith	●★	5/5	4/4	174,545	174,545
6. Mr. Korn	Sereerojanasiri	●★	5/5	4/4	174,545	174,545
7. Dr. Kachornvut	Namsirikul	●★	5/5	4/4	174,545	174,545
8. Mr. Mongkol	Mungkornkanok	/	5/5	4/4	135,000	135,000
9. Mr. Phaiboon	Jaroonchaikanakij	/	5/5	4/4	114,546	114,546
10. Mr. Lim Mou	Siung	/	4/5	3/4	114,545	114,545
11. Mr. Tawatchai	Chaiyapinunt	/■▲	5/5	4/4	114,546	114,546
12. Mr. Kumjorn	Chuenchoochit	/	5/5	4/4	114,546	114,546
13. Mr. Chuang	Kullawanwichit	/	5/5	4/4	114,546	114,546
14. Mr. Udom	Woraritichai	/	5/5	4/4	114,546	114,546
15. Mrs. Siriwan	Boonnamsap	×	5/5	4/4	110,000	110,000
16. Prof. Dr. Somsak	Chaiyapinunt	×	5/5	4/4	110,000	110,000
17. Mr. Suchart	Chantanakaracha	×★	4/5	3/4	110,000	110,000
18. Mr. Piroj	Chuenchoochit	×	1/5	-	5,000	-
<b>Total</b>					<b>2,320,000</b>	<b>2,320,000</b>

\* = Chairman

● = Audit Committee

×

▲ = Compensation Committee

◆ = Chairman of the Audit Committee

/ = Executive Director

■ = Independent

★ = Nomination

Executive's salary and bonus total

17,346,089 Baht

Non-financial remuneration

No

## Corporate Governance

### A) Corporate Governance Policies

The Company sees the importance of Good Corporate Governance; therefore, the following policies were relayed to the employees:

- 1) Be justified and fair.
- 2) Be transparent and independent.
- 3) Be responsible to the job.
- 4) Be responsible to the society.

### B) Shareholder's Rights and Equality Treatments

The Company's policy toward each Shareholder is to treat all equally, in accordance with the laws and regulations of the Company, with the given rights to attend the Annual Shareholders Meeting, to assign a proxy to attend the meeting and vote on their behalf, to recommend person(s) to be on the Board of Directors, to vote for or against any particular Director on the Board, to vote for or against the Auditing company or Auditors, to vote for any Company activities, to receive dividends, to voice out questions and opinions at the Shareholders Meeting, and receive sufficient information in a timely manner.

The Company designated the Annual Shareholders Meeting to be held within 4 months from the closing of the Company financing date. The invitation to the Annual Shareholders Meeting is sent out to each individual Shareholder, as well as, published in the Company website in advance of the meeting date.

In addition, the Company gives the Shareholders the opportunity to add agendas or nominate person(s) to be on the Board of Directors by contacting the Company, for the Directors to evaluate the recommendations during the next Board of Directors Meeting, and add the appropriate agendas or nominated person(s) to the next General Shareholders Meeting.

### C) Stakeholders

The Company gives importance to all stakeholders including those directly involved with the Company, such as the Shareholders, the Board of Directors, and the employees, as well as outsiders such as customers, business partners, competitors, and creditors, as well as the community's social and environmental well being as follow:

**Shareholders** – The Company will continuously strive to do business competitively to add value to the shareholders in the long term.

**Board of Directors** – The Board of Directors acknowledges the rights and responsibilities to comply with the laws and regulations, the purposes and decisions of the shareholders in compliance with good corporate governance.

**Employees** – The Company is aware that the employees are an important resource of the Company; therefore, the following policies have been setup concerning the employees.

### Work Environment and Safety

1. Work safety is the responsibility of every department and everyone in concerned.
2. The Company will promote work environment improvements, safety work methods, including using the appropriate safety equipments for safety purposes.
3. The Company will comply with the rules and regulations, as well as work safety standards set forth by the government.



4. The Company assigned the Work Safety Committee, the Public Health Committee, and the Environmental Committee to set the safety programs.
5. The Company will set follow up schedules to evaluate the work safety policies and ensure the policies create the greatest benefit for the employees.

In addition to the Company's current benefits such as dormitory, bus pickup and drop off, work uniform, and sport equipments, the Company has a fund to help with human resource enrichment.

The Company has set up regular training programs for work improvement such as 5S, ISO 9000, and ISO 14000, in addition to related seminars held outside the Company every year.

**Customers** – The Company will strive to bring customers satisfaction by delivering quality products in a timely manner, keeping customers confidentiality, and having customers give feedback on the Company's performance in accordance with the IS 9001:2000 standard.

**Business Partners** – The Company will treat all Business Partners in accordance with the consented agreement.

**Competitors** – The Company has treated all Competitors equally and competes fairly in the market.

**Creditors** – The Company has complied with all agreements made with the Creditors.

#### Community's Social and Environmental Responsibilities

The Company supports community programs and takes care of the surrounding environment by applying and receiving the ISO 14001:2004.

In case the Shareholder would like to file a complaint to the Board of Directors, they may do so with their letter of intent directly to Managing Director, Mr. Mongkol Mungkornkanok, at Thai Textile Industry PCL, 385 Moo 1, Soi Bang Make Khao, Tumbol Taiban, Umphur Muang, Samutprakarn 10280 or through the Secretary of the Company (Mr. Narong Piriya-prinsakul) at telephone number 081-802-8543, 0-2389-2298, fax number 0-2389-3398, e-mail address: narongp@tti.co.th

#### D. Information Disclosure and Transparency

The Company discloses information openly and timely to the shareholders and all investors through the following media:

- 1) Stock Exchange of Thailand
  - 1.1) Annual Report
  - 1.2) Financial Statement
  - 1.3) Memorandum of the Directors and Others
- 2) The Securities and Exchange Commission
- 3) Ministry of Commerce
- 4) Newspaper
- 5) Company Website ([www.tti.co.th](http://www.tti.co.th))
- 6) Letters to Shareholders through mail

In addition, shareholders and interested investors may contact the Secretary of the Board of Directors at 0-2389-2298 for further questions.

## BUSINESS TRANSACTION BETWEEN INDIVIDUALS AND RELATED COMPANIES

---

See Note 7, 9, 12, 13, 18 to the Company's and Consolidated Financial Statements

## FINANCIAL STATUS AND PERFORMANCE FROM THE BOARD OF DIRECTORS

---

### Income Structure

The Company's business is in the textile industry and its income is derived from sales of finished fabrics, yarns, greige fabrics, garments, and commission services in related services, which totaled 4,125 million baht for fiscal year 2013. The breakdown of income is 48% from finished fabrics, 41% from yarn and fiber, 5% from garments, and 6% from commission services, which 70% is domestic sales, and 30% export sales.

### Income

In 2013, the Company total income is 4,125 million baht, compared to 3,959 million baht of 2012, which is an increase of 166 million baht, or 4%, due to the slow economic recovery of Europe and US markets.

### Cost of Goods Sold and Expenses

In 2013, the Company has cost of goods sold totaled 3,746 million baht, which is 93% of sales, compared to 97% in 2012, a decrease of 4%, which can be attributed to the lower average price of fiber and yarn. Selling expenses increased 40 million baht, which correspond to the sales increase, while the administrative expenses decreased 17 million baht due to the cost saving efforts by the Company.

### Operation Report

The Company performance for fiscal year 2013 is profit of 32 million baht, compared to a loss of 96 million baht in 2012. The profit can be attributed to the lower operation cost from lower raw material prices and increase in sales due to the economic recovery of Europe and US markets.

## REPORT OF THE AUDIT COMMITTEE

---

Dear Shareholders,

The Audit Committee, which was appointed by the Board of Directors of Thai Textile Industry Public Company Limited, consists of the following 5 independent Directors: 1) Dr. Chin Chinsetawong, Chairman of the Audit Committee; 2) Mrs. Ratana Suthipongchai; 3) Mr. Preecha Chaipromprasith; 4) Mr. Korn Sereeronjanasiri; and 5) Dr. Kajornwuth Namsirikul as the Directors, with Mr. Narong Piriyaaprinsakul as the Secretary of the Audit Committee.

In 2013, the Audit Committee held 4 meetings in which the Executive Directors, Accounting Department Representative, Certified Public Accountants, and Internal Audit Committee all attended the meeting each time.

Thailand's economy in 2013 had been affected by the weak world economy and political unrest in the country. The Audit Committee gave Management of the Company, formally and informally adequate suggestions.

The Audit Committee has performed its duties and responsibilities according to the rules and regulations of the Stock Exchange of Thailand, as well as, according to responsibilities given by the Board of Directors of the Company. The main responsibilities of the Audit Committee consist of the internal audits, checking good governance, and transparency of the management of the Company. The Audit Committee would like to summarize the following important points:

### **1) Financial Statement**

The Audit Committee checked the quarterly financial statements and the annual financial statements together with the Management, Accounting Department Representative, Certified Public Accountants, and Internal Audit Committee in each meeting, from which the Audit Committee concluded that the Company's Financial Statements were transparent and prepared according to the General Accounting Regulations.

The 5 members of the Audit Committee, who are experienced individuals in accounting and finance, and have been in their positions for the past few years, have created an open discussion environment with useful recommendations for the Board of Directors to follow up during the Audit Committee meetings.

### **2) Internal Audits**

The Audit Committee has set up a system to check the quality and effectiveness of each department such as, production, marketing, and human resources, to evaluate the overall Company performance.

The Audit Committee has emphasized the importance of the internal audit, which have continuously improved and currently is at an acceptable level.

### **3) Business Transactions between Individuals and Related Companies**

The Audit Committee reviewed reports of business transactions between individuals and related companies to the Company, prepared by the Accounting Department and the Management, with the Certified Public Accountants at each Audit Committee Meeting.

The Certified Public Accountants found the prices and sales conditions to the individuals and related companies are in line with Company's policy to treat all business transactions equal to the normal practices given to other

individuals and companies not related to the Company. The business transactions between individuals and related companies are disclosed according to the rules and regulations of the Stock Exchange of Thailand.

#### **4) Adherence to Rules and Regulations**

The Company has an individual responsible for following up the rules and regulations, including laws, of the Stock Exchange of Thailand concerning the operation of the business.

The Audit Committee has checked and found the Company had operated according to the rules and regulations of the Stock Exchange of Thailand accordingly.

#### **5) Certified Public Accountants**

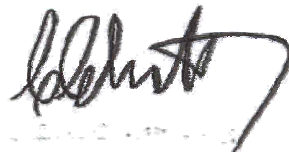
The Audit Committee has considered and recommended the appointment of AST Master Company Limited with proposed amount of remuneration for 2014 fiscal year for the Board of Directors and Shareholders to approve.

#### **6) Others**

The Audit Committee carried out the responsibilities with the collaboration of the Management and other departments of the Company and gave recommendations when necessary.

It is the Audit Committee's opinion, that the Company's Internal Audit is effective and sufficient without causing any adverse effect in the operation of the Company. In spite of labour shortage problem, the production efficiency had been maintained at the target standards.

The Audit Committee has performed its duties justly, independently and focused on the internal audits, to make sure the operations of the Company are transparent and fair to protect the interests of the Shareholders and all parties of interest.



**Dr.Chin Chinsettawong**  
Chairman of the Audit Committee

# APPENDIX

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013

EXPRESSED IN THAI BAHT

# Independent Auditor's Report

---

## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Thai Textile Industry Public Company Limited**

I have audited the accompanying consolidated financial statements of **Thai Textile Industry Public Company Limited and its subsidiary**, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of 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 **Thai Textile Industry 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 Thai Textile Industry Public Company Limited and its subsidiary and of Thai Textile Industry Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



PRADIT RODLOYTUK  
Certified Public Accountant  
Registration No. 218

Ast Master Co.,Ltd.  
27 February 2014

# STATEMENT OF FINANCIAL POSITION

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		In Baht				
		Consolidated financial statements			Separate financial statements	
Notes	31 December 2013	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2013	31 December 2012	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	8	98,467,743	89,968,017	74,845,450	29,860,804	26,827,378
Trade and other receivables	9	547,793,212	489,232,259	534,065,295	376,235,304	337,080,177
Inventories	10	1,229,097,284	1,230,308,930	1,393,931,530	914,102,561	950,164,235
Other current assets		10,493,851	11,288,261	7,665,867	6,936,836	7,884,039
Assets held for sale	11	83,825,994	-	-	83,825,994	-
Total current assets		1,969,678,084	1,820,797,467	2,010,508,142	1,410,961,499	1,321,955,829
<b>NON - CURRENT ASSETS</b>						
Investment in subsidiary	12	-	-	-	550,325,004	550,325,004
Other long-term investments	13	61,142,500	61,142,500	61,142,500	61,142,500	61,142,500
Property, plant and equipment	14	2,085,384,340	1,748,302,518	1,674,016,011	956,845,363	1,030,863,367
Investment properties - land	15	48,221,776	48,221,776	48,221,776	48,221,776	48,221,776
Computer software		496,295	827,155	1,383,848	496,295	827,155
Deferred income tax assets	16	68,547,699	71,538,482	50,684,764	62,687,277	58,048,452
Corporate income tax refundable		8,768,567	11,529,017	8,452,342	7,058,706	6,308,997
Other non - current assets		66,973	66,973	70,973	66,973	66,973
Total non - current assets		2,272,628,150	1,941,628,421	1,843,972,214	1,686,843,894	1,755,804,224
<b>TOTAL ASSETS</b>		<b>4,242,306,234</b>	<b>3,762,425,888</b>	<b>3,854,480,356</b>	<b>3,097,805,393</b>	<b>3,077,760,053</b>

The notes to financial statements are an integral part of these financial statements.



## STATEMENT OF FINANCIAL POSITION (CONTINUED)

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2013

		In Baht					
		Consolidated financial statements			Separate financial statements		
Notes	31 December 2013	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2013	31 December 2012		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
	Bank overdrafts and short - term loans from financial institutions	17	899,889,803	657,647,477	593,813,096	726,979,366	598,144,607
	Trade and other payables	18	364,475,721	254,837,573	267,349,714	293,761,685	231,291,682
	Current portion of long - term loans	17	197,992,000	203,472,000	108,863,669	135,002,000	135,432,000
	Short - term loans from related persons and related companies	7.2	703,200,000	537,700,000	652,400,000	233,000,000	355,000,000
	Accrued income tax		1,362,057	-	-	-	-
	Other current liabilities		9,221,185	11,182,300	14,210,733	3,623,641	3,383,618
	<b>Total current liabilities</b>		<b>2,176,140,766</b>	<b>1,664,839,350</b>	<b>1,636,637,212</b>	<b>1,392,366,692</b>	<b>1,323,251,907</b>
<b>NON - CURRENT LIABILITIES</b>							
	Long - term loans	17	146,277,000	187,919,000	203,728,000	113,327,000	148,329,000
	Deferred income tax liabilities	5,16	31,779,778	32,415,556	32,552,412	968,883	1,604,661
	Employee benefit obligations	19	91,852,871	90,696,223	73,915,904	63,658,590	63,568,589
	<b>Total non - current liabilities</b>		<b>269,909,649</b>	<b>311,030,779</b>	<b>310,196,316</b>	<b>177,954,473</b>	<b>213,502,250</b>
	<b>Total liabilities</b>		<b>2,446,050,415</b>	<b>1,975,870,129</b>	<b>1,946,833,528</b>	<b>1,570,321,165</b>	<b>1,536,754,157</b>
<b>SHAREHOLDERS' EQUITY</b>							
	Share capital - common shares, Baht 10 par value						
	Authorized share 50,000,000 shares		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
	Issued and paid - up share 50,000,000 shares		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
	Premium on common shares		623,840,000	623,840,000	623,840,000	623,840,000	623,840,000
	Retained earnings						
	Appropriated for legal reserve		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
	Appropriated for general reserve		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
	Unappropriated		468,417,132	461,539,945	580,498,105	303,644,228	317,165,896
	<b>Total equity attributable to the parent company</b>		<b>1,692,257,132</b>	<b>1,685,379,945</b>	<b>1,804,338,105</b>	<b>1,527,484,228</b>	<b>1,541,005,896</b>
	Non-controlling interests		103,998,687	101,175,814	103,308,723	-	-
	<b>Total shareholders' equity</b>		<b>1,796,255,819</b>	<b>1,786,555,759</b>	<b>1,907,646,828</b>	<b>1,527,484,228</b>	<b>1,541,005,896</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,242,306,234</b>	<b>3,762,425,888</b>	<b>3,854,480,356</b>	<b>3,097,805,393</b>	<b>3,077,760,053</b>

The notes to financial statements are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013

		In Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2013	2012	2013	2012
<b>REVENUES</b>					
	Sales	3,886,988,502	3,744,307,144	2,852,988,052	2,608,178,444
	Services income	131,935,874	139,114,418	70,149,879	88,215,421
	Dividends income	1,093,750	2,562,500	27,287,630	2,562,500
	Gain on disposal of fixed assets	73,478,530	24,705,985	52,289,724	22,050,609
	Other income	31,288,105	48,401,018	39,843,602	38,836,398
	<b>Total revenues</b>	<b>4,124,784,761</b>	<b>3,959,091,065</b>	<b>3,042,558,887</b>	<b>2,759,843,372</b>
<b>EXPENSES</b>					
	Cost of sales	3,612,829,873	3,633,813,547	2,686,974,368	2,507,150,166
	Cost of services	132,801,070	119,061,959	72,427,234	88,231,091
	Selling expenses	106,032,147	65,650,768	99,740,737	59,181,887
	Administrative expenses	165,763,413	182,720,399	129,619,441	143,765,506
	<b>Total expenses</b>	<b>4,017,426,503</b>	<b>4,001,246,673</b>	<b>2,988,761,780</b>	<b>2,798,328,650</b>
	<b>Profit (loss) before finance costs and income tax</b>	<b>107,358,258</b>	<b>(42,155,608)</b>	<b>53,797,107</b>	<b>(38,485,278)</b>
	Finance costs	(68,423,533)	(74,926,035)	(53,385,366)	(54,700,629)
	<b>Profit (loss) before income tax</b>	<b>38,934,725</b>	<b>(117,081,643)</b>	<b>411,741</b>	<b>(93,185,907)</b>
	Income tax income (expenses)	(6,759,759)	20,990,574	6,433,001	17,834,725
	<b>Profit (loss) for the year</b>	<b>32,174,966</b>	<b>(96,091,069)</b>	<b>6,844,742</b>	<b>(75,351,182)</b>
	<b>Other comprehensive income</b>				
	Defined benefit plan actuarial gains	6,331,214	-	4,633,590	-
	<b>Total comprehensive income for the year</b>	<b>38,506,180</b>	<b>(96,091,069)</b>	<b>11,478,332</b>	<b>(75,351,182)</b>
	<b>Profit (loss) attributable to:</b>				
	Equity holders of the parent	25,761,352	(93,958,160)	6,844,742	(75,351,182)
	Non-controlling interests	6,413,614	(2,132,909)	-	-
	<b>Profit (loss) for the year</b>	<b>32,174,966</b>	<b>(96,091,069)</b>	<b>6,844,742</b>	<b>(75,351,182)</b>
	<b>Total comprehensive income attributable to:</b>				
	Equity holders of the parent	31,877,187	(93,958,160)	11,478,332	(75,351,182)
	Non-controlling interests	6,628,993	(2,132,909)	-	-
	<b>Total comprehensive income for the year</b>	<b>38,506,180</b>	<b>(96,091,069)</b>	<b>11,478,332</b>	<b>(75,351,182)</b>
	<b>Basic earnings (loss) per share</b>				
	Profit (loss) attributable to equity holders of the parent	0.52	(1.88)	0.14	(1.51)

The notes to financial statements are an integral part of these financial statements.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2013

		In Baht								
		Equity attributable to the parent's shareholders					Non -			
		Issued and	Premium on	Retained earnings		Other	Total	controlling		
		paid-up	common shares	Appropriated for	Appropriated for	components	shareholders' equity	interests	Total	
Notes		share capital		legal reserve	general reserve	of equity	of the parent			
				Unappropriated						
	<b>Balance as at 1 January 2012 - as previously reported</b>	500,000,000	623,840,000	50,000,000	50,000,000	607,400,001	-	1,831,240,001	107,217,722	1,938,457,723
	Cumulative effect of the change in record relating to income tax expenses									
5		-	-	-	-	(26,901,896)	-	(26,901,896)	(3,908,999)	(30,810,895)
	<b>Balance as at 1 January 2012 - as restated</b>	500,000,000	623,840,000	50,000,000	50,000,000	580,498,105	-	1,804,338,105	103,308,723	1,907,646,828
	Dividends paid									
20		-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
	Total comprehensive income for the year									
		-	-	-	-	(93,958,160)	-	(93,958,160)	(2,132,909)	(96,091,069)
	<b>Balance as at 31 December 2012</b>	500,000,000	623,840,000	50,000,000	50,000,000	461,539,945	-	1,685,379,945	101,175,814	1,786,555,759
	<b>Balance as at 1 January 2013 - as previously reported</b>	500,000,000	623,840,000	50,000,000	50,000,000	488,441,841	-	1,712,281,841	105,084,813	1,817,366,654
	Cumulative effect of the change in record relating to income tax expenses									
5		-	-	-	-	(26,901,896)	-	(26,901,896)	(3,908,999)	(30,810,895)
	<b>Balance as at 1 January 2013 - as restated</b>	500,000,000	623,840,000	50,000,000	50,000,000	461,539,945	-	1,685,379,945	101,175,814	1,786,555,759
	Dividends paid									
20		-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
	Dividends of subsidiary paid to non-controlling interests									
		-	-	-	-	-	-	-	(3,806,120)	(3,806,120)
	Total comprehensive income for the year									
		-	-	-	-	31,877,187	-	31,877,187	6,628,993	38,506,180
	<b>Balance as at 31 December 2013</b>	500,000,000	623,840,000	50,000,000	50,000,000	468,417,132	-	1,692,257,132	103,998,687	1,796,255,819

The notes to financial statements are an integral part of these financial statements.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	In Baht						Total
		Issued and paid-up share capital	Premium on common shares	Retained earnings			Other components of equity	
				Appropriated for legal reserve	Appropriated for general reserve	Unappropriated		
Balance as at 1 January 2012		500,000,000	623,840,000	50,000,000	50,000,000	417,517,078	-	1,641,357,078
Dividends paid	20	-	-	-	-	(25,000,000)	-	(25,000,000)
Total comprehensive income for the year		-	-	-	-	(75,351,896)	-	(75,351,896)
Balance as at 31 December 2012		500,000,000	623,840,000	50,000,000	50,000,000	317,165,896	-	1,541,005,896
Balance as at 1 January 2013		500,000,000	623,840,000	50,000,000	50,000,000	317,165,896	-	1,541,005,896
Dividends paid	20	-	-	-	-	(25,000,000)	-	(25,000,000)
Total comprehensive income for the year		-	-	-	-	11,478,332	-	11,478,332
Balance as at 31 December 2013		500,000,000	623,840,000	50,000,000	50,000,000	303,644,228	-	1,527,484,228

The notes to financial statements are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

In Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before income tax	38,934,725	(117,081,643)	411,741	(93,185,907)
Adjustments to reconcile profit (loss) to net cash provided by operating activities :				
Loss on obsolescence of inventories (reversal)	(2,416,285)	(7,018,207)	(2,368,948)	7,944,184
Depreciation	255,580,216	246,520,436	158,881,997	142,238,208
Amortization of computer software	330,860	556,693	330,860	556,693
Gain on disposal of machinery and equipment	(73,478,530)	(24,705,985)	(52,289,724)	(22,050,609)
Provisions for employee benefit obligations	14,054,065	21,202,879	10,410,288	16,293,407
Unrealized loss (gain) on foreign exchange rate	2,695,386	393,188	(3,563,711)	378,235
Dividends income	(1,093,750)	(2,562,500)	(27,287,630)	(2,562,500)
Interest expense	68,423,533	74,926,035	53,385,366	54,700,629
Profit before changes in operating assets and liabilities	303,030,220	192,230,896	137,910,239	104,312,340
Decrease (Increase) in operating assets				
Trade and other receivables	(48,813,222)	44,610,678	(29,407,396)	21,736,416
Inventories	3,627,931	170,640,807	38,430,622	115,418,456
Other current assets	794,410	(3,622,394)	947,203	(3,082,115)
Other non current assets	-	4,000	-	4,000
Increase (Decrease) in operating liabilities				
Trade and other payables	109,545,652	22,378,412	62,978,102	(12,524,004)
Other current liabilities	(2,053,017)	(2,624,692)	238,616	137,802
Employee benefit obligations	(4,983,400)	(4,422,560)	(4,528,300)	(4,422,560)
Cash receipt from operating activities	361,148,574	419,195,147	206,569,086	221,580,335
Interest paid	(70,524,203)	(81,171,111)	(54,131,392)	(59,848,169)
Income tax paid	(7,804,519)	(5,588,349)	(3,180,217)	(3,878,488)
Cash received from withholding income tax refund	5,939,469	2,511,674	2,430,509	2,511,674
Net cash provided by operating activities	288,759,321	334,947,361	151,687,986	160,365,352

The notes to financial statements are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS (CONTINUED)

THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

	In Baht			
	Consolidated financial statements		Consolidated financial statements	
	2013	2013	2013	2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash paid for acquisition of property, plant and equipment <i>(Supplement disclosures of cash flows information 1)</i>	(691,471,008)	(359,187,703)	(182,614,226)	(298,450,510)
Proceeds from disposal of machinery and equipment	84,171,600	34,491,483	60,406,352	31,836,094
Dividends income	1,093,750	2,562,500	27,287,630	2,562,500
Net cash used in investing activities	(606,205,658)	(322,133,720)	(94,920,244)	(264,051,916)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bank overdrafts and short - term loans from financial institutions	236,282,281	63,612,138	128,696,277	45,479,758
Proceeds of long - term loans	170,000,000	200,000,000	100,000,000	200,000,000
Repayment of long - term loans	(217,122,000)	(121,200,669)	(135,432,000)	(58,830,669)
Increase (decrease) in short - term loans from related persons and related companies	165,500,000	(114,700,000)	(122,000,000)	(65,000,000)
Cash paid for dividends <i>(Supplement disclosures of cash flows information 2)</i>	(24,998,593)	(25,370,502)	(24,998,593)	(25,370,502)
Dividends paid to non-controlling interests	(3,715,625)	(32,041)	-	-
Net cash provided by (used in) financing activities	325,946,063	2,308,926	(53,734,316)	96,278,587
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,499,726</b>	<b>15,122,567</b>	<b>3,033,426</b>	<b>(7,407,977)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>89,968,017</b>	<b>74,845,450</b>	<b>26,827,378</b>	<b>34,235,355</b>
<b>Cash and cash equivalents, end of the year</b>	<b>98,467,743</b>	<b>89,968,017</b>	<b>29,860,804</b>	<b>26,827,378</b>
<b><u>SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION</u></b>				
1. The detail of cash paid for acquisition of property, plant and equipment is as follow;				
Acquisition of property, plant and equipment during the year	(693,181,102)	(330,592,441)	(182,806,615)	(268,993,605)
Interest capitalized as part of the cost of assets	2,495,649	5,372,242	977,944	4,510,599
Decrease in payable from acquisition of assets	(785,555)	(33,967,504)	(785,555)	(33,967,504)
Cash paid for acquisition of property, plant and equipment	(691,471,008)	(359,187,703)	(182,614,226)	(298,450,510)
2. Cash paid for dividends				
Dividends paid	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
Increase (decrease) in accrued dividends	1,407	(370,502)	1,407	(370,502)
Cash paid dividends	(24,998,593)	(25,370,502)	(24,998,593)	(25,370,502)

The notes to financial statements are an integral part of these financial statements.

## 1. GENERAL INFORMATION

Thai Textile Industry Public Company Limited was listed on the Stock Exchange of Thailand in 1987.

The Company is engaged in the business of manufacturing, spinning service render and distributing yarns apparels and fabrics. The addresses of its registered office are as follows:

Head Office is located at 385 Moo 1, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 1 is located at 791-793 Mahajak Road, Jakkawad, Samphanthawong, Bangkok.

Branch Office 2 is located at 741 Moo 3, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 3 is located at 275 Moo 14, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 4 is located at 286 Soi Japanese School, Rama 9 Road, Bangkok, Huay Kwang, Bangkok.

Branch Office 5 is located at 595 Moo 6, Sukhumvit Road, Bangpoo Mai, Samutprakarn, Samutprakarn.

## 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

For the preparation of financial statements in conformity with Thai generally accepted accounting principles, the consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy.

The consolidated financial statements include the financial statements of Thai Textile Industry Public Company Limited and subsidiary, Thai Rung Textile Company Limited, which are engaged in the business of manufacturing and distributing yarns. The Company holds 87.31% of the subsidiary's registered share capital.

"The Company" represents "Thai Textile Industry Public Company Limited," while "The Group" represents "Thai Textile Industry Public Company Limited" and subsidiary which is "Thai Rung Textile Company Limited".

The significant transactions between the Company and a subsidiary have been eliminated in the consolidated financial statements.

Non-controlling interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within shareholders' equity in the consolidated statement of financial position.

For the convenience of the user, an English translation of the consolidated and separate financial statements has been prepared from the financial statements that are issued in the Thai language.

### 3. APPLICATION OF NEW ACCOUNTING STANDARDS DURING THE PERIOD

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance 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
--------	--------------------

Accounting Standard Interpretations:

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
Accounting Treatment Guidance for Transfers of Financial Assets	

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except income tax. Due to the TAS 12 "Income Taxes" is effective on or after 1 January 2013, the management reviewed the accounting records relating to income tax that previously applied for the effect presented in Note 5 to the financial statements.

### 4. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

During the current period, the Federation of Accounting Professions has issued notifications, already published in the Royal Gazette, mandating the use of accounting standard, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations as follows.

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014



		<u>Effective date</u>
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Group's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

## 5. CUMULATIVE EFFECT DUE TO THE ADOPTION OF NEW ACCOUNTING STANDARD

During the year, the Group's management reviewed the accounting records relating to income tax that previously applied for due to the effective of new TAS 12 Income Taxes as described in Note 3 to the financial statements. The group adjusted the income tax to applied with the new TAS 12 by retrospective.

The effects to the consolidated statements of financial position are as follows:

	In Baht		
	As previously reported	Adjustment	As restated
<b>Consolidated statement of financial position as at 1 January 2012</b>			
Deferred income tax liabilities	1,741,517	30,810,895	32,552,412
Retained earnings - Unappropriated	607,400,001	(26,901,896)	580,498,105
Non-controlling interests	107,217,722	(3,908,999)	103,308,723
<b>Consolidated statement of financial position as at 31 December 2012</b>			
Deferred income tax liabilities	1,604,661	30,810,895	32,415,556
Retained earnings - Unappropriated	488,441,841	(26,901,896)	461,539,945
Non-controlling interests	105,084,813	(3,908,999)	101,175,814

## 6. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below;

### 6.1 Cash and cash equivalents

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

### 6.2 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

### 6.3 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by:

Raw Cotton	Specific cost method
Raw materials and Supplies	Weighted average method
Work in Process	Weighted average method
Finished Goods	Weighted average method

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

#### **6.4 Investment in subsidiary**

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for non-controlling interests in the consolidated statement of financial position and consolidated statement of comprehensive income.

Investment in subsidiary is reported by using the cost method of accounting in the separate financial statements.

#### **6.5 Investments in related companies**

Investments in related companies are carried at cost less impairment (if any).

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

#### **6.6 General investment**

Investments in non-marketable equity securities are classified as general investments and carried at cost less impairment (if any).

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

#### **6.7 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings and structures	5-20 years
Machineries and equipment	3-10 years
Furniture and office equipment	3-5 years
Vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on long-term borrowing net of amortization of related deferred financial cost.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

#### **6.8 Impairment of assets**

Property, plant and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **6.9 Computer software**

Costs associated with developing or maintaining computer software program are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year are recognized as computer software.

Expenditure which enhances or extends the performance of computer software program beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful life for 5 years.

#### **6.10 Leases**

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### **6.11 Income taxes**

##### **6.11.1 Current taxes**

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

##### **6.11.2 Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from allowance for obsolescence inventories, allowance for doubtful accounts, allowance for declining in values of investments in related companies, finance lease agreements etc.

Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

#### Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

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

### 6.13 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is recognised when the service is rendered.

Interest income is recognized on an accrual basis.

### 6.14 Foreign currency translation

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses, resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

### 6.15 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the income (loss) attributable to shareholders by the weighted average number of common shares during the year.

### 6.16 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, trade accounts receivable and investments. Financial liabilities carried on the statement of financial position include trade accounts payable, bank overdrafts and loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instrument is recognized in the financial statements on the inception.

#### **6.17 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### **6.18 Provision**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

#### **6.19 Significant accounting judgements and estimates**

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

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

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

##### **Allowance for net realizable value of inventories**

The Group considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

##### **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 when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### 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.

## 7. TRANSACTIONS WITH RELATED PERSONS AND COMPANIES

### 7.1 Relationships and pricing policies

The relationship and pricing policies among the Company, subsidiary, related persons and companies are as follows:

	Relationships
<u>Subsidiary</u>	
Thai Rung Textile Co., Ltd.	Shareholding by the Company and directorship
<u>Related companies</u>	
Thai Standard Industries Co., Ltd.	Shareholding by the Company and directorship
Thai Textile Printing Public Co., Ltd.	Shareholding by the Company and directorship
Rama Textile Industry (1988) Co., Ltd.	Shareholding by the Company and directorship
Picca Inter Co., Ltd.	Directorship
Thai Textile Development and Finishing Co., Ltd.	Directorship
Cassardi International Co., Ltd.	Directorship
Prachin Land Co., Ltd.	Directorship
United Paper Public Co., Ltd.	Directorship and Shareholding
Winner Textile Co., Ltd.	Directorship and Shareholding
Nida Trading (1997) Co., Ltd.	Shareholder of subsidiary



Related Persons :

Prakob Chuenchoochit	Shareholder of the Company and subsidiary
Kumjorn Chuenchoochit	The Company and subsidiary's director and shareholder
Udom Worarittichai	The Company and subsidiary's director and shareholder
Mongkol Mungkornkanok	The Company and subsidiary's director and shareholder
Korn Sereerojanasiri	The Company's director and shareholder of subsidiary
Preecha Chaiphomprasith	The Company's director and shareholder of subsidiary
Pairaj Chuenchoochit	The Company and subsidiary's director and shareholder
Kajornvut Namsirikul	The Company's director
Umpol Fuengfusin	Shareholder of subsidiary
Wilai Chuenchoochit	Shareholder of subsidiary
Suwannee Chaiyapinunt	Shareholder of subsidiary
Sarin Wongkolthood	Shareholder of subsidiary
Prapa Jaroonchaikanakij	Shareholder of subsidiary
Arunee Chuenchoochit	Shareholder of subsidiary
Rattana Fuengfusin	Shareholder of subsidiary
Boonsom Sermsaksakul	Shareholder of subsidiary
Surapol Sermsaksakul	Shareholder of subsidiary
Pichaya Thamma	Close cousin of shareholder of subsidiary
Chapa Sereerojanasiri	Close cousin of shareholder of subsidiary
Boonyakiat Siritummarat	Close cousin of shareholder of subsidiary
Boonma Techawanich	Close cousin of shareholder of subsidiary
Boonchuay Tanveerakasem	Close cousin of shareholder of subsidiary
Montra Mungkornkanok	Close cousin of shareholder of subsidiary
Kijja Chuenchoochit	Close cousin of shareholder of subsidiary
Teerachai Mungkornkanok	Close cousin of shareholder of subsidiary
Sirikul Mungkornkanok	Close cousin of shareholder of subsidiary
Preecha Pipattakosolsuk	Close cousin of shareholder of subsidiary
Wimon Pipattakosolsuk	Close cousin of shareholder of subsidiary
Wipa Pipattakosolsuk	Close cousin of shareholder of subsidiary
Sujit Pipattakosolsuk	Close cousin of shareholder of subsidiary
Sewkim Sae Tiao	Close cousin of shareholder of subsidiary
Raweewan Woratechakongka	Close cousin of shareholder of subsidiary
Kasem Wongkolthood	Close cousin of shareholder of subsidiary

Pricing Policy

Pricing policies for the subsidiary, related persons and

Companies

Sales of products and raw materials	At normal business prices, as same as other entities
Service income	At normal business prices, as same as other entities
Disposal of fixed assets	At normal business prices, as same as other entities
Other income	At normal business prices, as same as other entities
Rental income	At contract price
Purchase of products	At normal business prices, as same as other entities
Service expenses	At normal business prices, as same as other entities
Acquisition of fixed assets	At normal business prices, as same as other entities
Miscellaneous expenses	At normal business prices, as same as other entities
Rental expenses	At contract price
Loans to / loan from	Interest charge at rate of 4.25-4.75% per annum (2012 : 4.50-5.00% per annum)

**7.2 Balances of transactions with subsidiary, related persons and companies**

Balances of transactions with subsidiary, related persons and companies as at 31 December 2013 and 2012 are as follows :

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Trade accounts receivable</b>				
Thai Standard Industries Co., Ltd.	14,606,537	10,201,134	14,606,537	10,201,134
Thai Textile Printing Public Co., Ltd.	552,743	301,632	552,743	301,632
Rama Textile Industry (1988) Co., Ltd.	24,683,749	27,295,551	-	268,306
Thai Textile Development and Finishing Co., Ltd.	124,466	57,251	124,466	57,251
Cassardi International Co., Ltd.	19,457,950	31,294,024	19,457,950	31,294,024
Winner Textile Co., Ltd.	13,177,369	-	6,337,148	-
Total	<u>72,602,814</u>	<u>69,149,592</u>	<u>41,078,844</u>	<u>42,122,347</u>
<b>Other accounts receivable</b>				
Winner Textile Co., Ltd.	<u>6,420,000</u>	<u>-</u>	<u>6,420,000</u>	<u>-</u>

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Trade accounts payable</b>				
Thai Rung Textile Co., Ltd.	-	-	45,075,163	48,500,272
Thai Textile Printing Public Co., Ltd.	17,110,400	12,482,545	17,110,400	12,482,545
Rama Textile Industry (1988) Co., Ltd.	5,926,847	-	5,926,847	-
Thai Textile Development and Finishing Co., Ltd.	2,152,695	2,422,659	2,152,695	2,422,659
Winner Textile Co., Ltd.	410,240	-	410,240	-
<b>Total</b>	<b>25,600,182</b>	<b>14,905,204</b>	<b>70,675,345</b>	<b>63,405,476</b>

The outstanding balance as at 31 December 2013 and the movement of short - term loan from subsidiary, related persons and companies for the year ended 31 December 2013 are as follows:

	In Baht			
	Balance as at	Movement		Balance as at
	1 January 2013	Increase	Decrease	31 December 2013
<u>Consolidated financial statements</u>				
Rama Textile Industry (1988) Co., Ltd.	80,000,000	223,000,000	(70,000,000)	233,000,000
Prachin Land Co., Ltd.	6,000,000	-	-	6,000,000
Nida Trading (1997) Co., Ltd.	10,000,000	-	-	10,000,000
Related persons	441,700,000	154,500,000	(142,000,000)	454,200,000
<b>Total</b>	<b>537,700,000</b>	<b>377,500,000</b>	<b>(212,000,000)</b>	<b>703,200,000</b>
<u>Separate financial statements</u>				
Thai Rung Textile Co., Ltd.	275,000,000	50,000,000	(325,000,000)	-
Rama Textile Industry (1988) Co., Ltd.	80,000,000	223,000,000	(70,000,000)	233,000,000
<b>Total</b>	<b>355,000,000</b>	<b>273,000,000</b>	<b>(395,000,000)</b>	<b>233,000,000</b>

### 7.3 Revenues and expenses transactions with subsidiary, related persons and companies

Revenues and expenses transactions with subsidiary, related persons and companies for the year ended 31 December 2013 and 2012 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Sales of products and raw materials</b>				
Subsidiary	-	-	1,863,077	40,725,869
Related companies	949,725,141	942,885,444	611,931,889	575,680,955
<b>Total</b>	<b>949,725,141</b>	<b>942,885,444</b>	<b>613,794,966</b>	<b>616,406,824</b>
<b>Services income</b>				
Related companies	11,614,901	5,125,892	10,077,554	4,377,677
<b>Disposal of fixed assets</b>				
Subsidiary	-	-	485,000	7,500,000
Related companies	30,000,000	-	30,000,000	-
<b>Total</b>	<b>30,000,000</b>	<b>-</b>	<b>30,485,000</b>	<b>7,500,000</b>
<b>Others income</b>				
Subsidiary	-	-	626,604	788,905
Related companies	1,635,694	3,679,159	1,635,694	3,679,159
<b>Total</b>	<b>1,635,694</b>	<b>3,679,159</b>	<b>2,262,298</b>	<b>4,468,064</b>
<b>Rental income</b>				
Related company	1,200,000	1,200,000	1,200,000	1,200,000
<b>Dividends income</b>				
Subsidiary (note 12)	-	-	26,193,880	-
Related companies (note 13)	1,093,750	2,562,500	1,093,750	2,562,500
<b>Total</b>	<b>1,093,750</b>	<b>2,562,500</b>	<b>27,287,630</b>	<b>2,562,500</b>
<b>Purchase of products</b>				
Subsidiary	-	-	495,891,139	584,929,942
Related companies	569,031,571	397,672,306	568,936,706	397,672,306
<b>Total</b>	<b>569,031,571</b>	<b>397,672,306</b>	<b>1,064,827,845</b>	<b>982,602,248</b>
<b>Service expenses</b>				
Subsidiary	-	-	2,368,264	1,073,037
Related companies	221,562,723	191,596,834	221,562,723	191,596,834
<b>Total</b>	<b>221,562,723</b>	<b>191,596,834</b>	<b>223,930,987</b>	<b>192,669,871</b>

**Miscellaneous expenses**

Subsidiary	-	-	62,561	62,912
Related companies	1,166,787	578,847	296,666	578,847
Total	<u>1,166,787</u>	<u>578,847</u>	<u>359,227</u>	<u>641,759</u>

**Rental expenses**

Related company	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
-----------------	------------------	------------------	------------------	------------------

**Interest**

Subsidiary	-	-	10,678,678	10,141,610
Related companies	5,804,425	10,526,006	5,116,096	9,752,877
Related persons	19,391,625	20,144,755	-	-
Total	<u>25,196,050</u>	<u>30,670,761</u>	<u>15,794,774</u>	<u>19,894,487</u>

**Directors and management's benefits**

	<u>26,127,129</u>	<u>26,034,496</u>	<u>19,666,089</u>	<u>19,594,956</u>
--	-------------------	-------------------	-------------------	-------------------

**8. CASH AND CASH EQUIVALENTS**

In Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Cash on hand	619,339	1,976,300	334,544	1,710,137
Regular checking accounts	52,073,388	27,061,857	1,548,862	2,638,557
Saving accounts	45,775,016	60,929,860	27,977,398	22,478,684
Total	<u>98,467,743</u>	<u>89,968,017</u>	<u>29,860,804</u>	<u>26,827,378</u>

Deposits at financial institutions are bearing interest rate of 0.75% per annum (2012: 0.65% per annum).

**9. TRADE AND OTHER RECEIVABLES**

In Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade receivable - related parties (Note 7.2)	72,602,814	69,149,592	41,078,844	42,122,347
Trade receivable - others	434,668,066	410,622,532	301,320,009	285,497,695
Total trade receivable	<u>507,270,880</u>	<u>479,772,124</u>	<u>342,398,853</u>	<u>327,620,042</u>
Other receivables - related parties (Note 7.2)	6,420,000	-	6,420,000	-
Other receivables - others	12,729	1,035,881	12,729	1,035,881

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Advances for inventories	1,191,996	1,127,716	1,191,996	1,127,716
Value added tax receivable	32,897,607	7,296,538	26,211,726	7,296,538
<b>Total</b>	<b>547,793,212</b>	<b>489,232,259</b>	<b>376,235,304</b>	<b>337,080,177</b>

Aging of trade accounts receivable as at 31 December 2013 and 2012 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade receivable Related companies				
Within credit terms	65,792,851	64,317,962	34,268,881	37,290,717
Overdue:				
Less than 3 months	6,809,963	4,831,630	6,809,963	4,831,630
Total trade receivable - related companies	<u>72,602,814</u>	<u>69,149,592</u>	<u>41,078,844</u>	<u>42,122,347</u>
Trade receivable - other companies				
Within credit terms	259,966,222	320,944,228	169,356,948	210,177,939
Overdue:				
Less than 3 months	159,144,618	71,839,563	116,405,834	63,827,349
3 - 6 months	14,754,245	9,214,515	14,754,245	9,214,515
6 - 12 months	1,246,415	2,479,596	1,246,415	2,479,596
Over 12 months	631,459	7,219,523	453,548	695,277
Total trade receivable	<u>435,742,959</u>	<u>411,697,425</u>	<u>302,216,990</u>	<u>286,394,676</u>
<u>Less</u> allowance for doubtful accounts	<u>(1,074,893)</u>	<u>(1,074,893)</u>	<u>(896,981)</u>	<u>(896,981)</u>
Trade receivable - others - net	<u>434,668,066</u>	<u>410,622,532</u>	<u>301,320,009</u>	<u>285,497,695</u>

## 10. INVENTORIES

In Baht						
Consolidated financial statements						
	Cost		Allowance for obsolescence of inventories		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	417,003,419	512,908,805	(44,134,544)	(45,724,248)	372,868,875	467,184,557
Work in process	260,395,531	194,646,379	-	(557,693)	260,395,531	194,088,686
Raw materials	562,471,366	538,218,758	(5,039,276)	(5,308,164)	557,432,090	532,910,594
Material and supplies	38,400,788	36,125,093	-	-	38,400,788	36,125,093
<b>Total</b>	<b>1,278,271,104</b>	<b>1,281,899,035</b>	<b>(49,173,820)</b>	<b>(51,590,105)</b>	<b>1,229,097,284</b>	<b>1,230,308,930</b>

In Baht						
Separate financial statements						
	Cost		Allowance for obsolescence of inventories		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	375,673,530	482,508,736	(43,948,791)	(45,619,906)	331,724,739	436,888,830
Work in process	229,592,099	170,449,164	-	-	229,592,099	170,449,164
Raw materials	330,737,199	323,164,342	(4,295,107)	(4,992,940)	326,442,092	318,171,402
Material and supplies	26,343,631	24,654,839	-	-	26,343,631	24,654,839
<b>Total</b>	<b>962,346,459</b>	<b>1,000,777,081</b>	<b>(48,243,898)</b>	<b>(50,612,846)</b>	<b>914,102,561</b>	<b>950,164,235</b>

## 11. ASSETS HELD FOR SALE

At the Board of Directors' Meeting on 27 September 2013, the directors had a resolution to sell land and building to Thai Rung Textile Co., Ltd., a subsidiary. The net book value of the land and building as at 31 December 2013 is amounting to Baht 83.8 million and the selling price is amounting to Baht 180 million. The Company transferred the right of ownerships to the subsidiary on 3 January 2014.

## 12. INVESTMENT IN SUBSIDIARY

### Separate financial statements

As at 31 December 2013 and 2012

Invested company (Type of businesses)	Paid-up capital (Thousand Baht)	Proportion of share holding (%)	In Baht		
			At cost	Dividends income	
				2013	2012
Thai Rung Textile Co., Ltd. (Type of business : Yarn spinning)	600,000	87.31	550,325,004	26,193,880	-

## 13. OTHER LONG-TERM INVESTMENTS

### Consolidated and Separate financial statements

As at 31 December 2013 and 2012

Invested company (Type of businesses)	Paid-up capital (Thousand Baht)	Proportion of share holding (%)	In Baht		
			At cost	Dividends income	
				2013	2012
<b>Investment in related companies</b>					
Thai Standard Industries Co., Ltd. (Type of business : Weaving)	150,000	6.67	12,500,000	-	-
Thai Textile Printing Public Co., Ltd. (Type of business : Printing and dyeing)	350,000	3.57	12,500,000	-	375,000
Rama Textile Industry (1988) Co., Ltd. (Type of business : Yarn dyeing and selling)	250,000	8.75	23,750,000	1,093,750	2,187,500
Total			48,750,000	1,093,750	2,562,500
<b>Investment in other companies</b>					
Tajin Polyester Co., Ltd. (Type of business : Polyester producer)	548,224	1.63	11,915,000	-	-
Chantaburi Country Club Co., Ltd. (Type of business : Real estate)	300,000	0.17	2,000,000	-	-
Total			13,915,000	-	-
<u>Less</u> allowance for declining in values of investments in shares			(1,522,500)	-	-
Net			12,392,500	-	-
Total other long-term investments			61,142,500	1,093,750	2,562,500



#### 14. PROPERTY, PLANT AND EQUIPMENT

##### Consolidated financial statements

	In Baht						Total
	Land	Building & structures	Machinery & equipment	Furniture & office equipment	Vehicle	Assets under installation	
As at 1 January 2012							
Cost	295,702,428	717,727,996	3,835,979,007	64,749,945	31,080,127	268,889,704	5,214,129,207
<u>Less</u> Accumulated depreciation	-	(507,994,023)	(2,951,140,968)	(59,536,161)	(21,442,044)	-	(3,540,113,196)
Net book value	<u>295,702,428</u>	<u>209,733,973</u>	<u>884,838,039</u>	<u>5,213,784</u>	<u>9,638,083</u>	<u>268,889,704</u>	<u>1,674,016,011</u>
For the year ended 31 December 2012							
Net book value, beginning of year	295,702,428	209,733,973	884,838,039	5,213,784	9,638,083	268,889,704	1,674,016,011
Acquisition	300,000	6,260,795	26,599,862	992,254	7,200,196	289,239,334	330,592,441
Transfer in (out)	-	5,759,802	506,222,280	17,375	-	(511,999,457)	-
Disposal	-	-	(9,785,419)	(71)	(8)	-	(9,785,498)
Depreciation	-	(29,989,298)	(210,834,042)	(2,328,384)	(3,368,712)	-	(246,520,436)
Net book value, end of year	<u>296,002,428</u>	<u>191,765,272</u>	<u>1,197,040,720</u>	<u>3,894,958</u>	<u>13,469,559</u>	<u>46,129,581</u>	<u>1,748,302,518</u>
As at 31 December 2012							
Cost	296,002,428	729,748,593	4,166,156,889	63,484,515	33,625,693	46,129,581	5,335,147,699
<u>Less</u> Accumulated depreciation	-	(537,983,321)	(2,969,116,169)	(59,589,557)	(20,156,134)	-	(3,586,845,181)
Net book value	<u>296,002,428</u>	<u>191,765,272</u>	<u>1,197,040,720</u>	<u>3,894,958</u>	<u>13,469,559</u>	<u>46,129,581</u>	<u>1,748,302,518</u>

**Consolidated financial statements**

	In Baht						Total
	Land	Building & structures	Machinery & equipment	Furniture & office equipment	Vehicle	Assets under installation	
For the year ended 31 December 2013							
Net book value, beginning of year	296,002,428	191,765,272	1,197,040,720	3,894,958	13,469,559	46,129,581	1,748,302,518
Acquisition	-	92,777,572	15,989,244	759,275	3,763,719	579,891,292	693,181,102
Transfer in (out)	-	947,607	147,032,406	-	3,887,104	(151,867,117)	-
Disposal	-	-	(16,644,098)	(48,967)	(5)	-	(16,693,070)
Transfer to assets held for sale	(80,055,161)	(3,770,833)	-	-	-	-	(83,825,994)
Depreciation	-	(27,056,230)	(222,450,384)	(1,746,022)	(4,327,580)	-	(255,580,216)
Net book value, end of year	<u>215,947,267</u>	<u>254,663,388</u>	<u>1,120,967,888</u>	<u>2,859,244</u>	<u>16,792,797</u>	<u>474,153,756</u>	<u>2,085,384,340</u>
As at 31 December 2013							
Cost	215,947,267	802,223,772	4,081,771,723	64,145,528	37,426,224	474,153,756	5,675,668,270
<u>Less</u> Accumulated depreciation	-	(547,560,384)	(2,960,803,835)	(61,286,284)	(20,633,427)	-	(3,590,283,930)
Net book value	<u>215,947,267</u>	<u>254,663,388</u>	<u>1,120,967,888</u>	<u>2,859,244</u>	<u>16,792,797</u>	<u>474,153,756</u>	<u>2,085,384,340</u>

As at 31 December 2013 and 2012 the Group's machineries with net book value of Baht 178.5 million and Baht 54.6 million, respectively are mortgaged as collateral of credit facilities to financial institution as discussed in note 17 to the financial statements.

Separate financial statements

	In Baht						Total
	Land	Building & structures	Machinery & equipment	Furniture & office equipment	Vehicle	Assets under installation	
As at 1 January 2012							
Cost	115,898,910	499,628,707	1,840,393,407	45,760,146	18,753,987	70,257,866	2,590,693,023
<u>Less</u> Accumulated depreciation	-	(333,875,309)	(1,288,586,857)	(41,842,042)	(12,495,360)	-	(1,676,799,568)
Net book value	<u>115,898,910</u>	<u>165,753,398</u>	<u>551,806,550</u>	<u>3,918,104</u>	<u>6,258,627</u>	<u>70,257,866</u>	<u>913,893,455</u>
For the year ended 31 December 2012							
Net book value, beginning of year	115,898,910	165,753,398	551,806,550	3,918,104	6,258,627	70,257,866	913,893,455
Acquisition	300,000	2,849,440	17,693,539	892,655	3,805,196	243,452,775	268,993,605
Transfer in (out)	-	5,759,802	293,193,207	-	-	(298,953,009)	-
Disposal	-	-	(9,785,409)	(71)	(5)	-	(9,785,485)
Depreciation	-	(20,966,444)	(117,220,737)	(1,913,598)	(2,137,429)	-	(142,238,208)
Net book value, end of year	<u>116,198,910</u>	<u>153,396,196</u>	<u>735,687,150</u>	<u>2,897,090</u>	<u>7,926,389</u>	<u>14,757,632</u>	<u>1,030,863,367</u>
As at 31 December 2012							
Cost	116,198,910	508,237,949	1,971,589,456	44,377,742	20,830,053	14,757,632	2,675,991,742
<u>Less</u> Accumulated depreciation	-	(354,841,753)	(1,235,902,306)	(41,480,652)	(12,903,664)	-	(1,645,128,375)
Net book value	<u>116,198,910</u>	<u>153,396,196</u>	<u>735,687,150</u>	<u>2,897,090</u>	<u>7,926,389</u>	<u>14,757,632</u>	<u>1,030,863,367</u>

**Separate financial statements**

	In Baht						Total
	Land	Building & structures	Machinery & equipment	Furniture & office equipment	Vehicle	Assets under installation	
For the year ended 31 December 2013							
Net book value, beginning of year	116,198,910	153,396,196	735,687,150	2,897,090	7,926,389	14,757,632	1,030,863,367
Acquisition	-	8,000,500	15,208,260	759,270	1,974,000	156,864,585	182,806,615
Transfer in (out)	-	947,607	25,803,188	-	3,887,104	(30,637,899)	-
Disposal	-	-	(14,067,656)	(48,967)	(5)	-	(14,116,628)
Transfer to assets held for sale	(80,055,161)	(3,770,833)	-	-	-	-	(83,825,994)
Depreciation	-	(19,224,353)	(135,538,727)	(1,380,187)	(2,738,730)	-	(158,881,997)
Net book value, end of year	<u>36,143,749</u>	<u>139,349,117</u>	<u>627,092,215</u>	<u>2,227,206</u>	<u>11,048,758</u>	<u>140,984,318</u>	<u>956,845,363</u>
As at 31 December 2013							
Cost	36,143,749	495,936,056	1,844,910,830	45,024,013	22,840,865	140,984,318	2,585,839,831
<u>Less</u> Accumulated depreciation	-	(356,586,939)	(1,217,818,615)	(42,796,807)	(11,792,107)	-	(1,628,994,468)
Net book value	<u>36,143,749</u>	<u>139,349,117</u>	<u>627,092,215</u>	<u>2,227,206</u>	<u>11,048,758</u>	<u>140,984,318</u>	<u>956,845,363</u>

As at 31 December 2013 and 2012 the Company's machineries with net book value of Baht 178.5 million and Baht 54.6 million, respectively are mortgaged as collateral of credit facilities to financial institution as discussed in note 17 to the financial statements.

## 15. INVESTMENT PROPERTIES - LAND

	In Baht
	Consolidated and Separate financial statements
For the year ended 31 December 2013	
Net book value, beginning of year	48,221,776
Impairment loss	-
Investment properties - land - net	48,221,776

As at 31 December 2013, the fair value of investment properties was Baht 366.3 million.

## 16. DEFERRED INCOME TAX ASSETS/LIABILITIES

	In Baht				
	Consolidated financial statements			Separate financial statements	
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012
Temporary differences In					
<b>Balances of deferred income tax assets</b>					
Allowance for doubtful accounts	214,978	214,978	501,448	179,396	179,396
Allowance for declining in values of investments in other company	304,500	304,500	304,500	304,500	304,500
Allowance for obsolescence of inventories	9,834,764	10,318,021	12,199,852	9,648,780	10,122,569
Accumulated tax losses	39,822,883	42,561,738	22,895,784	39,822,883	34,728,269
Employee benefit obligations	18,370,574	18,139,245	14,783,180	12,731,718	12,713,718
Total deferred income tax assets	<u>68,547,699</u>	<u>71,538,482</u>	<u>50,684,764</u>	<u>62,687,277</u>	<u>58,048,452</u>
<b>Balance of deferred income tax liabilities</b>					
Finance lease agreements	(968,883)	(1,604,661)	(1,741,517)	(968,883)	(1,604,661)
Land	(30,810,895)	(30,810,895)	(30,810,895)	-	-
Total deferred income tax liabilities	<u>(31,779,778)</u>	<u>(32,415,556)</u>	<u>(32,552,412)</u>	<u>(968,883)</u>	<u>(1,604,661)</u>

17. BANK OVERDRAFTS AND LOANS FROM FINANCIAL INSTITUTIONS

	In Baht					
	Interest rate (%) p.a.		Consolidated		Separate	
	2013	2012	financial statements		financial statements	
		2013	2012	2013	2012	
		7.375 -				
Bank overdrafts	-	8.25	-	18,440,285	-	18,440,285
Short-term loans						
Short - term loans						
for						
packing credit	-	4.90	-	25,000,000	-	25,000,000
Liabilities under	1.76 -					
trust receipts	2.70	2.01 - 2.63	199,889,803	69,207,192	26,979,366	9,704,322
	4.20 -					
Promissory notes	4.60	4.30 - 4.93	700,000,000	545,000,000	700,000,000	545,000,000
Total			<u>899,889,803</u>	<u>657,647,477</u>	<u>726,979,366</u>	<u>598,144,607</u>
Long-term loans						
	4.625 -					
Long - term loans	5.125	4.75 - 5.50	344,269,000	391,391,000	248,329,000	283,761,000
<u>Less</u> Current portion						
of long - term						
loans			(197,992,000)	(203,472,000)	(135,002,000)	(135,432,000)
Long-term loans - net						
of current portion			<u>146,277,000</u>	<u>187,919,000</u>	<u>113,327,000</u>	<u>148,329,000</u>

As at 31 December 2013 and 2012, the Group has overdrafts and short - term trade financing facilities from financial institutions according to the loan agreements with a total maximum credit limited of Baht 2,445 million. The Group's partial short - term loans from financial institutions are guaranteed by the Company and a subsidiary.

Under the terms of the agreements covering the Group's liabilities under trust receipts, certain imported raw materials, parts and supplies have been released to the Group in trust for the financial institutions. The Group is accountable to the financial institutions for the trusted items or their sales proceeds.

The Company's long - term loans from financial institutions are guaranteed by the Company's machineries as discussed in Note 14 including providing negative pledge of property, plant and equipment.

## 18. TRADE AND OTHER PAYABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade payable - related parties (Note 7.2)	25,600,182	14,905,204	70,675,345	63,405,476
Trade payable - other companies	178,009,689	110,220,085	93,036,662	70,414,057
Total Trade payable	203,609,871	125,125,289	163,712,007	133,819,533
Accrued expenses	105,206,957	94,983,258	74,390,785	62,743,123
Payable from acquisition of assets	577,270	1,362,783	577,270	1,362,783
Advance received from sales of machines	21,628,478	12,139,515	21,628,478	12,139,515
Advance received from sales of goods	33,453,145	21,226,728	33,453,145	21,226,728
Total	364,475,721	254,837,573	293,761,685	231,291,682

## 19. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates post employment based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Movement in the present value of the defined benefit obligations:</b>				
For the year ended 31 December				
Defined benefit obligations at 1 January	90,696,223	73,915,904	63,568,589	51,697,742
Benefits paid by the plan	(4,983,400)	(4,422,560)	(4,528,300)	(4,422,560)
Defined benefit plan actuarial gains				
for employee benefit	(7,914,017)	-	(5,791,987)	-
Current service costs and interest	14,054,065	21,202,879	10,410,288	16,293,407
Defined benefit obligations at 31 December	91,852,871	90,696,223	63,658,590	63,568,589
<b>Expenses recognised in profit or loss:</b>				
For the year ended 31 December				
Current service costs	10,692,202	18,542,716	8,067,543	14,768,324
Interest on obligation	3,361,863	2,660,163	2,342,745	1,525,083
Total	14,054,065	21,202,879	10,410,288	16,293,407

The above expenses recognised in profit or loss are recognised in the following line items.

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
For the year ended 31 December				
Cost of sales and services	10,815,404	9,860,567	7,821,797	6,091,131
Administrative expenses	3,238,661	11,342,312	2,588,491	10,202,276
Total	<u>14,054,065</u>	<u>21,202,879</u>	<u>10,410,288</u>	<u>16,293,407</u>

**Principal actuarial assumptions at the reporting date**

	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
Discount rate	3.96 - 4.11% per annum	2.95 - 3.33% per annum
Salary increase rate	5%	5%
Employee turnover rate	Scale related to Age ranging from 0 - 42.72%	Scale related to Age ranging from 0 - 42.72%
Mortality rate	According to Thailand TMO 2008 male and female tables	According to Thailand TMO 2008 male and female tables

**20. DIVIDENDS PAID**

At the ordinary shareholders' meeting dated 26 April 2013, the shareholders approved the payment of dividends at Baht 0.5 per share for 50 million shares totaling Baht 25.0 million and the Company has already paid for such dividends on 23 May 2013.

At the ordinary shareholders' meeting dated 27 April 2012, the shareholders approved the payment of dividends at Baht 0.5 per share for 50 million shares totaling Baht 25.0 million and the Company has already paid for such dividends on 25 May 2012.

**21. LEGAL RESERVE**

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year after deduction of the deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.



## 22. OTHER INCOME

Other income for the year ended 31 December 2013 and 2012 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Gain on foreign exchange rate	5,906,543	13,025,837	15,519,957	4,620,567
Income on inventory claim	3,089,133	1,400,382	3,089,133	1,400,382
Rental income	16,063,913	21,581,381	16,303,398	21,110,561
Tax coupon income	1,190,091	2,322,862	1,190,091	2,322,862
Miscellaneous sale income	3,091,081	3,570,521	3,091,081	3,570,521
Other income	1,947,344	6,500,035	649,942	5,811,505
Total	<u>31,288,105</u>	<u>48,401,018</u>	<u>39,843,602</u>	<u>38,836,398</u>

## 23. EXPENSES BY NATURE

Significant expenses by nature for the year ended 31 December 2013 and 2012 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Changes in finished goods and work in process	30,156,234	71,121,629	47,692,271	555,073
Raw materials and consumable used	2,182,276,615	1,825,339,696	1,206,985,169	1,218,428,141
Staff costs	543,219,055	547,598,684	391,620,654	397,708,994
Depreciation - owned assets	255,580,216	246,520,436	158,881,997	142,238,208

## 24. INCOME TAX

Income tax for the year ended 31 December 2013 and 2012 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Current income tax</b>				
Current year	5,987,558	-	-	-
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	772,201	(20,990,574)	(6,433,001)	(17,834,725)
<b>Income tax expense (income)</b>	<u>6,759,759</u>	<u>(20,990,574)</u>	<u>(6,433,001)</u>	<u>(17,834,725)</u>
<b>Income tax recognised in other comprehensive income</b>				
Defined benefit plan actuarial gain	1,582,803	-	1,158,397	-

Reconciliation of effective tax rate

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Accounting profit (loss) before corporate income tax	38,934,725	(117,081,643)	411,741	(93,185,907)
Applicable tax rate	20%	23%	20%	23%
Accounting profit before corporate income tax multiplied by applicable tax rate	7,786,945	(26,928,778)	82,348	(21,432,759)
<b>Effects of:</b>				
Addition expenses deductible for tax purposes	(1,041,576)	(5,478,044)	(1,041,576)	(2,036,694)
Expenses not deductible for tax purposes	3,648,902	7,646,466	2,577,143	6,437,564
Income not subject to tax	(218,750)	(589,375)	(5,457,526)	(589,375)
Loss in current year recognized to				
deferred income tax assets	3,839,611	24,446,244	3,839,611	17,621,264
Recognition of previously unrecognised tax losses	(7,833,229)	-	-	-
Effect of elimination entry on the consolidated financial statements	(194,345)	903,487	-	-
<b>Current tax</b>	<b>5,987,558</b>	<b>-</b>	<b>-</b>	<b>-</b>
Relating to origination and reversal of temporary differences	772,201	(20,990,574)	(6,433,001)	(17,834,725)
<b>Income tax expense (income)</b>	<b>6,759,759</b>	<b>(20,990,574)</b>	<b>(6,433,001)</b>	<b>(17,834,725)</b>

25. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The operations of the Group involve the single industry segment of manufacturing and distributing yarns, apparel and fabrics. The Group operates in single geographical area, in Thailand, therefore, these financial statements do not present the financial information by segment. The Group's revenues included sale in both domestic and export markets. The revenues classified by domestic and export markets for the year ended 31 December 2013 and 2012 are as follows;

	In Thousand Baht					
	Domestic		Export		Total	
	2013	2012	2013	2012	2013	2012
Revenues	2,787,906	2,920,023	1,231,018	963,399	4,018,924	3,883,422
Cost	(2,680,673)	(2,926,329)	(1,064,957)	(826,547)	(3,745,630)	(3,752,876)
Gross profit (loss)	107,233	(6,306)	166,061	136,852	273,294	130,546

#### Major customers

For the year 2013, the Group has revenue from a major customer, represented at 13 percent of total revenues (2012: two major customers represented at 22 percent of total revenues).

## 26. FINANCIAL INSTRUMENTS

The principal financial risks faced by the Group are liquidity risk, foreign currency risk, interest rate risk, and credit risk. The risk management policies of these particular risks are as follows:

### 26.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

### 26.2 Foreign Currency Risk

As part of the international trading, the Group has significant exposures to market risks from changes in foreign exchange rates. The Group uses forward exchange contracts to mitigate those risks. Forward exchange contracts are accounted for as foreign currency transactions. Gains or losses on derivative financial instruments used for hedging of foreign currency transactions are recognized as income or expense on the same basis as the corresponding hedged position.

As at 31 December 2013, assets and liabilities of the Group which are not hedged as follows :

	Currencies	Amount	Equivalent to approximately (In Million Baht)
Trade accounts receivable	U.S. Dollars	4,254,824	138.62
	YEN	1,170,180	0.36
Trade accounts payable	U.S. Dollars	991,654	32.67
	EURO	5,186	0.24
Payable from acquisition of assets	YEN	577,200	0.18
Short-term loans from financial institutions	U.S. Dollars	2,662,176	87.72
	EURO	2,475,000	112.17
Accrued expenses	U.S. Dollars	427,584	14.09

### 26.3 Interest Rate Risk

The Group was exposed to interest risks because it held deposits to and loans from financial institutions. However, the Group believed that the future fluctuation on market interest rate would not provided significant effect to its operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

#### 26.4 Credit Risk

The Group was exposed to credit risks mainly relating to its trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with its receivables.

#### 26.5 Fair Value

The financial assets and liabilities include cash and cash equivalents, trade accounts receivable, accounts payable and loans. Their carried values approximate to their fair values.

### 27. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2013,

#### A) Commitments

- The Company has capital commitment on the lease agreement of land and structure with a related company for the period of 12 years commencing from 19 July 2005 to 19 July 2017. The rental fee is due on a monthly basis of Baht 100,000 each.
- The Group has unused letter of credit amounting to approximately U.S. Dollars 5.1 million, Euro 1.8 million and Yen 327.4 million, equivalent to approximately Baht 351.3 million.
- The subsidiary has commitment for the structures amounting to Baht 59.6 million

#### B) Contingent liabilities

- The Group has contingent liability in relation to letter of guarantees issued by the financial institutions in favor of the government and private company as follows :

	Company	Subsidiary	Total
Financial institutions guarantees (In Million Baht)	19.47	26.00	45.47

### 28. CAPITAL MANAGEMENT

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

As at 31 December 2013, debt to equity ratio in the consolidated financial statements is 1.36:1 (the separate financial statements: 1.03:1).

### 29. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2014, the Company's Board of Directors meeting No. 1/2557 approved for payment of a final dividend of Baht 0.5 per share for 50 million shares totaling Baht 25.0 million, from the retained earnings.

However, this resolution will be further proposed for the shareholders' approval in the Ordinary General Meeting of Shareholders for fiscal year 2014.

### 30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of directors on 27 February 2014.