

## 10. Property, plant and equipment

(Unit : Baht)

	Land	Land improvements	Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Machinery under installation	Total
<b>Cost:</b>								
As at 31 December 2007	6,172,574	5,300,778	66,186,285	535,974,672	18,509,238	13,919,820	7,555,898	653,619,265
Additions	-	35,000	9,500	1,249,235	1,138,162	395,065	6,251,265	9,078,227
Disposals	-	-	(46,959)	(4,103,548)	(993,551)	(10,500)	-	(5,154,558)
Transfers	-	143,744	366,395	12,810,835	-	-	(13,320,974)	-
As at 31 December 2008	6,172,574	5,479,522	66,515,221	545,931,194	18,653,849	14,304,385	486,189	657,542,934
<b>Accumulated depreciation:</b>								
As at 31 December 2007	-	3,289,221	53,443,807	407,402,679	14,871,507	12,167,554	-	491,174,768
Depreciation for the year	-	395,574	3,477,393	31,649,644	1,518,841	656,244	-	37,697,696
Depreciation on disposals	-	-	(46,959)	(4,103,270)	(993,492)	(2,980)	-	(5,146,701)
As at 31 December 2008	-	3,684,795	56,874,241	434,949,053	15,396,856	12,820,818	-	523,725,763
<b>Net book value:</b>								
31 December 2007	6,172,574	2,011,557	12,742,478	128,571,993	3,637,731	1,752,266	7,555,898	162,444,497
31 December 2008	6,172,574	1,794,727	9,640,980	110,982,141	3,256,993	1,483,567	486,189	133,817,171
<b>Depreciation for the year:</b>								
2007 (Baht 38 million included in manufacturing cost, and the balance in selling and administrative expenses)								40,389,804
2008 (Baht 36 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,697,696

As at 31 December 2008, certain plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 363 million (2007: Baht 305 million).

## 11. Intangible assets - computer software, net

(Unit: Baht)

	2008	2007
Cost	196,624	-
Accumulated amortisation	(29,494)	-
Net book value	167,130	-
Amortisation expenses included in the income statements for the year	29,494	-

## 12. Bank overdraft and short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	2008	2007
Bank overdrafts	MOR, MOR - 0.5%	12,251,493	5,858,968
Short-term loans from financial institutions	4.20%	48,000,000	-
Total		60,251,493	5,858,968

The above credit facilities are unsecured; however, the Company has undertaken not to dispose of or transfer or create any obligations to its assets, unless prior consent has been obtained in writing from the bank.

## 13. Statutory reserve

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

However, under the Company's Articles of Association, the Company is required to set aside to a statutory reserve at least 10 percent of net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 25 percent of the registered share capital. The Company has already set aside a full statutory reserve.

## 14. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)	
	<u>2008</u>	<u>2007</u>
Salary and wages and other employee benefits	128,304,107	124,850,920
Depreciation and amortisation	37,727,190	40,389,805
Loss (gain) on exchange	13,073,204	(8,876,425)
Rental expenses	3,636,173	3,604,914
Raw materials and consumables used	652,837,437	523,830,606
Changes in inventories of finished goods and work in progress	4,094,456	(6,460,034)

## 15. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 16. Financial information by segment

The Company's operations principally involve the single business segment, i.e. the manufacture and distribution of finished elastic products, which is carried only in Thailand. As a result, all of the revenues, operating income and assets as reflected in these financial statements pertain to this business segment and geographic area. For the year ended 31 December 2008, the Company had export sales amounting to approximately Baht 627 million (2007: Baht 535 million).

## 17. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the rules of the Company's staff provident fund. During the year 2008, the Company contributed approximately Baht 1.4 million (2007: Baht 1.4 million) to the fund.

## 18. Dividends

		(Unit: Baht)	
<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividends for 2006	Annual General Meeting of the shareholders on 24 April 2007	14,250,000	1.90
Final dividends for 2007	Annual General Meeting of the shareholders on 23 April 2008	16,875,000	2.25

## 19. Commitments and contingent liabilities

### 19.1 Operating lease commitments

The Company has entered into lease agreements in to lease land and building with its related company and parent company. The terms of the agreements are 1 year.

As at 31 December 2008 and 2007, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	<u>2008</u>	<u>2007</u>
Payable within :		
1 year	3.6	3.6

### 19.2 Guarantees

As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 6.1 million (2007: Baht 6.1 million) issued by the bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

## 20. Financial instruments

### 20.1 Financial risk management policies

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investment in associate, and short-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit Risk

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

#### Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company.

The Company considers exposure to interest rate risk to be low because most of the Company's financial assets and liabilities carry floating interest rates which will fluctuate in line with the market interest rates and are short-term.

#### Foreign currency risk

The Company has significant foreign currency risk in respect of its purchase/ sales transactions. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies as at 31 December 2008 are summarised below.

Foreign currency	Financial assets (Million)	Average exchange rate as at 31 December 2008 (Baht per 1 foreign currency unit)
US dollar	1.1	34.9438
Hong Kong dollar	2.4	4.5105
Japanese yen	101.5	0.3864

Foreign exchange contracts outstanding at 31 December 2008 are summarised below.

Foreign currency	Sold amount (Million)	Sold (Baht per 1 foreign currency unit)
US dollar	1	34.51 - 34.96
Japanese yen	437.6	0.31800 - 0.3867

### 20.2 Fair values of financial instruments

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

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

## 21. Capital management

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

## 22. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2009.