

# Report And Financial Statements

As at 31 December 2011 and 2010

## To the Shareholders of Union Pioneer Public Company Limited

I have audited the accompanying statement of financial position of Union Pioneer Public Company Limited as at 31 December 2011, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Union Pioneer Public Company Limited for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 23 February 2011, expressed an unqualified opinion on those financial statements and drew attention to the sale of investment in associated company.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Pioneer Public Company Limited, as at 31 December 2011, and the result of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 and Note 5 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements. The Company has restated the financial statements as at 31 December 2010 and for the year then ended to reflect the changes in accounting policies resulting from the adoption of these new accounting standards.



**Termphong Opanaphan**

Certified Public Accountant (Thailand) No.4501

Ernst & Young Office Limited  
Bangkok: 22 February 2012

## Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u> (Restated)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		665,735	51,430
Trade and other receivables	9	139,145,651	166,000,854
Inventories	10	289,821,993	242,132,850
Other current assets		1,851,289	1,687,074
<b>Total current assets</b>		<u>431,484,668</u>	<u>409,872,208</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	130,826,944	138,791,469
Intangible assets	12	211,134	236,723
Other non-current assets		104,067	361,225
<b>Total non-current assets</b>		<u>131,142,145</u>	<u>139,389,417</u>
<b>Total assets</b>		<u><u>562,626,813</u></u>	<u><u>549,261,625</u></u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans			
from financial institutions	13	58,000,000	22,402,723
Trade and other payables	14	92,195,870	107,005,692
Corporate income tax payable		5,213,024	1,862,132
Other current liabilities		54,547	387,271
<b>Total current liabilities</b>		<u>155,463,441</u>	<u>131,657,818</u>
<b>Non-current liability</b>			
Provision for long-term employee benefits	15	46,510,747	45,969,063
<b>Total non-current liability</b>		<u>46,510,747</u>	<u>45,969,063</u>
<b>Total liabilities</b>		<u>201,974,188</u>	<u>177,626,881</u>
<b>Shareholders' equity</b>			
<b>Share capital</b>			
Registered			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Issued and fully paid			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Share premium		30,625,000	30,625,000
Retained earnings			
Appropriated - statutory reserve	16	18,834,366	18,834,366
Unappropriated		236,193,259	247,175,378
<b>Total shareholders' equity</b>		<u>360,652,625</u>	<u>371,634,744</u>
<b>Total liabilities and shareholders' equity</b>		<u><u>562,626,813</u></u>	<u><u>549,261,625</u></u>

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

# Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u> (Restated)
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		785,929,205	862,703,825
Other income		39,844,276	47,633,716
<b>Total revenues</b>		<u>825,773,481</u>	<u>910,337,541</u>
<b>Expenses</b>			
Cost of sales		713,162,241	780,620,858
Selling expenses		32,942,793	41,738,499
Administrative expenses		29,704,481	29,822,164
<b>Total expenses</b>		<u>775,809,515</u>	<u>852,181,521</u>
<b>Profit before finance cost and corporate income tax</b>		49,963,966	58,156,020
Finance cost		(2,734,141)	(649,240)
<b>Profit before corporate income tax</b>		47,229,825	57,506,780
Corporate income tax		(15,461,944)	(12,953,230)
<b>Profit for the year</b>		<u>31,767,881</u>	<u>44,553,550</u>
<b>Other comprehensive income:</b>		-	-
<b>Total comprehensive income for the year</b>		<u>31,767,881</u>	<u>44,553,550</u>
<b>Basic earnings per shares</b>			
	18		
Profit for the year		<u>4.24</u>	<u>5.94</u>

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

## Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2009</b>					
- as previously reported	75,000,000	30,625,000	18,834,366	298,389,175	422,848,541
Cumulative effect of changes in accounting policy regarding to employee benefits (Note 5)	-	-	-	16,732,653	16,732,653
<b>Balance as at 31 December 2009</b>					
- as restated	75,000,000	30,625,000	18,834,366	315,121,828	439,581,194
Dividend paid (Note 21)	-	-	-	(112,500,000)	(112,500,000)
Total comprehensive income for the year (restated)	-	-	-	44,553,550	44,553,550
<b>Balance as at 31 December 2010</b>					
- as restated	75,000,000	30,625,000	18,834,366	247,175,378	371,634,744
<b>Balance as at 31 December 2010</b>					
- as previously reported	75,000,000	30,625,000	18,834,366	228,932,532	353,391,898
Cumulative effect of changes in accounting policy regarding to employee benefits (Note 5)	-	-	-	18,242,846	18,242,846
<b>Balance as at 31 December 2010</b>					
- as restated	75,000,000	30,625,000	18,834,366	247,175,378	371,634,744
Dividend paid (Note 21)	-	-	-	(42,750,000)	(42,750,000)
Total comprehensive income for the year	-	-	-	31,767,881	31,767,881
<b>Balance as at 31 December 2011</b>					
	75,000,000	30,625,000	18,834,366	236,193,259	360,652,625

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

## Cash flow statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u> (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax		47,229,825	57,506,780
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation		40,153,302	36,171,914
Doubtful accounts (reversal)		215,834	(417,064)
Reversal of decrease of inventories to net realisable value		(265,088)	(3,750,186)
Gain on sale of property, plant and equipment		(517,491)	(540,231)
Provision for long-term employee benefits (reversal)		541,684	(161,057)
Unrealised (gains) losses on exchange		(1,128,551)	1,297,788
Interest income		(7,470)	(302,316)
Interest expenses		2,118,785	16,109
Profit from operating activities before changes in operating assets and liabilities		88,340,830	89,821,737
Operating assets (increase) decrease			
Trade and other receivables		27,767,920	(29,635,656)
Inventories		(47,424,055)	(24,399,986)
Other current assets		(164,215)	(143,496)
Other non-current assets		(9,242)	(160)
Operating liabilities increase (decrease)			
Trade and other payables		(14,898,566)	24,516,448
Other current liabilities		(332,724)	(35,215)
Cash from operating activities		53,279,948	60,123,672
Cash paid for interest expenses		(2,030,041)	(16,109)
Cash paid for corporate income tax		(12,111,052)	(34,178,178)
<b>Net cash from operating activities</b>		39,138,855	25,929,385
<b>Cash flows from investing activities</b>			
Interest income		7,470	302,316
Acquisition of property, plant and equipment		(32,172,289)	(53,242,598)
Proceeds from sales of property, plant and equipment		526,592	622,065
Decrease in prepayment for purchase of machinery		266,400	4,864,020
<b>Net cash used in investing activities</b>		(31,371,827)	(47,454,197)
<b>Cash flows from financing activities</b>			
Increase in bank overdrafts and short-term loans from financial institutions		35,597,277	22,348,331
Dividend paid		(42,750,000)	(112,500,000)
<b>Net cash used in financing activities</b>		(7,152,723)	(90,151,669)
<b>Net increase (decrease) in cash and cash equivalents</b>		614,305	(111,676,481)
Cash and cash equivalents at beginning of year		51,430	111,727,911
<b>Cash and cash equivalents at end of year</b>		665,735	51,430

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

# Notes to financial statements

For the years ended 31 December 2011 and 2010

## 1. Corporate information

Union Pioneer Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of finished elastic products and its registered address is No. Ng. 1 Moo. 13 Serithai Road, Kweang Minburi, Khet Minburi, Bangkok.

## 2. Basis of preparation

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

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

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

## 3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets

TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
----------	------------------------------------------------

Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
--------	------------------------------------------------------------

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19	Employee Benefits
--------	-------------------

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans and other long-term employee benefits using actuarial techniques. The Company previously accounted for such employee benefits by reference to the provisions of labour laws and the Company's personnel regulations, and are determined based upon the probability that employees in each age group will work until reaching their retirement age.

The Company has changed this accounting policy in the current year and recognise the liability in the transition period retrospectively as though the Company initially recorded these employee benefit expenses. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 0.5 million, (Baht 0.07 per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

#### 4. New accounting standards issued during the year not yet effective

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

Accounting standards:

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

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

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

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### **5. Cumulative effect of change in accounting policy due to the adoption of new accounting standards**

During the current year, the Company made the changes to its significant accounting policy described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The cumulative effect of the change in accounting policy due to the adoption of new accounting standards and restatement of the financial statements, on the beginning balance of retained earnings for 2011 and 2010, comprises:

(Unit: Thousand Baht)

	2011	2010
Cumulative effect of changes in accounting policies regarding to employee benefits	18,243	16,733
Total	<u>18,243</u>	<u>16,733</u>

The amounts of adjustments affecting the financial statements as at 31 December 2011 and 2010, and for the years ended 31 December 2011 and 2010 are summarised below.

(Unit: Thousand Baht)

	As at 31 December	
	2011	2010
<b>Statements of financial position</b>		
Increase in other current assets	-	3,947
Decrease in provision for long-term employee benefits	(13,769)	(14,296)
Increase in unappropriated retained earnings	17,716	18,243
	For the years ended 31 December	
	2011	2010
<b>Statements of comprehensive income</b>		
Increase (decrease) in employee expenses	527	(1,501)
Increase (decrease) in profit attributable to equity holders of the Company	(527)	1,501
Increase (decrease) in basic earnings per share (Baht)	(0.07)	0.20

#### **6. Significant accounting policies**

##### **6.1 Revenue Recognition**

###### *Sales of goods*

Sales of goods are recognised when products are delivered and title passes to customers. Sales are the value per the invoice or delivery order, excluding value added tax, of goods supplied after deducting discounts and allowances.

## *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### **6.2 Cash and cash equivalents**

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

### **6.3 Trade accounts receivable**

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

### **6.4 Inventories**

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

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

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

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

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

Land improvements	-	10 years and 20 years
Buildings	-	20 years
Building improvements	-	5 years
Machinery and equipment	-	5 years and 10 years
Furniture and fixtures	-	3 years and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided for land and machinery under installation.

An item property, plant and equipment is derecognised upon disposal or when on future economic benefits are its use or disposal. Any gain or loss arising on disposal of an asset is including in profit or loss when the asset is derecognized.

## 6.6 Intangible assets - computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less any accumulated amortisation and any impairment losses (if any).

Computer software with finite lives is amortised on a straight line basis over the economic useful lives of 3 years and 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

## 6.7 Related party transactions

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

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

## 6.8 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

## 6.9 Impairment of assets

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

An impairment loss is recognised in profit or loss.

## 6.10 Employee benefits

### *Short-term employee benefits*

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

### *Post-employment benefits*

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to retrospectively recognise the transitional liability, which is lower than the liability previously recognised at the same date under the previous accounting policy, retrospectively as though the Company initially recorded these employee benefit expenses.

### **6.11 Provisions**

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

### **6.12 Income Tax**

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

## **7. Significant accounting judgments and estimates**

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

#### **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.

#### **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.

## 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.

### 8. Related party transactions

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

(Unit: Million Baht)

	<u>2011</u>	<u>2010</u>	<u>Pricing Policy</u>
<b><u>Transactions with parent company</u></b>			
Purchases of raw materials	12	15	Cost plus margin of the parent company
Rental expenses	3	3	Contract price
<b><u>Transactions with related companies</u></b>			
Sales of finished goods	43	42	Cost plus margin
Purchases of raw materials	285	277	Cost plus margin of related companies

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>2011</u>	<u>2010</u>
<b><u>Trade and other receivables - related parties (Note 9)</u></b>		
Parent company	-	3,947
Related companies (related by common shareholders)	14,181	16,998
Total trade and other receivables - related parties	<u>14,181</u>	<u>20,945</u>
<b><u>Trade and other payables - related parties (Note 14)</u></b>		
Parent company	1,280	2,246
Related companies (related by common shareholders)	31,084	36,017
Total trade and other payables - related parties	<u>32,364</u>	<u>38,263</u>

#### Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	<u>2011</u>	<u>2010</u>
Short-term employee benefits	11.6	12.6
Post-employment benefits	0.5	0.5
Total	<u>12.1</u>	<u>13.1</u>

## 9. Trade and other receivables

(Unit: Thousand Baht)

	2011	2010
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	14,003	15,701
Past due up to 3 months	12	1,161
Total trade receivables - related parties	<u>14,015</u>	<u>16,862</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due accounts		
Not yet due	92,651	124,004
Past due		
Up to 3 months	31,112	20,794
3 - 6 months	991	-
6 - 12 months	1,065	-
Over 12 months	3,572	4,375
Total	<u>129,391</u>	<u>149,173</u>
Less: Allowance for doubtful accounts	<u>(4,590)</u>	<u>(4,375)</u>
Total trade receivable - unrelated parties, net	<u>124,801</u>	<u>144,798</u>
Total trade receivable - net	<u>138,816</u>	<u>161,660</u>
<u>Other receivables</u>		
Other receivables - related parties	166	4,083
Other receivables - unrelated parties	164	258
Total other receivables	<u>330</u>	<u>4,341</u>
Total trade and other receivables - net	<u>139,146</u>	<u>166,001</u>

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Decrease cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	38,689	28,021	(1,614)	(914)	37,075	27,107
Semi finished products	18,869	21,488	(1,928)	(2,434)	16,941	19,054
Work in process	10,932	17,921	(34)	(203)	10,898	17,718
Raw materials and chemicals	217,393	170,682	(1,147)	(597)	216,246	170,085
Packing materials	4,065	4,545	(136)	(228)	3,929	4,317
Spare parts and factory supplies	6,166	6,034	(1,433)	(2,182)	4,733	3,852
Total	<u>296,114</u>	<u>248,691</u>	<u>(6,292)</u>	<u>(6,558)</u>	<u>289,822</u>	<u>242,133</u>

## 11. 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>								
1 January 2010	6,173	5,600	66,826	551,762	18,199	15,651	2,433	666,644
Additions	-	171	-	3,577	1,167	900	47,323	53,138
Disposals	-	(8)	(439)	(16,693)	(1,260)	(1,104)	-	(19,504)
Transfers	-	-	2,626	37,299	-	-	(39,925)	-
31 December 2010	6,173	5,763	69,013	575,945	18,106	15,447	9,831	700,278
Additions	-	-	-	404	442	1,432	29,839	32,117
Disposals	-	-	-	(14,318)	(609)	(458)	-	(15,385)
Transfers	-	-	12,407	21,492	(4,852)	-	(29,047)	-
31 December 2011	6,173	5,763	81,420	583,523	13,087	16,421	10,623	717,010
<b>Accumulated depreciation:</b>								
1 January 2010	-	4,055	58,786	452,926	15,737	13,296	-	544,800
Depreciation for the year	-	337	1,810	32,081	1,100	780	-	36,108
Depreciation on disposals	-	(8)	(367)	(16,683)	(1,259)	(1,104)	-	(19,421)
31 December 2010	-	4,384	60,229	468,324	15,578	12,972	-	561,487
Depreciation for the year	-	342	1,716	36,332	794	888	-	40,072
Depreciation on disposals	-	-	-	(14,309)	(609)	(458)	-	(15,376)
Depreciation on transfers	-	-	101	4,054	(4,155)	-	-	-
31 December 2011	-	4,726	62,046	494,401	11,608	13,402	-	586,183
<b>Net book value:</b>								
31 December 2010	6,173	1,379	8,784	107,621	2,528	2,475	9,831	138,791
31 December 2011	6,173	1,037	19,374	89,122	1,479	3,019	10,623	130,827
<b>Depreciation for the year:</b>								
2010 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,108
2011 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)								40,072

As at 31 December 2011, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 402 million (2010: Baht 382 million).

## 12. Intangible assets

The net book value of intangible assets as at 31 December 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	2011	2010
Computer software - cost	425	370
<u>Less</u> Accumulated amortisation	(214)	(133)
Net book value	211	237

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 is presented below.

	2011	2010
Net book value at beginning of year	237	195
Acquisition of computer software	55	106
Amortisation	(81)	(64)
Net book value at end of year	211	23

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2011	2010
Bank overdrafts	7.00 - 7.60	-	7,403
Short-term loans from financial institutions	3.93 - 3.94	58,000	15,000
Total		58,000	22,403

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.

### 14. Trade and other payables

(Unit: Thousand Baht)

	2011	2010
Trade payables - related parties	30,914	37,745
Trade payables - unrelated parties	37,711	44,006
Other payables - related parties	1,450	517
Other payables - unrelated parties	22,121	24,738
Total trade and other payables	92,196	107,006

### 15. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 and 2010, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	2011	2010
Balance at beginning of year	45,969	45,202
Current service cost	2,343	3,001
Interest cost	2,153	2,362
Benefits paid during the year	(3,954)	(4,596)
Balance at end of year	46,511	45,969

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 5 million (2010: Baht 4 million).

Principal actuarial assumptions at the revaluation date were as follows:

	2011 (% per annum)	2010 (% per annum)
Discount rate	4.0	4.0
Future salary increase rate (depending on age of employee)	3.5 - 6.5	3.5 - 6.5
Staff turnover rate	0 - 30	0 - 30

### 16. 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.

## 17. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	<u>2011</u>	<u>2010</u>
Salary and wages and other employee benefits	119,776	130,183
Depreciation and amortisation	40,153	36,171
Rental expenses from operating lease agreements	3,639	3,685
Raw materials and consumables used	493,915	556,726
Changes in inventories of finished goods, semi finished products and work in progress	13,856	25,038

## 18. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share;

	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
		(Restated)				(Restated)
Basic earnings per share	31,768	44,554	7,500	7,500	4.24	5.94

## 19. 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 2011, the Company had export sales amounting to approximately Baht 480 million (2010: Baht 525 million).

## 20. 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 2011, the Company contributed approximately Baht 1 million (2010: Baht 1 million) to the fund.

## 21. Dividends

Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2009	Annual General Meeting of the shareholders on 21 April 2010	112,500,000	15.00
Total for 2010		112,500,000	15.00
Final dividends for 2010	Annual General Meeting of the shareholders on 20 April 2011	42,750,000	5.70
Total for 2011		42,750,000	5.70

(Unit: Baht)

## 22. Commitments and contingent liabilities

### 22.1 Operating lease commitments

The Company has entered into lease agreements in respect of the lease of land and building with its related companies and parent company. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2011, the Company has future minimum lease payments which are payable within 1 year of Baht 4 million, required under these non-cancellable operating leases contracts.

### 22.2 Guarantees

As at 31 December 2011, there were outstanding bank guarantees of electricity use amounting to Baht 6 million issued by the bank on behalf of the Company.

## 23. Financial instruments

### 23.1 Financial risk management policies

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables 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 and other receivables. 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 and other receivables, as stated in the statements of financial position.

#### Interest rate risk

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

## Foreign currency risk

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

The balances of financial assets denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial assets	Average exchange rate as at 31 December 2011
	(Million)	(Baht per 1 foreign currency unit)
US dollar	2	31.5505
Hong Kong dollar	3	4.0499
Japanese yen	24	0.4044

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Sold amount	Contractual exchange rate - sold	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4	30.1983 - 31.30	2 March 2012 - 25 June 2012
Japanese yen	108	0.3732 - 0.4022	6 March 2012 - 18 June 2012

## 23.2 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 statements of financial position.

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

## 24. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximize shareholder value.

## 25. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 and Note 5 to the financial statements, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

## 26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2012.