

# I.C.C. INTERNATIONAL PUBLIC COMPANY LIMITED

## Notes to the financial statements

As of September 30, 2011 (Unaudited / Reviewed)

and December 31, 2010 (Audited)

### 1. General statement

- 1.1 I.C.C. International Public Company Limited having the principal office at 530 Soi Sathupradit 58, Bangpongpang Subdistrict, Yannawa District, Bangkok is registered as a public company limited in accordance with Thai laws on May 9, 1994.
- 1.2 The Company's business is the distribution of consumer products.

### 2. Basis of preparation of the interim financial statements

The interim financial statements are presented in Thai Baht, rounded to the nearest thousand unless otherwise stated.

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2010. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2010.

During 2010 and 2011, the FAP issued a number of new and revised Thai Financial Reporting Standards (TFRS) relevant to the Company's operations and effective for accounting periods beginning on or after January 1, 2011:

TFRS	Topic
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 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
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
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
SIC 31	Revenue – Barter Transactions Involving Advertising Services

The adoption of these new and revised TFRS has resulted in changes in the Company's accounting policies. The effects of these changes are disclosed in note 3.

Except for these changes, accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2010.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these interim financial statements. These new and revised TFRS indicated in the following table.

TFRS	Topic
TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
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 Enterprise or its Shareholders

The Company is now under assessment of the impact on the financial statement of the year indicated on these TFRS.

### **3. Changes in accounting policies**

From January 1, 2011, consequent to the adopted of new and revised TFRS as set out in the note to financial statement no. 2, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for employee benefits

Details of the new accounting policies adopted by the Company are included in the notes to the financial statement no. 3.1 to 3.4 below.

#### **3.1 Presentation of financial statements**

From January 1, 2011, the Company has adopted TAS 1(revised 2009) on the Presentation of Financial Statements. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the financial statements.

As a result, the Company presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

### 3.2 Accounting for property, plant and equipment

From January 1, 2011, the Company has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment as follows:

- 3.2.1 costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;
- 3.2.2 the depreciation charge has to be determined separately for each significant part of an asset;
- 3.2.3 in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The Company assessed and found that the revised accounting standards have no material impact on property, plant and equipment. Except for change of the useful life, the Company has changed the estimated useful life for the office building from formerly 20 years to 50 years since January 1, 2011.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard. This impacted to the 2011 financial statements which affected a decrease of the calculated depreciation charge. The financial statements in which equity method is applied and separate financial statements for the nine-month period ended September 30, 2011 have also been affected with an increase in property, plant and equipment-net amounting Baht 3.90 million, and the net profit increased at the same amount as well.

### 3.3 Accounting for investment properties

The Company has adopted TAS 40 (revised 2009) Investment Property.

Under the revised TAS, the investment property, which is defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment.

The Company has selected the cost model for accounting for its investment properties under the revised TAS. This is needs to disclose its fair value which is now under revaluation by an independent professional valuer as stated in notes no. 14. The change in accounting policy has been applied to reclassify the comparative financial statements from January 1, 2011 as follow:

	(Unit : Thousand Baht)		
	Before reclassification	Reclassification	After reclassification
<i>Statement of financial position as of December 31, 2010</i>			
Investment properties	-	858,353	858,353
Property, plant and equipment	2,223,798	(248,116)	1,975,682
Non - performed fixed assets	610,237	(610,237)	-

### 3.4 Accounting for employee benefits

From January 1, 2011, the Company has applied TAS 19 Employee Benefits.

Under the new policy, the Company's liability in respect of post-employment benefits - employee retirement and other long-term employee benefits are recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as expenses for the period when payments were made.

The Company's liability for employee retirement and other long-term employee obligations as at January 1, 2011 has been determined to be Baht 342.97 million. The Company has opted to record the entire amount of this liability as an adjustment to retained earnings as at January 1, 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements was as follows:

(Unit : Thousand Baht)

	Financial Statements	
	in which equity method is applied	Separated financial statements
<i>Statement of financial position as of</i>		
<i>January 1, 2011</i>		
Retained earnings - unappropriated as of December		
31, 2010 - as reported in previous period	7,304,634	7,298,349
Increase in employee benefit obligations	342,972	342,972
Retained earnings - unappropriated as of		
January 1, 2011	<u>6,961,662</u>	<u>6,955,377</u>

## 4. Statements of Cash Flows

### 4.1 Cash and cash equivalents

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
Cash on hand	4,940	2,260
Cash at banks	196,547	245,719
Credit card - sales slip receivable	3,197	3,150
<b>Total</b>	<u><b>204,684</b></u>	<u><b>251,129</b></u>

### 4.2 Non - cash transaction

In 2010, the Company has not yet received payment from capital sale in general investments at the amount Baht 23.10 million and recorded as others account receivable which have already been paid in Q1' 2011.

**5. Temporary investments**

Type	Financial statements in which equity method is applied and Separated financial statements							
	Interest rate (%)		Period (Days)		No. of Commercial Bank		Millions Baht	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
- Gold saving deposit	0.625	0.625	At call		1	1	210	92
- Bill of exchange	3.26-3.40	1.73-1.90	5-12	14-36	1	3	308	1,111
- Fixed deposit account	3.70	-	153	-	1	-	50	-
<b>Total</b>							<b>568</b>	<b>1,203</b>

**6. Trade accounts receivable**

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
6.1 Trade accounts receivable - Related parties		
Trade accounts receivable	77,080	89,488
Notes receivable	125	-
<b>Total</b>	<b>77,205</b>	<b>89,488</b>
6.2 Trade accounts receivable - Other parties		
Trade accounts receivable	1,360,212	1,556,462
Notes receivable	96,138	100,145
Bounced cheques awaiting clearance	12,395	15,046
<b>Total</b>	<b>1,468,745</b>	<b>1,671,653</b>
(Less) Advance payment from debtor	(10,772)	(6,101)
Allowance for doubtful accounts	(32,891)	(36,434)
Trade accounts receivable - Other parties	1,425,082	1,629,118
<b>Total trade accounts receivable, net</b>	<b>1,502,287</b>	<b>1,718,606</b>

## 6.3 Aging of trade accounts receivable

	(Unit : Thousand Baht)	
	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
Within credit terms	1,010,261	1,217,272
Overdue:		
- Less than 1 month	211,469	268,208
- 1 - 3 months	178,801	165,443
- Over 3 months	134,647	104,117
Total	1,535,178	1,755,040
(Less) Allowance for doubtful accounts	(32,891)	(36,434)
<b>Net</b>	<b>1,502,287</b>	<b>1,718,606</b>

## 7. Short - term loans

As of September 30, 2011 and December 31, 2010, the Company has provided loans to related parties at interest rates between 4.00% - 7.00% per annual.

	(Unit : Thousand Baht)		
	Financial statements in which equity method is applied and Separated financial statements		
	December 31, 2010	Increase (Decrease)	September 30, 2011
Related parties :			
- Erawan Textile	90,000	-	90,000
- United Utilities	-	90,000	90,000
Total Related parties	90,000	90,000	180,000
Other parties :			
- Sriracha Medical Centre	5,181	(450)	4,731
- Laser Fashion	3,339	(3,339)	-
- Siam Zokei	150,000	-	150,000
Total Other parties	158,520	(3,789)	154,731
Total	248,520	86,211	334,731
(Less) allowance for doubtful accounts	(83,520)	3,789	(79,731)
Balance	165,000	90,000	255,000
Add Current portion of long - term loan	12,000	(5,000)	7,000
<b>Short - term loans, net</b>	<b>177,000</b>	<b>85,000</b>	<b>262,000</b>

*Sriracha Medical Centre Co., Ltd.*

In 2008, the Company has made a memorandum of loan payment in compliance with the new contract of compromise entered with Sriracha Medical Centre, the outstanding loan and interest due on date of memorandum totaling of Baht 10,599,372.84 (the capital amounting Baht 9,631,126.31 and outstanding interest Baht 968,246.53). To this memorandum, Sriracha Medical Centre agreed to pay the amount of

loan Baht 4,950,000.00 in the form of a plot of land with 15 sq. wah-space and one commercial building in Chonburi province (ownership right has already been transferred since August 22, 2008) at the market price Baht 2,950,000.00 plus the remaining amount of Baht 2,000,000.00 would be paid in 40 installments at Baht 50,000.00 each, effective since July 2008 until October 2011. Upon receiving the whole amount of payment as stated in the memorandum of loan payment in compliance with the new contract of compromise entered with Sriracha Medical Centre, the Company will waive its right in the outstanding debt to Sriracha Medical Centre at the total amount of Baht 5,649,372.84 which comprises of the capital amounting Baht 4,681,126.31 plus outstanding interest Baht 968,246.53. At the end of the period, the Company has reserved a doubtful account at full amount of the outstanding loan.

*Laser Fashion Co., Ltd.*

The loan totaling Baht 4.11 million was given to Laser Fashion Co., Ltd. As of November 24, 2003, this company has been filed a law suit on bankruptcy by some creditors at the Central Bankruptcy Court. As of June 30, 2004 this doubtful debt has already been reserved in full amount. In 2008, Laser Fashion Co., Ltd. has paid some part of outstanding interest for the amount of Baht 127,638.43.

In 2009, the Company filed a law suit against Laser Fashion Co., Ltd. and Mr. Andreas Kirn as defendants. Later in 2010, a compromise judgment has been issued by the Civil Court. Then the Company and Mr. Andreas Kirn, the second defendant were allowed to enter into the contract of compromise with condition that Mr. Andreas Kirn has to pay all debt of Laser Fashion Co., Ltd. to the Company by transferring all properties and machinery of Mr. Andreas Kirn to the Company. Some of these properties have been sold to pay debts totaling Baht 771,055.32 while the others are on pending for sale.

In 2011, the Company has sold all remaining assets to pay debt totaling Baht 284,308.41 and written off the outstanding amount as bad debt totaling Baht 3,054,636.27.

*Siam Zokei Co., Ltd.*

In January and April 2008, the Company has given a loan totaling Baht 150.00 million to Siam Zokei Co., Ltd. for a period of one year at 7% interest rate with payment being made within January 27, 2009. This loan was guaranteed by another one company with seizure of the original title deeds owned by Siam Zokei Co., Ltd. and by the guaranteed company totaling two plots of land in Phuket province, with total area of 17 rai, 1 ngarn and 79.7 square wah, as its collateral.

In September 2008, Siam Zokei Co.,Ltd. requested a grace period for interest payment since September 2008 onward, due to lack of liquidity. The Company then issued a termination letter calling back for the whole amount of capital and interest.

In October 2008, the Company issued a notice requesting Siam Zokei Co., Ltd. to pay its debt and interest as being default of performing to the loan agreement. A civil case has also been filed to Siam Zokei Co., Ltd. requesting to pay the whole amount of capital and interest.

In December 2008, the Company has then reserved the allowance for doubtful account on this matter totaling Baht 75.00 million, which is calculated by the expected amount to receive from the borrower's guaranteed land, excluding the land guaranteed by the other company.

In April 2009, the court delivered judgment in accordance with the Compromise Agreement to which the Company has entered with Siam Zokei Co., Ltd. to enforce them to pay the full amount loan as being sued totaling Baht 152,375,000.00 by 12 installments at Baht 12,697,917.00 each. The first installment was set on May 25, 2009 and the last one on April 25, 2010.

In May 2009, Siam Zokei Co., Ltd. failed to pay the first installment of its debt, the Company then filed a petition to the court which approved to seize the following properties of Siam Zokei Co., Ltd.:

Seized properties					Value appraised by the executing officers (Baht)	Sales by auction		
Month	Province	Land (plot)	Land with premised (plot)	Condo minium (unit)		Month	Bid price (Baht)	Properties for auction
Jun 09	Chiang Mai	-	4	16	72,795,411	Oct 10	60,100,000	- The Company won the bidding for 16 units of condominium.
		-	-	2			4,710,000	- Third party won the bidding.
Jul 09	Phuket	1	-	-	6,300,000			Waiting for auction
Feb 10	Chonburi	1	-	-	16,374,000			
		-	2	-	5,723,416	Nov 10	13,900,000	- Third party won the bidding.
<b>Total</b>					<b>101,192,827</b>		<b>78,710,000</b>	

As of September 30, 2011 the sold some properties are now waiting for payment in accordance with the court process. However, if the money gained from the sales by auction is not enough for debt payment, the Company has the right to further file the law suit to the above mentioned guarantor and the Company sold some of the properties won by bidding at the amount Baht 39.68 million to one company and the ownership right has already been transferred.

Regarding the seize plot of land in Phuket, the bidder has bought land in the auction price of Baht 60 million but the bidder not make payment on due time, the executing officer in Phuket then declared properties to be resold by auction. The case is now pending for announcement for auction by the officer.

*Erawan Textile Co., Ltd.*

In July and September 2010, the Company has given a loan totaling Baht 90.00 million to Erawan Textile Co., Ltd. at 3.50 - 5.00% interest rate. The period of payment is at call and without collateral.

*United Utilities Co., Ltd.*

In May 2011, the Company has given a loan totaling Baht 90.00 million to United Utilities Co., Ltd. at 4.00% interest rate with payment being made within November 2011 and without collateral.

## 8 Inventories

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
Inventories on trading		
- Finished goods	1,109,715	870,503
- Sale by retailers	3,624,516	2,238,307
- Goods in transit	-	1,862
Total	3,734,231	3,110,672
(Less) Allowance for inventories devaluation	(70,903)	(26,618)
Inventories on trading, net	3,663,328	3,084,054
Real estate awaiting for sale - Condominium	22,535	22,535
<b>Grand Total</b>	<b>3,685,863</b>	<b>3,106,589</b>



**9 Available - for - sale investments**

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
Available-for-sale investments - Related parties	4,297,841	3,728,713
Available-for-sale investments - Other parties	243,598	206,610
<b>Total</b>	<b>4,541,439</b>	<b>3,935,323</b>

**9.1 Available - for - sale investments - Related parties**

(Unit : Thousand Baht)

Name of companies	Type of business	Paid-up capital (Million Baht)	Owner ship Interest (%)	Financial statements in which equity method is applied and Separated financial statements					
				September 30, 2011		December 31, 2010		Dividend	
				Cost	Market price	Cost	Market price	Jan - Sep 2011	Jan - Sep 2010
1. S & J International Enterprises	A Cosmetics	148.84	14.71	189,450	532,116	110,618	352,554	16,861	15,328
2. Textile Prestige	Embroidered lace, sponge	108.00	10.43	11,771	90,094	11,771	104,734	3,942	2,815
3. Far East DDB	Advertising	75.00	10.64	20,772	78,982	20,772	85,365	6,382	3,989
4. Saha Pathana Inter-holding	Investment	494.03	9.38	248,509	996,767	248,509	880,864	10,199	9,100
5. Boutique Newcity	Ladies' wear	120.00	5.98	5,300	10,546	5,300	10,546	538	251
6. O.C.C.	Distributor	60.00	19.73	100,332	202,463	100,332	136,160	7,104	6,512
7. Sahapathanapibul	Consumer products	318.42	10.54	229,555	923,328	229,555	889,752	25,182	21,824
8. Thanulux	Garment, Leather products	120.00	10.26	153,421	221,527	153,421	216,604	9,523	9,230
9. Sahacogen (Chonburi)	Power plant	955.00	10.41	167,745	355,970	167,745	391,766	17,898	16,904
10. People's Garment	Garment	96.00	5.25	70,294	55,944	70,294	57,960	3,024	3,024
11. Pan Asia Footwear	Footwear	2,700.00	18.91	105,366	165,423	-	-	-	-
<b>Total</b>				<b>1,302,515</b>	<b>3,633,160</b>	<b>1,118,317</b>	<b>3,126,305</b>	<b>100,653</b>	<b>88,978</b>
Investment less than 5% (As of Sep 30, 2011 and Dec 31, 2010 totaling 3 companies)				170,431	664,681	145,374	602,408	16,177	13,906
<b>Grand total</b>				<b>1,472,946</b>	<b>4,297,841</b>	<b>1,263,691</b>	<b>3,728,713</b>	<b>116,830</b>	<b>102,884</b>

Remarks: Relationship with the Available-for-sale investments-related parties: Sharing the same management team.

## 9.2 Available-for-sale investments - Other parties

(Unit : Thousand Baht)

Name of companies	Financial statements in which equity method is applied and Separated financial statements			
	September 30, 2011		December 31, 2010	
	Cost	Market price	Cost	Market price
1. Bangkok Nylon	1,200	803	1,200	765
2. President Bakery	13,950	149,963	13,950	103,230
3. Nation Multimedia Group	8,609	3,764	8,609	7,331
4. Wacoal Holdings Corp. (Japan)	124,002	88,954	124,002	95,079
5. Nation International Edutainment	84	114	84	205
<b>Total</b>	<b>147,845</b>	<b>243,598</b>	<b>147,845</b>	<b>206,610</b>

**10 Investments in associates**

Name of companies	Type of business	Paid-up capital		Ownership interest		Financial statement in which equity method is applied		Separated financial Statements - cost method		Dividend	
		(Million Baht)		(%)		(Million Baht)		(Million Baht)		(Million Baht)	
		Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	Jan-Sep 2011	Jan-Sep 2010
1. Worldclass Rent a Car	Car for rent										
- Ordinary shares		100	100	21.11	21.11	21.11	21.11	19.79	19.79	-	-
- Preferred shares		280	280	26.39	26.39	115.90	78.75	73.89	73.89	0.37	-
		<u>380</u>	<u>380</u>	<u>25.00</u>	<u>25.00</u>	<u>137.01</u>	<u>99.86</u>	<u>93.68</u>	<u>93.68</u>	<u>0.37</u>	<u>-</u>
2. Thai Itokin	Ladies' ware	100	100	27.90	27.90	29.86	29.64	29.53	29.53	-	-
3. International Leather Fashion	Leather shoes	50	-	28.00	-	30.36	-	21.73	-	2.52	1.75
4. Issara United	Property Development	64	-	25.00	-	<u>16.00</u>	<u>-</u>	<u>16.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total						213.23	129.50	160.94	123.21	2.89	1.75
(Less) Allowance for loss from impairment of investment						(24.43)	(29.30)	(24.43)	(29.30)	-	-
<b>Investments in associates, net</b>						<u><b>188.80</b></u>	<u><b>100.20</b></u>	<u><b>136.51</b></u>	<u><b>93.91</b></u>	<u><b>2.89</b></u>	<u><b>1.75</b></u>

As of May 2, 2011, the Company purchased 19,997 ordinary shares in Issara United Co., Ltd., equivalent to 25% shareholding proportion. The first payment 30% of the registered capital has been made at the amount Baht 6.00 million, while the second payment 50% amounting Baht 10.00 million has also been made in August 2011. This makes the total payment amounting to Baht 16.00 million.

As of December 31, 2010, the Company had the general investment in International Leather Fashion Co., Ltd., 14.00% of interest. In January 2011, the Company purchased additional 70,000 ordinary shares at amount Baht 14.73 million plus previous purchase amount Baht 7.00 million making a total amount to Baht 21.73 million. Subsequent to the purchased transactions, the Company's percentage of shareholder's in International Leather Fashion Co., Ltd. Rose from 14.00% previously to 28.00% and become an associate of the Company.

As of December 31, 2009, the Company had the general investment in Worldclass Rent a Car Co., Ltd., 17.76% of interest. In July 2010, the Company purchased additional 275,000 ordinary shares and preferred shares at total amount Baht 26.18 million. Subsequent to the purchased transactions, the Company's percentage of shareholder's in Worldclass Rent a Car Co., Ltd. Rose from 17.76% previously to 25.00% and become an associate of the Company.

As of December 31, 2009, the Company had the general investment in Thai Itokin Co., Ltd., 7.00% of interest. In November 2010, the Company purchased additional 244,000 ordinary shares at total amount Baht 24.40 million. Subsequent to the purchased transactions, the Company's percentage of shareholder's in Thai Itokin Co., Ltd. rose from 7.00% previously to 27.90% and become an associate of the Company.

According to TAS 43 (revised 2007), the presentation of Financial Statements in which equity method is applied, should be based on considering the fair value of the associated company's identifiable net assets by comparing the investment cost on the purchase date. The Company is now under the process to procure a freelance appraiser to assess the fair value of the associated company's identifiable net assets for further adjustment. However, the adjustment should be done within 12 months after the date of acquisition in compliance with TAS.

In the 3rd quarter of 2011, the fair value of net assets of Worldclass Rent a Car Co., Ltd., an associated company has already been evaluated by an independent valuator. As of the evaluation date (September 23, 2011) the investment proportion amounted to Baht 114.41 million, higher than investment cost at the total amount Baht 20.72 million. The company's revenue derived from this transaction has been recognized as share of profit from investment in the associated companies in the statements of comprehensive income all amount. Regarding the other two associates: Thai Itokin Co., Ltd. and International Leather Fashion Co., Ltd., the fair value of their net assets were under the process of evaluation which shall be within the due course of 12 months from the purchase date.

For 9 month period ended September 30, 2011, the investment in associated companies: Thai Itokin Co., Ltd., and International Leather Fashion Co., Ltd. has been recorded by equity method of the un-audited financial statements, which have not been complied with the accounting standard for employee benefits. However an effect from such estimation resulted from employee benefits mostly occurred before the year 2010 prior to an adjustment in retained earnings at beginning of year. The fair value of such liabilities is now under evaluation and should be done within 12 months from the purchase date. The assessment of the employee benefits of the above-mentioned associates for the 9 month period ended September 30, 2011 has been considered not significant to this interim financial statement.

**11. Other long-term investments**

(Unit : Thousand Baht)

Financial statements in which equity  
method is applied and  
Separated financial statements

	September 30, 2011	December 31, 2011
Other long-term investments - related parties		
- General investments - at cost after deducting provision for loss from impairment	1,025,833	1,000,752
Other long-term investments - other parties		
- General investments - at cost after deducting provision for loss from impairment	192,580	191,725
- Debt securities - at cost	65,000	65,000
Total	257,580	256,725
<b>Total other long-term investments</b>	<b>1,283,413</b>	<b>1,257,477</b>

**11.1 Other long-term investments - related parties****11.1.1 General investments - at cost after deducting provision for loss from impairment**

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

Name of companies	Type of business	Paid-up capital (Million Baht)	Ownership interest (%)	Cost		Dividend	
				Sep 30, 2011	Dec 31, 2010	Jan - Sep. 2011	Jan - Sep 2010
1. Thai Cubic Technology	A three dimensional printing service	40.00	19.00	7,600	7,600	1,672	760
2. SSDC (Tigertex)	Dyeing & finishing	324.00	19.58	33,135	33,135	2,538	1,586
3. Sunrise Garment	Knitted wear	10.00	6.00	A	2,435	A	-
4. Janome (Thailand)	Sewing machine & accessories	88.00	8.00	7,040	7,040	1,760	1,760
5. Thai Shikibo	Textile (spinning)	237.50	11.74	26,539	26,539	2,231	3,626
6. Kewpie (Thailand)	Food	260.00	10.77	27,273	27,273	1,120	868
7. Shaldan (Thailand)	Air freshener	40.00	7.50	3,000	3,000	-	-
8. Thai Q.P.	Processed food	15.00	10.00	1,500	1,500	-	96
9. International Leather Fashion	Leather shoes	50.00	14.00	B	7,000	B	1,750
10. Total Way Image	Leather goods	20.00	10.00	2,000	2,000	240	700
11. Raja Uchino	Towels	81.00	13.59	10,817	10,817	2,202	2,202
12. Thai Takeda Lace	Lace	127.00	12.76	20,483	20,483	2,430	2,430
13. Thai Staflex	Woven and non-woven fusible interlining	60.00	8.00	4,800	4,800	432	408
14. Champ Ace	Garment	40.00	12.50	5,000	5,000	1,000	1,250
15. Thai Sports Garment	Garment	10.00	12.00	1,200	1,200	2,400	2,400
16. Sahachol Food Supplies	Agricultural produces	100.00	7.80	7,980	7,980	-	-

(Unit : Thousand Baht)

 Financial statements in which equity method is applied and  
 Separated financial statements

Name of companies	Type of business	Paid-up capital (Million Baht)	Ownership interest (%)	Cost		Dividend	
				Sep 30, 2011	Dec 31, 2010	Jan - Sep. 2011	Jan - Sep. 2010
17. Lion Corporation (Thailand)	Detergent	300.00	12.00	36,000	36,000	15,344	13,749
18. Molten Asia Polymer Products	Automobile rubber parts	120.00	7.80	9,360	9,360	936	1,872
19. Molten (Thailand)	Sport balls	100.00	6.00	6,000	6,000	-	-
20. Thai Arai	Automobile parts	126.00	10.75	14,163	14,163	2,032	2,709
21. Dairy Thai	Yogurt	18.13	9.00	13,050	13,050	-	-
22. Nissin Foods (Thailand)	Instant noodles	310.00	10.00	-	27,003	-	-
23. Grand Star Industry	Textiles	20.00	19.50	4,346	4,346	390	780
24. Pattaya Manufacturing	Lingeries	30.00	5.33	2,241	2,241	720	640
25. General Glass	Glass packaging	25.00	19.50	19,579	19,579	-	-
26. H & B Intertex	Soft and plush toys	40.00	19.00	7,600	7,600	380	-
27. International Laboratories	Cosmetics	60.00	19.56	195,730	195,730	18,778	17,604
28. Top Trend Manufacturing	Plastic packaging	120.00	18.00	43,200	10,800	3,240	3,240
29. Thai Gunze	Knit wear	180.00	16.00	28,800	28,800	-	2,992
30. T.U.C. Elastic	Elastic bands	160.00	12.00	18,200	18,200	1,536	1,920
31. K. Commercial and Construction	Construction	50.00	19.50	34,084	34,084	975	975
32. Treasure Hill	Golf course	200.00	12.00	16,178	16,178	-	-
33. D F Inter	Made-to-order furniture	5.00	19.00	1,060	1,060	190	-
34. First United Industry	Investment & apartment rent	40.00	9.12	3,647	3,647	547	547
35. Laem Cha-Bang Warehouse	Warehouse	5.00	19.00	1,014	1,014	190	95
36. Sahapat Properties	Real estate development	20.00	5.75	1,150	1,150	-	-
37. Sahapat Real Estate	Real estate development	250.00	19.90	49,750	49,750	1,492	1,492
38. K R S Logistics	Warehouse management	10.00	15.50	1,550	1,550	310	233
39. Pan Land	Land development	300.00	16.67	49,368	49,368	-	-
40. United Utilities	Real estate	34.23	18.56	13,721	13,721	-	-
41. International Commercial Coordination (HK)	Distributor	HKD 2.00	19.00	1,658	1,658	-	-
42. Belle Maison (Thailand)	Catalog sales business	80.00	15.20	12,160	12,160	-	-
43. Wien International	Lingeries	30.00	9.00	2,700	900	270	540
44. Better Way (Thailand)	Direct sale	80.00	16.75	101,232	101,232	53,606	53,606
45. E.P.F.	Distributor, retailer	3.90	10.00	390	390	260	260
46. Kai I.T. Service	Assembling and selling computer	4.00	10.00	1,126	1,126	100	100
47. Tiger Distribution & Logistics	Distribution and logistics	20.00	19.90	6,982	4,992	1,791	1,791
48. Saha Nam Textile	Elastic yarn, twisted and texturized yarn	36.00	5.00	1,557	1,557	90	180
49. 4 People Foods	Instant noodles 4me	130.35	14.00	18,249	18,249	-	-
50. Sriracha Aviation	Maintenance services of airplane engines	33.00	6.06	2,000	2,000	-	-
51. Waseda Education (Thailand)	Institute of Japanese Language and Cultural Studies	56.00	10.71	6,000	6,000	-	-
52. FANCL (Thailand)	Distribution of cosmetics product and food supplement	10.00	15.00	1,500	1,500	-	-
53. BSC Entertainment	Bowling entertainment center	187.05	18.75	44,042	44,042	-	-

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

Name of companies	Type of business	Paid-up capital (Million Baht)	Ownership interest (%)	Cost		Dividend	
				Sep 30, 2011	Dec 31, 2010	Jan - Sep. 2011	Jan - Sep 2010
54. Morgan De Toi (Thailand)	Distributor of men's and women's apparels and leather products under the brand "MORGAN"	25.00	12.00	3,000	3,000	240	300
55. Thai Secom Pitakkij	Security	378.86	15.00	94,680	94,680	2,355	4,500
56. Thai Sun Foods	Producing and trading fruit juice "Greenmate" and distribution of "Homey" biscuits	50.00	19.00	9,500	9,500	190	190
57. Thai Takaya	Jean trousers	30.00	10.00	3,000	3,000	-	-
58. Otsuka Saha Asia Research	Consultant on production research and development	80.00	16.33	13,067	13,067	-	-
59. K.T.Y. Industry	Yarn spinning products and sub-contractor	28.00	9.93	3,060	3,060	417	417
60. Thai Monster	Knit polo and T-shirts manufacture	20.00	5.00	1,000	1,000	-	-
61. Kenmin Foods (Thailand)	Rice noodle manufacture and export	30.00	5.00	1,500	1,500	75	150
62. Shiseido Professional (Thailand)	Beauty salon and spa including import and export of cosmetic products	70.00	15.00	10,500	10,500	834	648
63. Thai Bunka Fashion	Fashion institute under the widely – acclaimed curriculum of Bunka Fashion College, Japan	25.00	8.00	2,000	2,000	-	-
64. Five Stars Plus	Manufacture of leather coats for export	50.00	19.50	9,750	9,750	-	-
65. Hair Service (Thai)	To operate by ourself of quick barber	25.00	17.00	-	4,250	-	-
66. Sriracha BSC Bowling	Bowling entertainment center	47.00	10.64	5,000	5,000	-	-
67. MIT Pathana Homeshopping	TV direct sale	30.00	13.33	4,000	4,000	-	-
68. Dome Composites (Thailand)	Manufacture of carbon composite for racing car parts	90.00	4.17	3,750	3,750	-	-
69. Sun108	Wholesale & retail, logistics	100.00	8.25	8,250	8,250	-	-
70. Erawan Textile	Producing and weaving threads of such kind as cotton and polyester T/C	181.83	15.18	63,853	63,853	828	-
71. Thai Kamaya	Cosmetics packaging, electrical part, automobile and others	100.00	12.80	14,528	14,528	-	384
72. Bangkok Tokyo Socks	Socks manufacturing and export	102.30	19.55	16,250	16,250	1,000	-

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

Name of companies	Type of business	Paid-up capital (Million Baht)	Ownership interest (%)	Cost		Dividend	
				Sep 30, 2011	Dec 31, 2010	Jan - Sep. 2011	Jan - Sep. 2010
73. I.D.F.	Investment in securities, non-movable asset rent	90.00	9.00	32,400	32,400	1,620	1,620
74. Pens Marketing and Distribution	** Distribution of consumer product	30.00	7.00	2,100	2,100	-	-
Total				1,228,942	1,233,440	128,761	133,370
Investment less than 5% (As of Sep 30, 2011 and Dec 31, 2010 totaling 5 companies)				27,082	27,082	5,661	2,620
Grand total				1,256,024	1,260,522	134,422	135,990
(Less) Allowance for loss from impairment of investment				(230,191)	(259,770)	-	-
<b>Net</b>				<b>1,025,833</b>	<b>1,000,752</b>	<b>134,422</b>	<b>135,990</b>

Remarks: Relationship with the other long-term investments-related parties: Sharing the same management team and/ or guaranteed by the company

A Reclassify as general investment in other parties.

B Reclassify as investments in associates.

\* Located in other countries.

\*\* Company with unpaid-capital: As of September 30, 2011 and December 31, 2010, the unpaid-capital shares of all these companies totaling Baht 11,411 thousand.

## 11.2 Other long-term investment - other parties

## 11.2.1 General investments - at cost after deducting provision for loss from impairment

Financial statements in which equity method is applied and  
Separated financial statements

Name of companies	September 30, 2011		December 31, 2010	
	Ownership interest (%)	Cost (Thousand Baht)	Ownership interest (%)	Cost (Thousand Baht)
1. Sun Lots Enterprise	3.08	4,000	3.08	4,000
2. Great Lake Golf & Country Club	0.01	100	0.01	100
3. The Siam City factoring	2.83	3,846	2.83	3,846
4. Nuboon	5.74	2,010	5.74	2,010
5. Chanthaburi Country Club	0.17	2,000	0.17	2,000
6. Saha Seiren	0.66	4,500	0.66	4,500
7. Thai Herbal Products	2.25	1,800	2.25	1,800
8. Imperial Technology Management Service	0.70	6,250	0.70	6,250
9. P.T. Intermode Apparelindo *	7.50	1,517	7.50	1,517
10. Hashimoto (Thailand)	5.00	300	5.00	300
11. Thai flying Maintenance	15.00	300	15.00	300
12. Fairyland Department Store	10.62	15,930	10.62	15,930
13. Sompo Japan Insurance (Thailand)	6.00	18,000	6.00	18,000
14. Khon kaen Vithes Suksa	1.67	1,000	1.67	1,000

Financial statements in which equity method is applied and  
Separated financial statements

Name of companies	September 30, 2011		December 31, 2010	
	Ownership interest (%)	Cost (Thousand Baht)	Ownership interest (%)	Cost (Thousand Baht)
15. Udorn Panyavej Hospital	0.06	200	0.06	200
16. Muang-Ake Vista Golf Course	0.06	150	0.06	150
17. Winstore	2.30	3,270	2.30	3,270
18. Saha Rattananakorn	12.50	22,500	12.50	22,500
19. Thai Otsuka Pharmaceutical	3.00	6,300	3.00	6,300
20. Dihon Pharmaceutical (Thailand)	7.50	450	7.50	450
21. Kyoshun *	19.17	2,088	19.17	2,088
22. Daiso Sangyo (Thailand)	11.61	18,568	11.61	18,568
23. Saha Ubol Nakorn	19.00	8,750	19.00	8,750
24. SFM Holding	3.98	5,000	3.98	5,000
25. Value Added Textile	6.00	3,000	6.00	3,000
26. Osoth Inter Laboratories	6.25	10,313	6.25	10,313
27. Thai Samsung Electronics	3.71	15,492	3.71	15,492
28. The International Knitting Mills	5.63	3,000	5.63	3,000
29. Siam Samsung Life Insurance	12.00	66,630	12.00	66,630
30. U C C Ueshima Coffee (Thailand)	10.00	1,500	10.00	1,500
31. Thai Nanasai	14.00	840	14.00	840
32. Siam Autobacs	12.53	5,000	12.53	5,000
33. Thai Asahi Kasei Spandex	4.00	54,000	4.00	54,000
34. Siam DCM	1.52	5,000	1.52	5,000
35. Thai Lotte	0.98	15,400	0.98	15,400
36. Saha Sehwa	7.03	10,200	7.03	10,200
37. Hwato (Thailand)	2.50	300	2.50	300
38. Amata City	0.67	3,000	0.67	3,000
39. Amata (Vietnam) *	0.70	3,015	0.70	3,015
40. The Grand UB	0.01	16,251	0.01	16,250
41. Sunrise Garment	6.00	2,435	Other long-term investment - related parties	
42. Siam Family mart	1.29	12,640	-	-
43. Fujix International	11.00	3,300	-	-
44. Asahi Kasei Spunbond (Thailand) **	2.00	4,500	-	-
Total		364,645		341,769
(Less) Allowance for loss from impairment of investment		(172,065)		(150,044)
<b>Net</b>		<b>192,580</b>		<b>191,725</b>

**Remarks:** \* Located in other country

\*\* Company with unpaid-capital: As of September 30, 2011 the unpaid-capital shares of all these companies totaling Baht 13,500 thousand.



## 11.2.2 Debt securities - at cost

Name of companies	Years	Maturity date	Interest rate	(Unit : Thousand Baht)	
				Sep 30, 2011	Dec 31, 2010
Senior debenture					
1. PTT	8	May 20, 2012	4.25% (year 1-4) , 5.75% (year 5-8)	20,000	20,000
Subordinated debenture					
2. Bank of Ayudhya	10	June 23, 2020	4.35% (year 1-3) , 4.75% (year 4-6), 5.50% (year 7-10)	45,000	45,000
<b>Total</b>				<b>65,000</b>	<b>65,000</b>

## 12. Long - term loans to related parties

Name of companies	Interest rate (%)	Maturity (year)	(Unit : Thousand Baht)			Collateral
			Dec 31, 2010	Increase (decrease)	Sep 30, 2011	
Thai Itokin	5.00	2011	16,000	(9,000)	7,000	One other company
(Less) Current portion of long - term loan			(12,000)	5,000	(7,000)	
<b>Net</b>			<b>4,000</b>	<b>(4,000)</b>	<b>-</b>	

The loan totaling Baht 40.00 million has been given to Thai Itokin Co., Ltd. for a period of 2 years starting from December 19, 2007 to December 15, 2009. Payment would be done in monthly basis within 20 installments at Baht 2.00 million per installment. The first payment will start in May 2008 and the last installment will be in December 2009.

In January 2009, an agreement has been made to extend payment of loan. The payment shall be in every month for 24 installments at Baht 1.00 million per installment. This shall start from January 2010 to December 2011 to support the supply chain. The Company has already received regular payment to both capital and interest without failure.

For the period of September to December 2010, Thai Itokin Co., Ltd. has asked to postpone the loan payment as due on the period of Baht 1.00 million per monthly installment, totaling Baht 4.00 million, which have due payment in January to April 2012.

**13. Long - term loans to employee**

A financial-aided welfare for employees has been initiated by the Company in January 2008. This loan-typed welfare has the payment period of not over 72 monthly installments starting from the loan date with MOR divide-by-three and MOR interest rate, by using the employee's car registration certificate as a guarantee. Employee who is entitled to this welfare should meet the required qualification and comply with the Company's announcement on "Employees' Financial Welfare".

**14. Investment properties**

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements				Sep 30, 2011
	Dec 31, 2010	Increase	Transfer in (transfer out)	Disposal	
<b>Cost:</b>					
Land	959,452	130,737	(1,740)	-	1,088,449
Infrastructure development cost	12,573	-	-	-	12,573
Buildings	209,674	106,643	(3,762)	-	312,555
Furniture and fixtures	7,356	-	-	-	7,356
Total	1,189,055	237,380	(5,502)	-	1,420,933
(Less) Accumulated depreciation	(141,627)	(4,039)	236	-	(145,430)
Balance	1,047,428	233,341	(5,266)	-	1,275,503
(Less) Provision for loss from impairment of assets	(189,075)	-	-	-	(189,075)
Investment properties - net	858,353	233,341	(5,266)	-	1,086,428
Depreciation for the period					4,039

Investment properties as of September 30, 2011 are under revaluation by independent professional valuers, at open market values on an existing use basis.

**15. Property, plant and equipment**

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

	Dec 31, 2010	Increase	Transfer in (transfer out)	Disposal	Sep 30, 2011
<b>Cost:</b>					
Land	1,488,191	-	1,740	-	1,489,931
Buildings and improvements	689,207	39,116	3,762	-	732,085
Office equipment and vehicles	639,015	36,961	-	(9,629)	666,347
Furniture and fixtures	595,887	35,119	-	-	631,006
Total	<u>3,412,300</u>	<u>111,196</u>	<u>5,502</u>	<u>(9,629)</u>	<u>3,519,369</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(429,555)	(24,438)	(236)	-	(454,229)
Office equipment and vehicles	(571,629)	(33,814)	-	6,996	(598,447)
Furniture and fixtures	(435,434)	(44,839)	-	-	(480,273)
Total	<u>(1,436,618)</u>	<u>(103,091)</u>	<u>(236)</u>	<u>6,996</u>	<u>(1,532,949)</u>
Property, plant and equipment - net	<u>1,975,682</u>	<u>8,105</u>	<u>5,266</u>	<u>(2,633)</u>	<u>1,986,420</u>
Depreciation for the period					103,091

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as of September 30, 2011 amounted to Baht 946 million (as of December 31, 2010: Baht 848 million).

**16. Intangible assets**

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

	Dec 31, 2010	Increase	Disposal	Sep 30, 2011
<b>Cost:</b>				
Trade mark	22,966	-	-	22,966
License data base of customer	7,845	-	-	7,845
Total	<u>30,811</u>	<u>-</u>	<u>-</u>	<u>30,811</u>
<b>Accumulated amortization:</b>				
Trade mark	(12,202)	(1,723)	-	(13,925)
License data base of customer	(327)	(588)	-	(915)
Total	<u>(12,529)</u>	<u>(2,311)</u>	<u>-</u>	<u>(14,840)</u>
Intangible assets - net	<u>18,282</u>	<u>(2,311)</u>	<u>-</u>	<u>15,971</u>
Amortization for the period		2,623		2,311

**17. Leasehold**

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements			
	Dec 31, 2010	Increase	Disposal	Sep 30, 2011
<b>Cost:</b>				
Land	47,397	-	-	47,397
Building	37,108	-	-	37,108
Building space in the shopping center	167,564	-	-	167,564
Total	252,069	-	-	252,069
<b>Accumulated amortization:</b>				
Land	(32,793)	(888)	-	(33,681)
Building	(24,619)	(1,044)	-	(25,663)
Building space in the shopping center	(88,038)	(5,061)	-	(93,099)
Total	(145,450)	(6,993)	-	(152,443)
Leasehold - net	106,619	(6,993)	-	99,626
Amortization for the period	9,534			6,993

**18. Overdrafts and short - term loans from financial institutions**

As of September 30, 2011, the Company has overdraft lines from 10 domestic commercial banks totaling Baht 196.00 million at interest rates ranging from MOR to MOR - 3.50%. Four trust receipt lines amounted Baht 268.54 million, 10 short - term local loan lines amounting Baht 2,109.36 million, letter of guarantee lines amounting Baht 283.00 million, stand by letter of credit amounting Baht 40.00 million and forward lines amounting US\$ 7.50 million and Baht 9.348 million. All these credit lines are gained without collateral or personal guarantee.

As of December 31, 2010, the Company has overdraft lines from 10 domestic commercial banks totaling Baht 196.00 million at interest rates ranging from MOR to MOR - 3.50%. Four trust receipt lines amounting Baht 273.325 million, 10 short - term local loan lines amounting Baht 2,112.55 million, letter of guarantee lines amounting Baht 383.00 million and forward lines amounting US\$ 7.50 million and Baht 9.348 million. All these credit lines are gained without collateral or personal guarantee.

**19. Legal reserve**

The legal reserve as of September 30, 2011 and December 2010 amounted Baht 50,000,000 representing 10% of registered capital. This reserve was conducted in compliance with the Public Limited Company Act and cannot be appropriated for dividends.

**20. Dividend**

According to the 46th General Shareholder' Meeting 2011 held on April 25, 2011, a resolution was passed to pay dividend for the 2010 business operation at Baht 1.10 per share totaling 290,633,730 shares for the amount Baht 319,697,103. Payment to shareholder was made on May 24, 2011.

According to the 45th General Shareholder' Meeting 2010 held on April 26, 2010, a resolution was passed to pay dividend for the 2009 business operation at Baht 1.00 per share totaling 290,633,730 shares for the amount Baht 290,633,730. Payment to shareholder was made on May 25, 2010.

## 21. Other benefit of employee

### 21.1 Provident fund

The Company and employees have jointly set up a provident fund according to the Provident Fund Act of 1987 on June 3, 1996 with the registration No.41/2539. The Company has authorized a certified fund manager to manage the Fund by withholding from the employees' payroll and Company contributions. Employees will receive their eligible portions upon legitimate separation from the Company. The Company has paid its contributions to the provident fund for the nine-month period ended September 30, 2011 and 2010 totaled Baht 11.35 million and Baht 10.89 million, respectively.

### 21.2 Retirement money

The Company has set up a regulation to pay compensation money to the retired employees who have the required qualification and comply with the Company's announcement on Employee's Retirement.

From January 1, 2011, the Company has adopted TAS 19 Employee Benefits.

Under the new policy, the Company's liability in respect of post-employment benefits - employee retirement and other long-term employee benefits are recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as expenses for the period when payments were made.

The Company's liability for employee retirement and other long-term employee obligations as at January 1, 2011 has been determined to be Baht 342.97 million. The Company has opted to record the entire amount of this liability as an adjustment to retained earnings as at January 1, 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements as stated in the notes to the financial statement no. 3.

Employee benefit obligation for the nine-month period ended September 30, 2011.

	(Unit : Thousand Baht)	
	Financial statements in which equity method is applied and Separated financial statements	
	Jan - Sep 2011	Jan - Sep 2011
Book value as of January 1, 2011	342,972	-
Employee benefit expense for the period	41,513	-
(Less) Paid for the period	(16,207)	-
Book value as of September 30, 2011	368,278	-

**22. Expenses by nature**

(Unit : Thousand Baht)

Financial statements in which equity method  
is applied and

Separated financial statements

	Jan - Sep 2011	Jan - Sep 2010
Significant expenses by nature :		
Changes in inventories of finished goods	625,420	183,178
Purchase of finished goods	6,427,843	5,365,738
Salary and other benefit of employee	1,355,744	1,286,221
Depreciation and amortization	116,434	113,158
Advertising and sales promotion expenses	435,895	304,106
Transportation of goods expenses	79,981	71,502

**23. Commitment and contingent liabilities**

- 23.1 As of September 30, 2011 and December 31, 2010, the Company has been obliged to provide bank guarantees to government agencies and a private company totaling Baht 3,718,100 and Baht 3,651,300 respectively.
- 23.2 As of September 30, 2011 and December 31, 2010, the Company was obliged for payment of the rental according to the leasehold of land, commercial building and space in the shopping center as stated in the Notes to the Financial Statement no.17. According to these long - term lease contracts, the total amount of rental payment throughout the contract period are Baht 28,728,528 and Baht 30,058,910, respectively.
- 23.3 As of December 31, 2010, the Company was obliged for payment of the land according to the deposit for Land Purchase/Sale Agreement at the amount Baht 215.54 million.

**24. Transactions in business - related parties**

The Company has a number of transactions related to assets, liabilities, revenues and expenses of related parties with joint shareholder and/or joint directors. Therefore, these financial statements have incorporated such transactions based on normal practice of pricing policy applied to other clients.

24.1 Significant transactions for the three-month and the nine-month periods ended September 30, 2011 and 2010 with related parties were as follows:

(Unit : Thousand Baht)

Financial statements in which equity method is applied and  
Separated financial statements

	Jul - Sep 2011	Jul - Sep 2010	Jan - Sep 2011	Jan - Sep 2010
<b><i>Associates</i></b>				
Sale of goods	(103)	-	164	-
Purchases of goods	77,459	-	211,940	-
Dividend income	-	-	2,889	-
Rental income	426	-	1,026	-
Royalty income	160	-	572	-
Interest income	112	-	446	-
Others income	125	-	251	-
Sale expenses	107	-	310	-
Other expenses	341	-	898	-
<b><i>Other related parties</i></b>				
Sale of goods	90,724	79,067	280,964	252,699
Purchases of goods	1,855,567	1,690,923	5,527,246	4,884,201
Purchases of property	10,201	13,174	283,162	55,119
Dividend income	8,908	2,469	250,252	238,874
Rental income	12,152	7,799	36,151	22,764
Royalty income	4,927	4,158	13,929	12,845
Interest income	1,993	640	4,108	1,174
Advertising income	10,538	-	18,186	-
Others income	10,619	10,995	28,758	28,935
Display supplies	43,467	36,609	153,483	118,703
Advertising expense	45,693	35,546	126,583	102,157
Warehouse management fee	11,896	11,578	33,709	32,672
Sale expenses	16,772	21,191	45,561	56,276
Royalty expenses	4,754	4,871	15,825	19,642
Freight expenses	7,463	7,710	25,966	23,483
Other expenses	19,891	25,040	74,129	69,087

24.2 Balances as of September 30, 2011 and December 31, 2010 with related parties were as follows :

(Unit : Thousand Baht)

Financial statements in which equity method is applied  
and Separated financial statements

	September 30, 2011		December 31, 2010	
	Trade accounts and accrued revenue	Trade accounts and accrued expense	Trade accounts and accrued revenue	Trade accounts and accrued expense
<i>Associates</i>				
1. Thai Itokin	-	8,006	-	12,510
2. International Leather Fashion	81	41,907	Other related parties	
<i>Other related parties</i>				
3. Saha Pathana Inter-holding	3	161	86	4,738
4. Textile Prestige	-	1,258	-	2,644
5. Thai Wacoal	44	413,711	2,738	343,486
6. Thanulux	244	224,397	1,079	207,865
7. Boutique New City	374	290	219	358
8. People's Garment	2	149,822	1,414	157,100
9. Far East DDB	214	19,516	214	9,017
10. Sahapathanapibul	1,536	11,789	5,354	21,805
11. S & J International Enterprises	2,641	3,320	1,943	4,079
12. Champ Ace	341	80,606	62	60,020
13. Lion Corporation (Thailand)	604	151,491	1,159	177,653
14. International Laboratories	5,882	118,518	2,544	123,738
15. Sun 108	1,901	63	1,981	173
16. Kai I.T. Service	-	3,688	11	3,060
17. Can	4,082	-	5,988	-
18. Koraj Wattana	7,033	-	6,406	-
19. Sun and Sand	7,747	-	6,370	-
20. The Mall Ratchasima	17,637	3	24,067	7
21. Thai Gunze	-	26,747	-	19,234
22. Tiger Distribution & Logistics	214	13,028	160	12,574
23. Better Way (Thailand)	4,759	-	1,521	-
24. Paknumpo Wattana	4,449	-	3,921	-
25. Maharachapreuk	4,523	-	2,613	102
26. Sukhatasana	1	16,974	1	23,151
27. Intersouth	11,576	-	9,292	-
28. Intanin Chiangmai	4,860	-	14,457	-
29. Eastern I.C.C.	4,309	-	4,302	-
30. Raja Uchino	10,174	16,898	11,186	30,463
31. Thai Arusu	-	13,476	9	22,687
32. Siam Zokei	2,643	-	2,646	-
33. Sunrise Garment	-	-	-	1,426
34. Pattaya Manufacturing	-	56,967	768	36,700
35. E.P.F.	525	-	3,287	-



(Unit : Thousand Baht)

Financial statements in which equity method is applied  
and Separated financial statements

	September 30, 2011		December 31, 2010	
	Trade accounts and accrued revenue	Trade accounts and accrued expense	Trade accounts and accrued revenue	Trade accounts and accrued expense
36. H & B Intertext	432	19,165	18	21,753
37. Total Way Image	-	26,459	-	25,981
38. International Leather Fashion	Associates		106	34,569
39. Shaldan (Thailand)	460	7,422	-	4,023
40. S R P Advertising	-	12,314	-	15,974
41. Others (less than Baht 1 million)	476	4,844	1,252	2,691
<b>Grand total</b>	<b>99,767</b>	<b>1,442,840</b>	<b>117,174</b>	<b>1,379,581</b>

24.3 The Company has not submitted for an approval from the general shareholder' meetings in 2010 and 2009 to allocate the loan and guarantee to the related parties. This was due to the fact that an approval shall be submitted for approval from time to time from the board of director's meeting or the general shareholder' meeting, depending on the amount of the transaction, (this practice was changed in accordance with the announcement by the Board of the Stock Exchange of Thailand on the disclosure of information and business operations of the listed companies in connection with the related transaction in the year 2003).

As of September 30, 2011 and December 31, 2010, the Company's total amount of loans and guarantees are as follows:

Financial statements in which equity method is applied and  
Separated financial statements

Type of business	Loan				Guarantee line					
	Number of companies		Million Baht		Rate of guarantee annual fee		Number of companies		Million Baht	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010	2011	2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
Business - related parties	2	3	154.73	158.52	0.75	0.75	9	9	150.22	150.22
Joint-venture companies	3	2	187.00	106.00	0.75	0.75	1	1	1.50	1.50
<b>Total</b>	<b>5</b>	<b>5</b>	<b>341.73</b>	<b>264.52</b>			<b>10</b>	<b>10</b>	<b>151.72</b>	<b>151.72</b>

#### 24.4 Directors' remuneration policy

According to the 46<sup>th</sup> General Shareholder' Meeting 2011 held on April 25, 2011, remuneration for directors who have worked with their full efforts has been determined to be paid within the amount not exceeding Baht 20 million per annum. This excludes compensations or benefits that directors are entitled to receive as being employees of the company.

#### 24.5 Management benefit expenses

Management benefit expenses for executive directors, manager or any person who holds the first four management position below the manager, any person who holds a position in equivalent to those who holds the fourth management position and it shall include those who holds departmental manager position or higher in finance and accounting or equivalent.

	(Unit : Thousand Baht)	
	Financial statements in which equity method is applied and Separated financial statements	
	Jan - Sep 2011	Jan - Sep 2010
Management personnel compensation comprised :		
Short-term benefits	52,007	43,675
Post-employment benefits (retirement)	3,701	-
Other long-term benefits	3	-
<b>Total</b>	<b>55,711</b>	<b>43,675</b>

#### 25. Segment information

As the Company has run a business as a distributor of fashion - oriented consumer products with export value less than 10 percent of the total sales, so it was deemed no significance to disclose any segment information on this matter.

#### 26. Financial instruments

##### 26.1 Risk management

The Company has no policy to speculate in or trade in any monetary transaction.

##### 26.2 Interest rate risk

The interest rate risk arises from the fluctuation of the market rate which has affected business performance and cash flow. Hence the Company's financial data mostly bear the interest rate adjusted according to the market interest rate.

##### 26.3 Foreign currency risk

Due to the very small number of foreign trade debtors and creditors, the Company then has not entered into the forward exchange contracts for hedging such exchange risk as the risk is immaterial.

##### 26.4 Credit risk

Due to the cautious policy in providing credit facilities with strictly-controlled debt follow up and most of the debtors have long time dealt with the Company, so no significant loss from debt collection is expected. As of September 30, 2011 and December 31, 2010, the Company has reserved the doubtful accounts amounting to Baht 32.89 million and Baht 36.43 million equivalent to 2.14% and 2.08% of trade accounts and notes receivable respectively. Consequently, the contingent credit risk has already been reserved.

## 26.5 Fair value

Financial instruments held to maturity in the normal course of business are recorded at cost or at the amount of payment at call as appropriate.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties under independent negotiation and non-related business.

The Company uses the following methods and assumptions in estimate the fair value of each significant class of financial instruments:

26.5.1 Cash and cash equivalents, current investment, loans to related parties, trade accounts receivable and trade accounts payable including other debtors and creditors.

The value stated in the balance sheet is close to the fair value due to the short term period of payment and payment receivable.

26.5.2 Investment in securities

The fair value of investments in marketable securities is the current quoted market prices. While the investments in non-marketable securities have been reasonably calculated on the net assets of such investments, of which their values are close to the ones stated in their balance sheets.

26.5.3 Investment in debt securities

The fair value is estimated by the present value method based on the present interest rate for the financial asset at nearly the same maturity date.

Followings are the carrying value stated in the statement of financial position and estimated net fair values of significant financial assets held on September 30, 2011 and December 31, 2010:

(Unit : Thousand Baht)

	Financial statements in which equity method is applied and Separated financial statements			
	September 30, 2011		December 31, 2010	
	Amount shown in the Statement of financial position	Fair value	Amount shown in the Statement of financial position	Fair value
Investment in debt - securities	65,000,000	63,615,814	65,000,000	64,957,120

## 27. Capital management

The major objective of the Company's capital management is to adopt an appropriate financial structure, maintaining the capability in continual business operation and relying more on internal business capital than borrowing from external institutes.

As of September 30, 2011 and December 31, 2010, the Company has debt - equity ratio as follows:

	Financial statements in which equity method is applied and Separated financial statements	
	September 30, 2011	December 31, 2010
Debt - equity ratio	0.21	0.18

## 28. Approval of financial statements

The financial statements have been approved by the Executive Board on November 4, 2011.