



Asia Fiber Public Company Limited

2010 Annual Report



3.89 kg
CO₂
per kg nylon

Anti-Bacteria & Dope Dyed



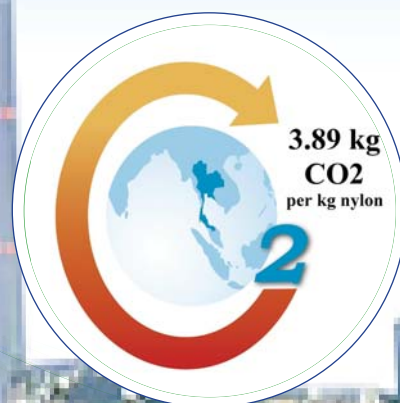
Functional Textiles





Asia Fiber Public Company Limited

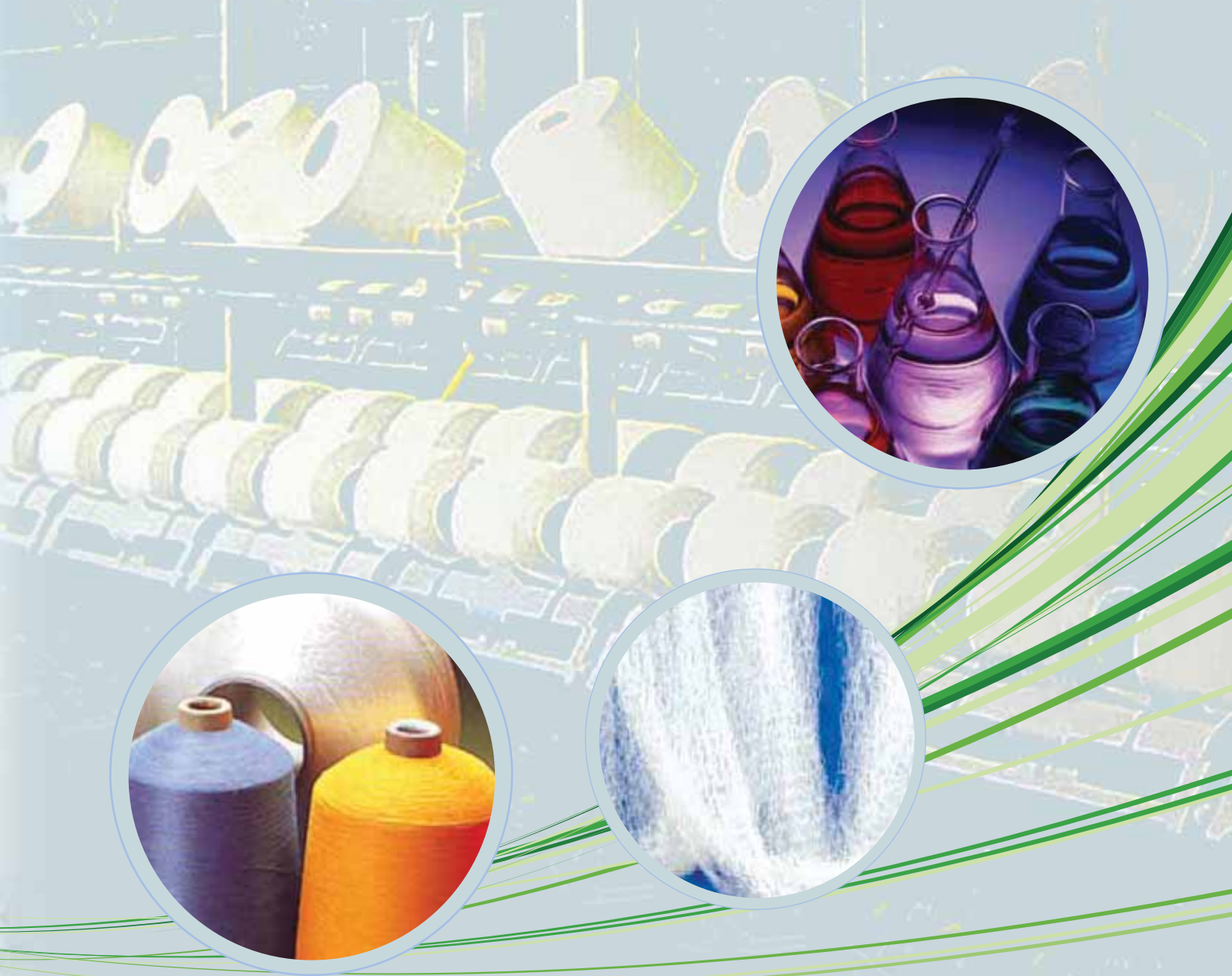
2010 Annual Report



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Continuous Improvement

Customer Satisfaction

Quality On-time Delivery Price

Product Variety

Production Accuracy

Environment Preservation

General Information

Asia Fiber Public Company Limited

Public Company Registration No.

0107536001630

Office

33/133-136 Surawongse Road, Bangrak,

Bangkok 10500

Tel : +66 (0) 2632-7071

Fax : +66 (0) 2236-1982

Homepage : <http://www.asiafiber.com>

E-mail : sales@asiafiber.com

Factory

406-7 Moo 7, Sukhumvit Road, K.M.33.5

Tumbol Bangpoo-Mai, Amphur Muang,

Samuthprakarn Province 10280

Products

1. Nylon Chip
2. Nylon Filament Yarn
3. Nylon Textured Yarn
4. Filament Woven Fabrics (Loom-State and Finished)

No. of Employees

690 Persons

Type and number of shares already issued

Total of 45,574,266 Ordinary Shares

Other Reference Persons

Registrar

Thailand Securities Depository (Thai) Co.,Ltd.

62 The Stock Exchange Of Thailand Building,

Rachadapisek Rd., Klongtoey, Bangkok 10110

Tel. : 0-2229-2800

Auditor

C & A Accounting Firm

2210/51 Narativatrachanakarin Road,

Chongnonsee, Yannawa, Bangkok 10120

Tel : 0-2678-0750-4

Fax : 0-2678-0661

Legal Advisor

Auditor : Miss Jintana Mahavanich or
Mrs. Chintana Techamontrikul
C.P.A. (Thailand) Registration No. 4687, 5131
Adviser Law & Detective Co.,Ltd.
111/93 Rajdamnern Condominium,
Nakornsawan Rd., Pomprab, Bangkok 10100
Tel. : 0-2629-9917

Investment In Companies With 10% Or More Of Registered Capital

Companies	Cryothai Company Limited
Address	60/12 Moo 2, Phaholyothin Road, Klong Nueng, Klong Luang, Pathumthani 12120 Telephone 0-2901-3700-4 Fax 0-2901-3705
Business Nature	Energy
Paid Capital	150,000,000.00 Baht
Share Holding	15%

Message from the Chairman



Mr. Piphat Sirikietsoong
Chairman



Last fiscal year was another challenging year for doing business. Although oil price fluctuation had calmed down somewhat from the previous year, but volatility is still high. On the economic front, no sooner had the subprime crisis in the United States started to recover than the fiscal and financial crisis in many European countries set in and expand to all over Europe, resulting in subdued purchasing power. Meanwhile, on domestic front, political conflict grew out of proportion, leading to incessant protests which culminated in such pandemonium never before experienced in Thailand. Even though peace has been restored, but simmering conflict remains, prompting the government to extend the effect of the emergency decree in certain areas. These are all abnormal events which are obstructive to business.

Amid this unfavorable environment, the company was able to turn crisis into opportunity by targeting exports towards new, conducive markets such as ASEAN, India, and China where Free Trade Agreements started to take effect, which give the company an edge over competitors from other countries, resulting in export volume that more than compensates for the declining domestic sales. In the mean time, the company continues its drive for product developments, creating differentiation that responds to the needs of customers, as well as complies with changing world trading requirements. Hence, the company's products are preferred by the market and command a premium over other competitors. Furthermore, expense control and improved efficiency in resource utilization such as energy and water resulted in cost reduction and increased profit, as evident in this fiscal year. These are signs confirming the viability of the company's direction that should lead to successful recovery in the future.

All the same, reversing the trend of loss into a continued profitability this year is just the beginning of the company's recovery process. Many challenges remain in the immediate future, i.e. product and process development, management and human resource restructuring, and development of new marketing in line with globalization. These important tasks require the united effort of all the staff to race past the hurdles with perseverance and creativity, in order to propel the company beyond our competitors. On behalf of the board of directors, I take this opportunity to thank all the staff, our customers, shareholders, and creditors who are important supports for the company to pass these obstacles and move forward towards stable and sustainable success.

Mr. Piphat Sirikietsoong
Chairman

Financial Highlights

Amount : Thousand Baht

	2010	2009	2008
Total net sales and service	1,299,309	1,240,901	1,641,694
Sales export	807,247	692,008	862,679
Percentage of Export	62.13	55.77	52.55
Selling Expenses	28,472	31,658	41,185
Administrative Expenses	29,549	29,916	38,593
Other Revenues	19,487	20,608	37,059
Finance Costs	4	266	940
Bad Debt Provision	–	–	–
Gain (Loss) on Foreign Exchange	(4,518)	143	(960)
Net Profit (Loss)	20,133	3,040	(43,332)
Net Profit (Loss) per Share	0.44	0.07	(0.95)
Accounts Receivable	200,366	177,670	225,999
Finished Goods and Work in Process	179,929	154,519	236,222
Total Assets	1,025,156	1,004,354	1,020,627
Gross Profit Margin (%)	4.61	3.63	0.02
Productions			
– Nylon Chip (Tons)	7,010	6,481	6,468
– Nylon Filament Yarn (Tons)	4,861	5,008	6,977
– Nylon Textured Yarn (Tons)	1,945	1,997	2,229
– Fabrics ('000 Yards)	3,562	5,132	7,769
Ratios			
– Current Ratio	9.57	8.78	6.77
– Debt/Equity Ratio	0.07	0.07	0.09
– A/R Turnover (Days)	52	59	48
– Inventory Turnover (Days)	25	34	33
Return on Investment (ROI) (%)	1.98	0.30	(4.16)
Return on Equity (ROE) (%)	2.12	0.32	(4.60)

Business Structure

Asia Fiber Public Company Limited is a major manufacture of Nylon products to be used as raw material in industries. There are 5 main product groups and services as follow :

1. Nylon Chip : to be used for filament spinning in textile and fishing net industries.
2. Filament Yarn : various types and sizes of filament are produced from nylon chip, used for fabric weaving, some are used to produce Nylon Textured Yarn.



3. Nylon Textured Yarn : is produced from Nylon filament through the process of drawing and false twisting. This stretchable, fluffy yarn is used in fabric and sock knitting.
4. Taffeta Fabric : is the fabric woven from filament yarn. The fabric is also dyed and finished for enhanced look and quality.
5. Fabric Dyeing and Finishing Services : is performed on fabrics supplied by customers.

Income Structure

(Unit : Million Baht)

Product	2009/2010		2008/2009		2007/2008	
	Million Baht	%	Million Baht	%	Million Baht	%
Local sale value						
- Nylon Chip	154	11.86	155	12.49	202	12.30
- Filament Yarn	35	2.70	62	5.00	198	12.06
- Textured Yarn	171	13.16	173	13.94	192	11.69
- Fabric	115	8.85	145	11.68	173	10.54
- Services	17	1.31	14	1.13	14	0.85
Total	492	37.88	549	44.24	779	47.44
Foreign sale value						
- Nylon Chip	414	31.87	300	24.17	383	23.33
- Filament Yarn	234	18.01	181	14.59	272	16.57
- Textured Yarn	153	11.78	187	15.07	170	10.35
- Fabric	6	0.46	24	1.93	38	2.31
Total	807	62.12	692	55.76	863	52.56
Total Local and Foreign sale value						
- Nylon Chip	568	43.73	455	36.66	585	35.63
- Filament Yarn	269	20.71	243	19.59	470	28.63
- Textured Yarn	324	24.94	360	29.01	362	22.04
- Fabric	121	9.31	169	13.61	211	12.85
- Services	17	1.31	14	1.13	14	0.85
Total	1,299	100.00	1,241	100.00	1,642	100.00

State of the Industry and Competitions

Following 2008, the year of volatility that saw unprecedented oil price swing, and the U.S. subprime financial crisis, which prompted most countries to summon all strength in shoring up the economy, things started to get better, but not for long. In the middle of 2009, countries in Europe with public debts exceeding gross domestic product showed signs of non-payment to their financial obligations. The situation in these countries, collectively called PIIGS—Portugal, Iceland, Ireland, Greece, and Spain, caused widespread panic throughout Europe prompting major European economies to lend their support, resulting in subdued purchasing power for the continent. As Europe had been an important market for goods manufactured by developing countries, the shrinking of its purchasing power means these countries can no longer rely on order and revenue from Europe. Furthermore, the economic recovery in the U.S.A. and Japan began to falter causing a downward revision of world's economic growth target. Countries that depend on export as the main revenue could, therefore, be affected along the whole supply chain. Industry would be the main sector to feel the direct impact from this situation.



During the recovery period, the Thai industrial sector reaped the full benefit from the improved situation due to the sector was geared toward export more than domestic consumption. With the recovery came orders from all over the world looking to replenish their dwindling inventory, while other production bases wavered. China's labor cost increased to almost the same level with Thailand. Vietnam, Bangladesh, and similar countries lacked sufficient infrastructure. Hence, Thai export figure since the end of 2009 soared. Many industries, namely automotive, electronics, plastics, food, and textile, were unable to meet the market demand. However, as export may be good for the short term, it tipped the balance of marketing—causing undue dependence on export while domestic economy collapsed due to serious political conflicts. Disruptive



protests were held in central Bangkok causing tremendous damage to business and tourism. Many shops and hotels had to close prompting thousands to lose their jobs. The inevitable dispersion of the protest left many deaths and even more wounded. These are all negative factors to the domestic purchasing power.

The Thai textile industry also benefited from world economic recovery. Following a contraction of 5.7% in 2009, the first 5 month of 2010 saw export increased over 30%, with ASEAN and China market expanded over 30% and 60% respectively while the United States and Japan contracted and EU expanded only 6%. This goes to show Thai entrepreneurs' adjustment capability and the determination to find new markets, which are key success factors, and confirms the role of the Thai textile industry as the main supplier of textile material to the ASEAN area, including China and India. These new breed of entrepreneurs have prepared themselves for new standards on, for example, chemicals (REACH), product safety, and energy consumption (carbon footprint), which will be the new venue for competition in the near future.

The synthetic fiber industry follows the same pattern as the textile industry in general. Even though the production technology is not complex and fast-paced, but optimization on yield and waste reduction are vital, as the materials are considered non-biodegradable, and involve many chemicals in their production. As such, production process must be most efficient with lowest possible waste. Resources, such as water and energy, must be treasured and used minimally, and only as needed. This is why the company has started to establish the carbon footprint of some of its product, and arranged training and campaign on "Lean Production" in order to obtain the knowledge and to implement it in every area of the company. These are necessary steps to prepare for new and more vigorous competition in the new era.

Risk Factors

Aside from the financial risk factors included in the Notes to Financial Statements in the auditor's report, business risk factors can be described as followed:

1. **Product.** The company produces Nylon-6 material, which is relatively more expensive to produce than other synthetic yarns. Hence, there remains the risk of substitution by cheaper materials in some applications. However, with its special characteristics, Nylon-6 is still the principal material for certain applications such as socks, hosiery, tent, umbrella, fishing net, etc. This feature, combined with the rather limited production capacity and expansion, provides a relatively stable balance between demand and supply. The fact that other materials like polyester were already utilized by the company, and developments on new products, including the investment on more flexible machinery to better respond to market requirement, helps mitigate this risk factor.



2. **Raw Material.** Raw material, Caprolactam, represents the largest portion in the cost structure. Hence, its price fluctuation and the timing of purchase is vital to the performance of synthetic yarn manufacturers. Recently the price of Caprolactam remains high due to the increased cost of crude oil and other chemicals, and boosted by the lack of worldwide capacity increase in recent times. The company's strategy remains to closely monitor the price movement, and to ascertain the price of each lot of raw material prior to delivery. Selling price would not be offered until the cost and quantity of the raw material is obtained. This way the company knows exactly the cost of each lot of product sold.
3. **Dumping of products from overseas due to reduced import duty.** Following government's policy to accelerate import duty reduction and restructuring, import duty of all company's product fell to 5%, in accordance with the product category. This rate is relatively low compared to competing countries, which encourages dumping from larger overseas manufacturers



who are more capable and have cost advantages. Toward this risk, the company emphasizes production efficiency and reduction of resource consumption in order to be competitive on cost, while focusing on joint development with customers on new products that respond better to customers' need, and providing closer, quicker, and better services that are relatively hard to be matched by overseas competitors.

4. **Currency Risk.** The extraordinary appreciation of the Baht recently had considerable impacts on many industries, e.g. apparel, shoes, furniture, food, etc., most of which had high proportion of their costs in Baht. The company's largest cost component is the raw material which is transacted in U.S. dollar for both the imported portion and the locally obtained portion, thus the risk level in this area is low. Furthermore, the export revenue each month closely matches the raw material purchase, further minimizing the outstanding risk. Nevertheless, the company exercises due care, and closely monitors the movement during high fluctuations, and executes forward transactions for the net exposure between revenue and expense in order to keep balance. This measure is effective and incurs minimal expenditure.
5. **Personnel Risk.** During the past few years, many of the company's executive personnel had reached retirement age, posing a risk of loss in experience, knowledge, and work efficiency. This industry, meanwhile, cannot attract top level personnel from educational institute or other industries. Realizing this risk, the company has tried to build successors from within the organization. In cases where successors are not ready to take the helm, postponement of retirement was granted with agreement and cooperation from retiring personnel who remain healthy and willing to work.
6. **Business Risk.** Business risk includes risk of compliance to laws and regulations, product risk to consumers, risk of reputations, etc. The company is in the process of setting up a system of self risk assessment that will conform to the corporate risk abatement objective.

Shareholders and Management

Major Shareholders of as of the latest closed date share registered book
September 30, 2009

Name of Shareholders	No. of Shares	%
1. Group of Mr.Namchai Namchaisiri	6,374,026	13.99
2. Group of Mr.Piphat Sirikietsoong	5,364,628	11.77
3. Group of Mr.Vitoon Sirikietsoong	3,340,150	7.33
4. Mr.Jul Namchaisiri	3,213,000	7.05
5. Group of Mr.Pira Sirikietsoong	2,559,159	5.62
6. Group of Mr.Tira Sirikietsoong	2,173,617	4.77
7. Group of Mr.Vira Sirikietsoong	2,058,011	4.52
8. Mrs.Ann Malakul-Na Ayuthaya	2,027,866	4.45
9. Group of Mr.Chamnan Viravan	1,894,578	4.16
10.The Bank of New York (Nominees) Limited A/C 5100	1,113,100	2.44

Appointment of Board Directors

The Board of Directors consists of no fewer than five and no more than 28 persons to be elected at a general meeting of shareholders. Additionally, no fewer than one-half of the board of directors must have residence in Thailand. The election of Company directors at general meeting of shareholders is to be carried out in accordance with the following criteria and procedures:

1. The number of votes of each shareholder is equivalent to the number of shares held.
2. Each shareholder must cast all his/her votes, as determined in (1), to select one or several candidate (s) to be Board member (s), and may not divide his/her votes among candidates.
3. Depending upon the number of posts to be filled at that time, the person or persons receiving the highest number of votes are to become members of the Board. In the event that two or more persons receive an equal number of votes and the number of such persons exceeds the number of posts to be filled on the board, the Chairman of the Board of Directors shall cast the deciding vote.

At a meeting of shareholders, a member of the Board may be removed from his/her post prior to the scheduled end of term by a motion approved by three-fourths of the voting shareholders in attendance, representing not less than 50% of the shares held by voting shareholders attending the meeting.

Members of the company's audit committee are directors who qualify as independent directors according to the good governance principles of the Stock Exchange of Thailand and the Security Exchange Commission, which include

1. Holds less than 5% of the voting shares in the company, affiliated companies, related companies, including shares held by related person(s).
2. Does not involve with management, not an employee or fixed income advisor, auditor, legal advisor, affiliated or related company, or person who may have conflict. This non-involvement condition must exist for at least one year prior to the appointment.
3. Does not have business relation, benefits or stakes, directly or indirectly, both financial or operating sides of the company, affiliated and related companies. Not a person with conflict which could impair his (her) independence.
4. Is not close relatives to management, major shareholders of the company, affiliated or related companies. Not a person with potential conflicts, or the protector of director's or major shareholders' interests.

The Board of Directors has the following responsibilities

- (1) To set up the organization and determine the duties in the Company.
- (2) To determine trading policies.
- (3) To consider and approve major regulations and contracts.
- (4) To appoint and dismiss high-level staff.
- (5) To consider and set various budgets.
- (6) To invest in other companies and to obtain loans from banks, financial institutions or other parties.
- (7) To propose allocations of profits.
- (8) To propose increase or decrease of capital.
- (9) To agree to purchase, sell, pledge, mortgage or lease movable and immovable property owned by the Company.
- (10) To make decisions regarding other important activities.

The Board of Executive Directors has the following responsibility

- (1) To run the business according to the policies and objectives of the company under the supervision of the Board of Directors.

The Audit Committee has the following responsibilities

The audit committee's duties and responsibilities to the Board of Directors are as follows:

1. to review the Company's financial reporting process to ensure that it is accurate and adequate;

2. to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend meeting with the auditor without the presence of the executive directors at least once a year;
5. to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - 6.2 an opinion on the adequacy of the Company's internal controlsystem,
 - 6.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - 6.4 an opinion on the suitability of an auditor,
 - 6.5 an opinion on the transactions that may lead to conflicts of interests,
 - 6.6 the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - 6.7 an opinion or overview comment received by the audit committee from its performance of duties in accordance with this charter, and
 - 6.8 other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Management remuneration

Remuneration of the directors 794,200 baht, remuneration of audit committee 160,000 baht, total 954,200 baht. The directors' remuneration in meeting allowance and travel fee according to responsibility under the principles of good governance are as follow:

Name	Position	Attendance/Arrangement			Remuneration (Meeting Allowance)
		Board of Directors	Executive Committee	Audit Committee	
1. Mr.Piphat Sirikietsoong	Chairman	0/5	0/8	–	79,200
2. Mr.Namchai Namchaisiri	Vice Chairman	5/5	8/8	–	52,800
3. Mr.Chen Namchaisiri	Executive Director, President	5/5	8/8	–	52,800
4. Mr.Pira Sirikietsoong	Executive Director, Vice President	5/5	8/8	–	52,800
5. Mr.Vira Sirikietsoong	Executive Director, Factory Manager	5/5	8/8	–	52,800
6. Mr.Mongkol Mangkornkanok	Executive Director	5/5	8/8	–	52,800
7. Mr.Vitoon Sirikietsoong	Executive Director	5/5	8/8	–	52,800
8. Mr.Yodjin Uahwatanasakul*	Executive Director/ Independent Director	0/5	0/8	–	52,800
9. Mr.Chaeng Thongthai*	Executive Director/ Independent Director	5/5	8/8	–	52,800
10. Mr.Nipon Leelasithorn	Executive Director	5/5	8/8	–	52,800
11. Mrs.Jintana Thanatavee	Executive Director Executive Director, Secretary of AFC & Audit Committee	5/5	8/8	4/4	52,800
12. Mr.Payong U-Prasitwong	Chairman of Audit Committee, Independent Director	4/5	–	3/4	79,800
13. Mr.Somsak Puntanakasem	Audit Committee Director, Independent Director	5/5	–	4/4	66,400
14. Mr.Terawat Tachapongvorachai	Audit Committee Director, Independent Director	5/5	–	4/4	66,400
15. Mr.Vichien Tejapaibul	Independent Director	5/5	–	–	26,400
16. Mr.Tanace Kuvnichkul*	Independent Director	5/5	–	–	26,400
17. Mr.Montri Mangkornkanok*	Independent Director	5/5	–	–	26,400
18. Mr.Tira Sirikietsoong	Director	5/5	–	–	26,400
19. Mr.Sathaporn Kotheeranurak	Resignation of Chairman of Audit Committee/Independent Director on October 2009	1/5	–	1/4	28,800
Total/Year					954,200

* 2010 the board of directors approved to promote outsource internal audit committees of Mr.Yodjin Uahwattanasakul & Mr.Chaeng Thongthai to replace with Mr.Tanace Kuvnichkul & Mr.Montri Mangkornkanok

- Remuneration for 5 Management Executives (Salary & Bonus) 7,297,001 Baht
- Other Remuneration None

Governance

The company was able to comply with good practice for the board of listed companies, including the rules and conditions imposed by the Stock Exchange of Thailand. There was no incident of infraction on any regulations of the Stock Exchange of Thailand or the Security Exchange Commission. The company is determined to adopt the best practices for good governance proposed by the Stock Exchange of Thailand, and has proceeded as follow.

A) Governance Policy

The board of directors has issued a policy for good governance to enhance transparency and confidence of shareholders, investors, and related parties. The board of directors is committed to the following:

1. To treat shareholders and stakeholders fairly
2. To do business with transparency and accountability, with sufficient information disclosure to all related parties
3. To encourage management and staff to observe ethics in conducting business fairly and righteously.

B) Shareholders' Right

The board of directors is aware of the duty to look after shareholders' interest, both big and small, unbiased and according to their right. Shareholders also hold the right to safeguard their interests by voicing their opinion, and voting in the shareholders' meeting. They are entitled to join in the decision to bring about major changes, and to receive correct and complete information in a fair, transparent, and verifiable manner.

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

C) Stakeholders' Right

The company values the right of all stakeholders, as follow:

Employee:

Via training and development, employees advance with the Company in a safe and secure working environment, justified benefit and welfare, and convivial relationships.

Supplier, creditor, competitor:

Accorded with fair treatment: e.g. observation of contractual commitment, not taking advantage, no unfair benefit through false representation or omission of facts, no elimination of competitions by dishonest means.

Customers:	The company is determined to deliver good quality product and service, at a suitable price, with responsibility and commitment toward customers' satisfaction.
Auditor:	The company cooperate with the auditor in disclosing information accurately and transparently.
Government Agencies:	The company is determined to observe the law and government regulations, and to cooperate fully with government agencies.
Community, society, and the environment:	To operate as a good citizen, with consideration and responsibility to the community, society, and the country. To give importance to environment by rigorously and continuously reducing pollution and improving surroundings.

D) Information Disclosure and Transparency

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

- 1) Stock Exchange of Thailand
 - 1.1) Annual Report
 - 1.2) Balance Sheet
 - 1.3) Minutes of Directors Meetings
 - 1.4) Others
- 2) The Securities and Exchange Commission
- 3) Ministry of Commerce
- 4) Newspaper
- 5) Company Website (www.asiafiber.com)
- 6) Letters to Shareholders through mail

In addition, shareholders and interested investors may contact the Secretary of the Board of Directors at 0-2632-7071 for further questions.

Internal Audit

The 4th Audit Committee was appointed in 2008 to oversee the company's operation and management. The conclusion of the internal audit was satisfactory. The Audit Committee also made suggestions to the management in order to render the internal control more efficient.

During the meetings of the company's board of directors, regularly attended by the Audit Committee, the opinion on the sufficiency of the internal control system of the Audit Committee was accepted, i.e. the company maintained a sufficient and

suitable internal control system, with effective modification and improvement in response to changing situation such that the company's performance meet the established objectives and in compliance with the law and regulations involved.

The Audit Committee considered the appropriateness and sufficiency of the internal control system in various company's undertaking, which included the accuracy and reliability of the accounting system and financial reports, the care of company's assets, and compliance to law and regulations.

In 2009/2010 fiscal year, the company hired Karin Audit Co., Ltd. to be the company's internal auditor for another one more fiscal year. Audit plans for each and every cycle and system were drawn up. Internal auditor reported to the Audit Committee and the management. As of now, no shortcomings of significance were found.

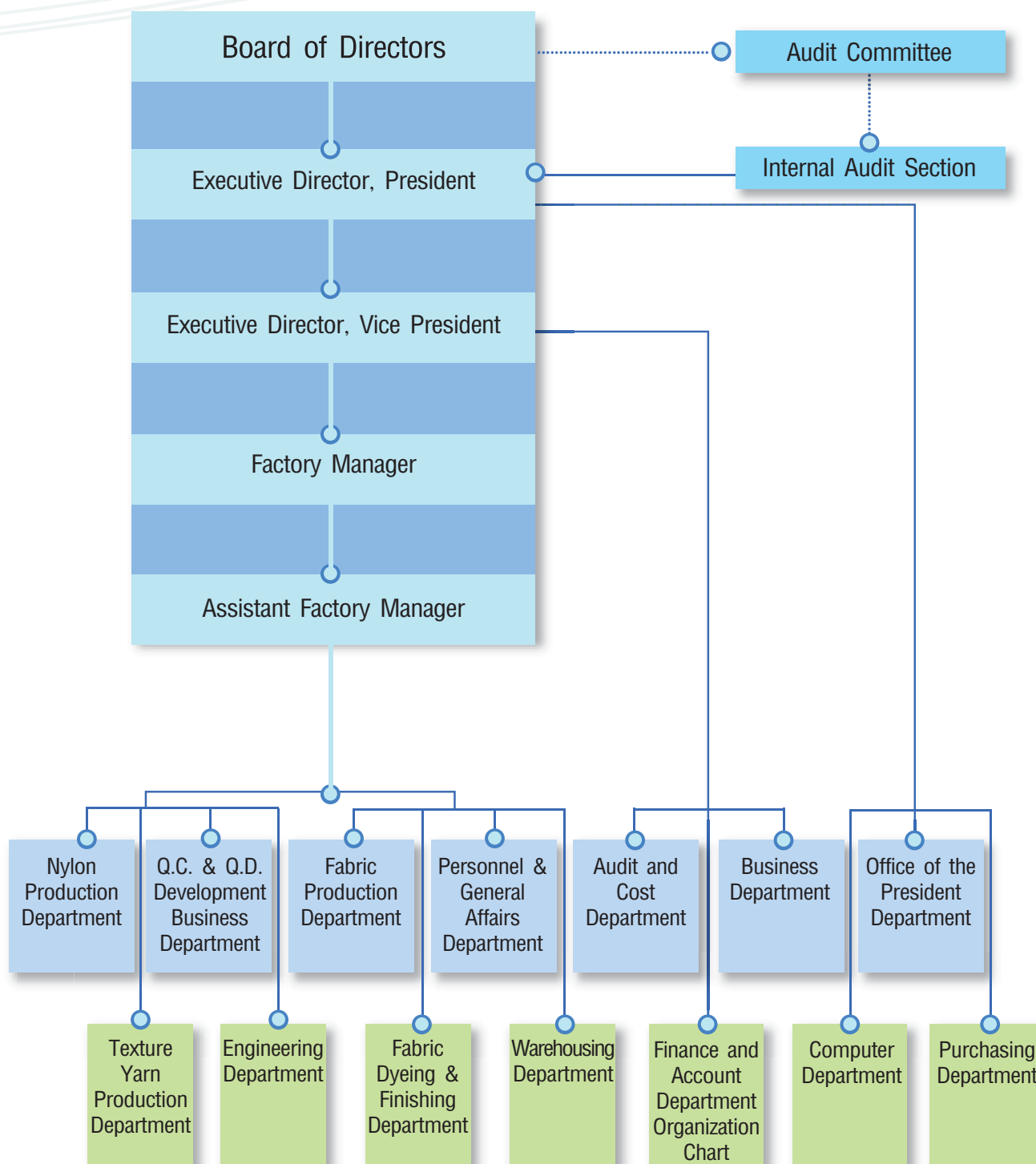
Moreover, the audit of the company's and associated company's financial statements by C&A Associated Co., Ltd., the company's CPA, in their report, did not mention any weakness in the internal control system that could lead to significant damages to the company.

Conclusions regarding Internal Control System

The company was aware that risk management and sufficient and suitable internal control system were important for the company to operate effectively, reduce or safeguard risks to company's assets, and comply to the law and regulations involved. Hence, the following undertakings regarding internal control system were carried out.

1. Policy on good governance was clearly stated.
2. Organization structure was well-defined in accordance with business nature and target, including the responsibility and command chain of all the units in the company.
3. Corporate policy, work instruction, and operation manual were set in writing.
4. Authority of management and staff was clearly stated.
5. Risk management framework, policy, analyses and review thereof are overseen by the executive board of directors to ascertain the appropriateness of the company's risk management and that the policy is consistently followed.
6. Information system which includes the information on finances, operation, and compliance to law and regulations is continuously improved.

Organization Chart



Board of Directors/Executive Directors/Audit Committee's

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Piphat Sirikietsoong Chairman	94	5,364,628 (11.77%)	Bachelor of Economics, National Southeast University, China	1960–Present – Chairman of Thai Industries Development Co., Ltd. 1971–Present – Chairman of Asia Garment Co., Ltd. 1978–1998 – Vice Chairman of Asia Fiber PCL. 1995–Present – Chairman of Fortune International & Computer Co.,Ltd. 1998–Present – Chairman of Asia Fiber PCL.
Mr.Namchai Namchaisiri Vice Chairman	88	6,374,026 (13.99%)	Secondary, Sing-nguan School of China	1981–Present – Vice Chairman of Asia Fiber PCL.
Mr.Chen Namchaisiri** Executive Director, President	54	518,054 (1.14%)	Master of Mechanical & Industrial Engineering, Stanford University, California U.S.A.	1984–1997 – Executive Director & Vice President of Asia Fiber PCL. 1997–Present – Executive Director & President of Asia Fiber PCL.
Mr.Pira Sirikietsoong** Executive Director, Vice President, Manager of Audit & Cost Department	56	2,559,159 (5.62%)	Master of Business Administration (Finance), New York University, U.S.A.	1977–Present – Director of Thai Industries Development Co., Ltd. – Director of Asia Garment Co., Ltd. – Director of Fortune International & Computer Co., Ltd. 1996–Present – Executive Director, Vice President of Asia Fiber PCL.
Mr.Vira Sirikietsoong** Executive Director, Factory Manager	56	2,058,011 (4.52%)	Bachelor of Textile Technology, North Carolina State University, U.S.A.	1977–President – Factory Director of Thai Industries Development Co.,Ltd. 1996–Present – Executive Director, Factory Manager of Asia Fiber PCL.

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Vitoon Sirizkietsoong** Executive Director	60	3,340,150 (7.33%)	Bachelor of Business Administration, New York University, U.S.A.	1971–Present – Managing Director of Asia Garment Co.,Ltd. 1974–Present – Managing Director of Thai Industries Development Co., Ltd. 1987–Present – Executive Director of Asia Fiber PCL. 1995–Present – Managing Director of Fortune International & Computer Co.,Ltd
Mr.Mongkol Mangkornkanok** Executive Director	72	375,644 (0.82%)	Master of Mechanical Engineering, Purdue University, U.S.A.	1969–President – Executive Director of Asia Fiber PCL. 1984–Present – Managing Director of Thai Far East Co., Ltd. – Managing Director of Rama Textile (1988) Co.,Ltd. 1991–Present – Managing Director of Thai Textile Industry Public Co.,Ltd. – Managing Director of United Paper Public Co.,Ltd.
Mr.Yodjin Uahwatanasakul Executive Director/ Independent Director	79	–	Doctor of Philosophy (Law), Babson College, U.S.A.	1973–Present – Chairman & Managing Director of Uahwatanasakul Co.,Ltd. 1989–Present – Executive Director of Asia Fiber PCL. 2010 – Independent Director of Asia Fiber PCL.
Mr.Chaeng Thongthai** Executive Director/ Independent Director	71	154,855 (0.34%)	Doctor of Medicine The University of Sydney, Faculty of Medicine, Australia	1968–Present – Director of Thongthai (1956) Co.,Ltd. 1978–Present – Executive Director of Asia Fiber PCL. 2010 – Independent Director of Asia Fiber PCL.

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Nipon Leelasithorn*** Executive Director	49	438,660 (0.96%)	Master of Business Administration (Management), Sasin Graduate Institute of Business administration Chulalongkorn University	1985–Present – Executive Director of Asia Fiber PCL.
Mrs.Jintana Thanatavee** Executive Director, Secretary, Secretary to the Audit Committee	67	588,387 (1.29%)	Bachelor of Economics, National Taiwan University, Taiwan	1970–Present – Executive Director of Asia Fiber Public Co., Ltd. 1999–Present – Secretary of the Audit Committee of Asia Fiber PCL. 2008–Present – Secretary of Asia Fiber PCL.
Mr.Vichien Tejapaibul** Independent Director	71	24,552 (0.05%)	Bachelor of Finance and Banking, Boston University, U.S.A.	1987–Present – Independent Director of Asia Fiber PCL. 1999–J2007 – Audit Committee Director of Asia Fiber PCL. 2006–Present – Independent Director of Asia Fiber PCL.
Mr.Somsak Puntanakasem** Independent Director, Audit Committee Director	61	181,800 (0.40%)	Secondary, Padding Technical College High School, London, England	1971–Present – Managing Director of Jin Heng Shiang Partnership 1972–Present – Managing Director of Perasak Co., Ltd. 1987–Present – Independent Director of Asia Fiber PCL. 1999–Present – Audit Committee Director of Asia Fiber PCL.
Mr.Payong U-Prasintwong**, **** Chairman of Audit Committee Director, Independent Director,	69	1,000 (0.00%)	Bachelor of Accounting Thammasat, University	2009–Present – Chairman of Audit Committee Director and Independent Director of Asia Fiber PCL.

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Montri Mangkornkanok** Director	64	134,406 (0.29%)	Master of Civil Engineering, University of Illinois, U.S.A.	1984–Present – Managing Director of Vongsechang Co., Ltd. 1984–2009 – Director of Asia Fiber PCL. 2009 – Independent Director of Asia Fiber PCL. 2010 – Director of Asia Fiber PCL.
Mr.Tanace Kuvichkul** Director	62	288,630 (0.63%)	Master of Business Administration, The American University, Washington D.C. U.S.A.	1992–Present – Managing Director of Industries Aluminium Co., Ltd. 1989–2009 – Director of Asia Fiber PCL. 2009 – Independent Director of Asia Fiber PCL. 2010 – Director of Asia Fiber PCL.
Mr.Terawat Techapongvorachai** Independent Director, **** Audit Committee Director	58	403,930 (0.89%)	Bachelor of Textile Management, Pennsylvania, U.S.A.	1983–Present – Executive Manager of Liang Hong Co., Ltd. 1983–Present – Director of Asia Fiber Public Co., Ltd. 1993–Present – Advisor of The Industrial Gas Club, The Federation of Thai Industries 2008–Present – Audit Committee Director of Asia Fiber PCL.
Mr.Tira Sirikietsoong** Director	53	2,173,617 (4.77%)	Bachelor of Economics, Boston University, U.S.A.	1980–Present – Executive Manager of Asia Garment Co., Ltd. 1999–Present – Director of Asia Fiber PCL.

* As share transfer book was net closed on June 30, 2009, and there was no report of any subsequent change, we assume the figures from September 30, 2008, the previous book closing.

** Completed training on Director Accreditation Program from (DAP) Thai Institute of Directors

*** Completed training on Director Certification Program (DCP) from Thai Institute of Directors

**** Completed training on Audit Committee Program (ACP) from Thai Institute of Directors

Other Management Staff

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Satian Techanoraraj Assistant Factory Manager	62	–	B.Sc. Chemistry Chulalongkorn University	1971–Present – Assistant Factory Manager
Mr.Chamnan Chavanabenjawut Assistant Manager of Finance & Accounting Department	47	–	MBA Managemen Kasetsart University B.Acc. Accounting Thammasat University	2006–2009 – Manager of Accounting Section Feb.2009–Present – Assistant Manager of Finance & Accounting Department
Mr.Anant Vaivoothpinyo Manager of Business Department	62	2,240	B.Acc. Accounting Chulalongkorn University	1973–Present – Manager of Business Department
Mr.Mana Intaraphintuvat Manager of Computer Department	62	–	M.Eng. Electrical Engineering Chulalongkorn University	1976–Present – Manager of Computer Department
Mr.Nariss Talungchit Manager of Nylon Production Department	62	–	B.Sc. Chemistry Chulalongkorn University	1973–Present – Manager of Nylon Production Department
Mr.Suthep Permpornsakul Manager of Textured Yarn Production Department	54	–	B.BA. Management Sukhothai Thamathirat University	1979–Present – Manager of Textured Yarn Production Department
Mr.Saksomboon Chaicharoen Manager of Fabric Production Department	55	–	M.A. Economics Chulalongkorn University	1983–Present – Manager of Fabric Production Department

Name/Position	Age	No of Share Held in (Sep 30, 2009)*	Education Qualification	Work History
Mr.Tanu Laorsittipirom Assistant Manager of Fabrics Dyeing & Finishing Department	47	–	Diploma Industrial Technology Sattahit College	1973–Present – Manager of Fabrics Dyeing & Finishing Department
Mr.Noranit Wesayasatit Manager of Quality Control & Development Department & Manager of Purchasing Department	62	1,000	M.B.A. Business Administration Chulalongkorn University	1971–Present – Manager of Quality Control & Development Department Jun 2009–Present – Manager of Purchasing Department
Mr.Chalong Fongmanee Assistant Manager of Engineering Department	60	–	Diploma Electrical Lampang Technic	1972– 2551 – Manager of Electrical Section Present – Assistant Manager of Engineering Dept.
Mr.Suwat Suvichanijkul Manager of Personnel & General Affairs Dept.	57	3,648	B.BA. Human Resource Management Rajanakarin Rajabhat University Secretary	1973–Present – Manager of Personnel & General Affairs Department
Mrs.Penprapa Chaikul Manager of Warehousing Department	59	–	Diploma Krirk College	1973–Present – Manager of Warehousing Department

* As share transfer book was net closed on June 30, 2010, and there was no report of any subsequent change, we assume the figures from September 30, 2009, the previous book closing.

Mutual Interest Persons and Connected Transactions

Mutual Interest Persons	Connected Transactions	Product Sales	Description	
			2009/2010	
			Unit	Baht
1. Thai Far East Co., Ltd. List of Directors 1. Mr.Piphat Sirikietsoong 2. Mr.Mongkol Mangkornkanok 3. Mr.Namchai Namchaisiri 4. Mr.Chen Namchaisiri 5. Mrs.Jintana Thanatavee 6. Mr.Nipon Leelasithorn 7. Mr.Montri Mangkornkanok 8. Mr.Tanace Kuvnichkul	Customer	- Nylon Stretch Yarn Kgs. - Nylon Fabric Yards - Service (Nylon Fabric) Yards	- 3,140 9,587	- 0.05 0.13
2. Asia Garment Co.,Ltd. List of Directors 1. Mr.Piphat Sirikietsoong 2. Mr.Vitoon Sirikietsoong 3. Mr.Vira Sirikietsoong 4. Mr.Pira Sirikietsoong 5. Mr.Tira Sirikietsoong	Customer	- Nylon Stretch Yarn Kgs. - Nylon Fabric Yards Kgs.	- 47,061 2,376.38	- 0.80 0.31
3. Thai Industries Development Co.,Ltd. List of Directors 1. Mr.Piphat Sirikietsoong 2. Mr.Vitoon Sirikietsoong 3. Mr.Vira Sirikietsoong	Customer	- Nylon Stretch Yarn Kgs. - Nylon Fabric Yards	2,652.79 -	0.47 -

Mutual Interest Persons	Connected Transactions	Product Sales	Description	
			2009/2010	
			Unit	Baht
4. Mr.Pira Sirikietsoong 5. Mr.Tira Sirikietsoong				
4. Thai Sewing Industrial Co.,Ltd. List of Directors 1. Mr.Piphat Sirikietsoong 2. Mr.Vitoon Sirikietsoong 3. Mr.Vira Sirikietsoong 4. Mr.Pira Sirikietsoong 5. Mr.Tira Sirikietsoong	Customer	- Nylon Fabric Yards Kgs.	54,817 1,314.92	1.28 0.19

The company has maintained, and will continue to maintain the policy that for all sales to Thai Far East Co., Ltd., Asia Garment Co., Ltd., Thai Industries Development Co., Ltd. and Thai Sewing Industrial Co., Ltd. or other mutual interest parties, regular term and conditions based on existing market conditions unequivocally apply.

Term and payment policy for the related company is not different from the company regular customers, As at June 30, 2010 more than 12 month long outstanding trade account receivables from the related companies was Baht 125 million which company have provided an allowance for doubtful accounts of Baht 72.11 million., the land and construction of the related companies are mortgaged as collateral for these receivables while the appraised value based on reports of an independent appraisal firm dated June 5, 2009 amounted Baht 91.40 million baht at market price and Baht 54.80 million baht at force sale price therefore such allowance is adequate to absorb possible losses on the different of appraised value of these assets and the balance of such receivables. Nevertheless, company has controlled this outstanding trade account receivables from these 2 related companies not exceeding this level.

Year-end Results and Analysis

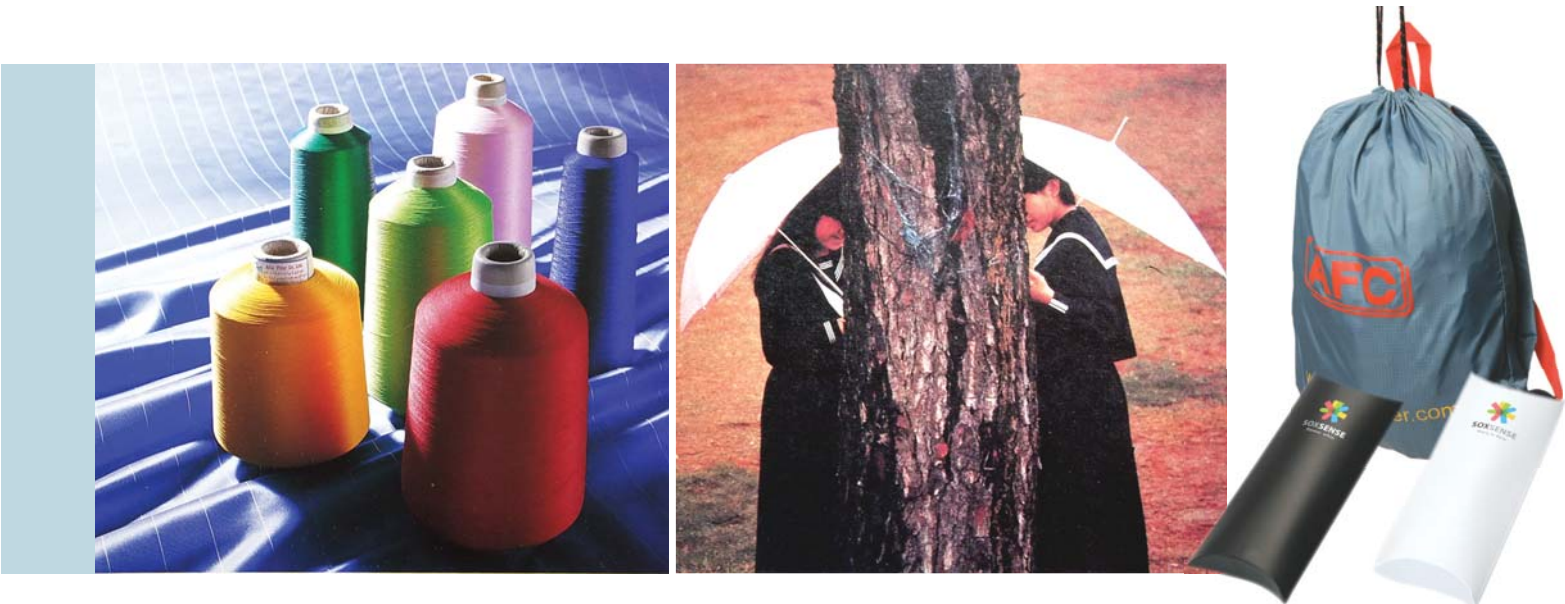


Unit : Thousand

	2010	2009	Difference (%)
Total Sales	1,299,309	1,240,901	+4.71%
Total Sales Export	807,250	692,210	+16.62%
Gross Profit	59,899	45,071	+32.90%
Selling Expenses	28,472	31,658	-10.06%
Administrative Expenses	28,598	21,973	+30.15%
Other Revenues	19,487	20,608	-5.44%
Interest Expenses	4	266	-98.67%
Net Income after Income Tax	20,133	3,040	+562.23%
Net Income to Sales	1.55%	0.24%	
Accounts Receivable	200,366	177,670	+12.77%
Inventories	199,106	177,147	+12.40%
Current Ratio	9.44	8.78	
Quick Ratio	6.37	6.03	
Debt/Equity Ratio	0.07	0.07	

This year's net sales increased slightly from last year as a net result from export growth of 16.62% while domestic sales declined 10.35%. Thus, share of exports increased from 56% last year to 62% this year. Raw material cost, though still volatile, was more stable than last year. This factor combined with effective cost reduction gave rise to the gross margin at a higher rate than the increase in sales. Meanwhile, selling expense declined 10% even though most expenses are tied to export volume, but effective

negotiation on freight charges and sales commission resulted in lower expenses in this area. Administrative expenses increased 30% due to the retirement compensation for employees this year exceed last year by more than 6 million Baht. Without this unusual increase the administrative expense would remain on par with that of last year. Other income did not deviate much from last year. Interest expense this year was close to zero as credit facilities are seldom used. On foreign exchange, the company incurred higher loss this year due to the strengthening of the Baht during the period of high foreign currency denominated account receivable such as this year. However, the



strengthening of the Baht also help lowering raw material cost as it was denominated in U.S. dollars. This year also saw a number of fully depreciated fixed assets sold at a profit, augmenting the company's other income. Finally, a reversal of reserve for bad debt of more than 6 million Baht was carried out according to the new accounting standards for bad debt classification. All these factors combined to yield a substantially higher net profit from last year.

On the structure of assets, account receivables and inventory increased according to the unit price of products being produced and sold. In addition, a number of old export customers started to resort to usance letter of credit of 45-60 days as standard, thus slightly lengthened collection period. However, financial structure remained healthy with better liquidity as evidenced by the current ratio and quick ratio. Profitability indicators such as return on assets and return on sales were much improved with the higher net profit. Debt was virtually zero during the past year as well.

Audit Committee's Report

Shareholders of Asia Fiber Public Company Limited,

The audit committee comprises 3 qualified personnel who are also independent directors as follow:

1. Mr. Payong U-Prasitwong, an independent director and chairman of the audit committee, attended 3 audit committee meetings. (Appointed October 12, 2009)
2. Mr. Somsak Pantanakasem, an independent director and member of the audit committee, attended all 4 audit committee meetings.
3. Mr. Terawat Tachapongvorachai, an independent director and member of the audit committee, attended all 4 audit committee meetings.

Each meeting was attended by the company's high-level executives, head of internal auditor unit, and the certified public auditors, except the last meeting with the certified public auditors which was without company's high-level executives.

The audit committee performed its duty as assigned by the company's board of directors, by reviewing the company's financial statements as audited and reported by the certified public auditors. Issues found from the auditing were also discussed to ascertain the correctness in substance and compliance to the generally accepted accounting principles. The internal auditor's report, with improvement measures in significant areas and follow-up on such measures, was also reviewed to achieve adequate and effective internal control. In addition, management was also present to offer opinions, analysis on performance, and answers to questions in each of the meeting.

The audit committee reviewed company's operation and its compliance with the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand, and/or laws governing the business engaged by the company. Recommendations were made on good corporate governance, review of important risk aspects, and review of related transactions during each meeting.

The audit committee monitored the company's administration in important issues found during reviews of both the certified public auditor and the internal auditor. Corrective actions taken were summarized and reported regularly in the board meetings in order to improve the company's efficiency and to prevent breaches of the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand, and/or laws governing the business engaged by the company, with an aim toward the highest benefit to shareholders and confidence of all parties concerned.

As part of its duty, the audit committee selected the certified public accountant to be proposed by the board of directors for the approval by the shareholders, with consideration on independence, performance, experience, together with the proposed audit fee. In conclusion, the audit committee selected Miss Jintana Mahavanich, c.p.a. 4687, and/or Mrs. Chintana Techamontrikul, c.p.a. 5131, who represent C & A Accountants, to be certified public accountants for the company for another term, and concurred to an annual audit fee, including quarterly reviews, of not more than 490,000 Baht.

For the fiscal year 2008/2009 just ended, the audit committee was able to work independently with excellent cooperation from the management, employees, and all parties involved. Hence, we are of the opinion that the company has sufficient internal control system, and no shortcomings of significance that could effect the company's financial statements were found. We also did not find any non-compliance to the government's rules or regulations. Nevertheless, there was a remark regarding two related debtors (Thai Far East Co., Ltd., and TFE Trading Co., Ltd.), whose debts, totaling 125.17 million Baht, were long overdue, and were collateralized by the debtors' land and buildings. These collaterals were revalued by an independent appraiser on Jun. 5, 2009 at a forced-sale value of 54.8 million Baht (market value 91.4 million Baht). As a conservative measure, the company sets aside a reserve for bad debt of 72.11 million Baht, which, the management believes, is sufficient for the potential loss which could arise from the shortfall between the appraised price of the collateral and the outstanding debt. However, the company does not have a plan to enforce the mortgage and liquidate the assets at this time as the debtors remain in normal course of business.

For and on behalf of the Audit Committee



(Mr. Payong U-Prasitwong)
Chairman of the Audit Committee

Report of Independent Auditor

To the shareholders of Asia Fiber Public Company Limited

I have audited the accompanying balance sheets in which the equity method is applied of Asia Fiber Public Company Limited as at June 30, 2010 and 2009, the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Asia Fiber Public Company Limited for the same years. These financial statements are the responsibility of the management of the company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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 audits provide 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 Asia Fiber Public Company Limited as at June 30, 2010 and 2009, and the results of its operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

C&A Accounting Firm

Chintana Techamontrikul

(Mrs. Chintana Techamontrikul)

Certified public accountant (Thailand) no. 5131

Bangkok : August 24, 2010

Asia Fiber Public Company Limited

Balance Sheets

As at June 30, 2010 and 2009

(Unit : Baht)

	Note	Financial statements in			
		which equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	200,962,679.61	173,641,231.72	200,962,679.61	173,641,231.72
Trade accounts and notes receivable-net					
- Related companies	5	55,151,900.62	54,401,920.65	55,151,900.62	54,401,920.65
- Other companies	7	145,214,081.52	123,267,587.67	145,214,081.52	123,267,587.67
Inventories-net	8	199,106,290.68	177,146,942.67	199,106,290.68	177,146,942.67
Other current assets	9	12,837,480.43	36,349,064.73	12,837,480.43	36,349,064.73
Total current assets		613,272,432.86	564,806,747.44	613,272,432.86	564,806,747.44
Non-current assets					
Investment in common shares of associated company	11	20,472,539.43	20,201,789.13	22,500,000.00	21,000,000.00
Investment in common shares of other company (general investment)-at cost	10	500,000.00	500,000.00	500,000.00	500,000.00
Property, plant and equipment-net	12, 13	390,834,014.12	418,701,950.65	390,834,014.12	418,701,950.65
Intangible assets		14,164.38	-	14,164.38	-
Other non-current assets		63,000.00	143,822.00	63,000.00	143,822.00
Total non-current assets		411,883,717.93	439,547,561.78	413,911,178.50	440,345,772.65
Total assets		1,025,156,150.79	1,004,354,309.22	1,027,183,611.36	1,005,152,520.09

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

Asia Fiber Public Company Limited

Balance Sheets

As at June 30, 2010 and 2009

(Unit : Baht)

	Note	Financial statements in which equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	12, 13	-	-	-	-
Trade accounts payable		36,135,092.02	34,246,243.18	36,135,092.02	34,246,243.18
Other current liabilities	14	27,928,099.46	29,148,120.04	27,928,099.46	29,148,120.04
Total current liabilities		64,063,191.48	63,394,363.22	64,063,191.48	63,394,363.22
Non-current liabilities					
Other non-current liabilities		909,901.26	909,901.26	909,901.26	909,901.26
Total non-current liabilities		909,901.26	909,901.26	909,901.26	909,901.26
Total liabilities		64,973,092.74	64,304,264.48	64,973,092.74	64,304,264.48
Shareholders' equity					
Share capital					
Authorized share capital					
100,000,000 ordinary shares of Baht 10 each		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Issued and paid-up share capital					
45,574,266 ordinary shares of Baht 10 each		455,742,660.00	455,742,660.00	455,742,660.00	455,742,660.00
Premium on share capital		369,500,000.00	369,500,000.00	369,500,000.00	369,500,000.00
Unrealised (gain) loss		279,992,762.65	279,992,762.65	279,992,762.65	279,992,762.65
Retained earnings (deficits)					
Appropriated for :					
Statutory reserve	15	16,247,500.00	16,247,500.00	16,247,500.00	16,247,500.00
General reserve		1,357,626.34	1,357,626.34	1,357,626.34	1,357,626.34
Unappropriated (deficit)		(162,657,490.94)	(182,790,504.25)	(160,630,030.37)	(181,992,293.38)
Total shareholders' equity		960,183,058.05	940,050,044.74	962,210,518.62	940,848,255.61
Total liabilities and shareholders' equity		1,025,156,150.79	1,004,354,309.22	1,027,183,611.36	1,005,152,520.09

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

Asia Fiber Public Company Limited
Statements of Income
For the years ended June 30, 2010 and 2009

(Unit : Baht)

	Note	Financial statements in which equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Revenue from sales or revenue from services	5	1,299,308,919.31	1,240,900,513.21	1,299,308,919.31	1,240,900,513.21
Cost of sales or cost of services		(1,239,409,553.03)	(1,195,830,009.00)	(1,239,409,553.03)	(1,195,830,009.00)
Gross profit (loss)		59,899,366.28	45,070,504.21	59,899,366.28	45,070,504.21
Other income	5	19,487,049.23	20,607,519.88	19,487,049.23	20,607,519.88
Profit (loss) before expenses		79,386,415.51	65,678,024.09	79,386,415.51	65,678,024.09
Selling expenses		(28,471,693.97)	(31,657,813.12)	(28,471,693.97)	(31,657,813.12)
Administrative expenses		(20,140,125.36)	(20,548,560.42)	(20,140,125.36)	(20,548,560.42)
Management benefit expenses		(8,251,201.00)	(8,099,607.00)	(8,251,201.00)	(8,099,607.00)
Other expenses		(1,157,595.32)	(1,267,365.19)	(1,157,595.32)	(1,267,365.19)
Total expenses		(58,020,615.65)	(61,573,345.73)	(58,020,615.65)	(61,573,345.73)
Profit (loss) before Share of income (loss) from investment in associate		21,365,799.86	4,104,678.36	21,365,799.86	4,104,678.36
Share of profit (loss) from investment in associate		(1,229,249.70)	(798,210.87)	-	-
Profit (loss) before finance costs and income tax expenses		20,136,550.16	3,306,467.49	21,365,799.86	4,104,678.36
Finance costs		(3,536.85)	(266,305.91)	(3,536.85)	(266,305.91)
Net earnings (loss) for the year		20,133,013.31	3,040,161.58	21,362,263.01	3,838,372.45
Earnings (loss) per share (Baht)					
Net earnings (loss) for the year		0.44	0.07	0.47	0.08
Weighted average number of ordinary shares (Unit : shares)		45,574,266	45,574,266	45,574,266	45,574,266

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

Asia Fiber Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended June 30, 2010 and 2009

(Unit : Baht)

Financial statements in which equity method is applied

	Issued and paid-up share capital	Premium on share capital	Unrealised (gain) loss	Retained earnings			Total
				Appropriated for		Unappropriated (deficit)	
				Statutory reserve	General reserve		
Balance as at June 30, 2009	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(182,790,504.25)	940,050,044.74
Net earnings for the year	-	-	-	-	-	20,133,013.31	20,133,013.31
Balance as at June 30, 2010	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(162,657,490.94)	960,183,058.05
Balance as at June 30, 2008	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(185,830,665.83)	937,009,883.16
Net earnings for the year	-	-	-	-	-	3,040,161.58	3,040,161.58
Balance as at June 30, 2009	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(182,790,504.25)	940,050,044.74

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

Asia Fiber Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended June 30, 2010 and 2009

(Unit : Baht)

Separate financial statements

	Issued and paid-up share capital	Premium on share capital	Unrealised (gain) loss	Retained earnings			Total
				Appropriated for		Unappropriated	
				Statutory reserve	General reserve	(deficit)	
Balance as at June 30, 2009	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(181,992,293.38)	940,848,255.61
Net earnings for the year	-	-	-	-	-	21,362,263.01	21,362,263.01
Balance as at June 30, 2010	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(160,630,030.37)	962,210,518.62
Balance as at June 30, 2008	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(185,830,665.83)	937,009,883.16
Net loss for the year	-	-	-	-	-	3,838,372.45	3,838,372.45
Balance as at June 30, 2009	455,742,660.00	369,500,000.00	279,992,762.65	16,247,500.00	1,357,626.34	(181,992,293.38)	940,848,255.61

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

Asia Fiber Public Company Limited
Statements of Cash Flow
For the years ended June 30, 2010 and 2009

(Unit : Baht)

	Financial statements in		Separate financial statements	
	which equity method is applied			
	2010	2009	2010	2009
Cash flows from operating activities				
Net - earnings before corporate income tax	20,133,013.31	3,040,161.58	21,362,263.01	3,838,372.45
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities :				
Depreciation and amortization expenses	29,120,836.74	35,997,197.92	29,120,836.74	35,997,197.92
Gain on disposal of fixed assets	(4,058,703.64)	(998,995.42)	(4,058,703.64)	(998,995.42)
Reversal of allowance for doubtful accounts	(9,089,168.05)	-	(9,089,168.05)	-
Allowance for doubtful accounts	2,905,235.59	-	2,905,235.59	-
Reversal of allowance for diminution in value of inventories	(2,273,980.36)	244,586.64	(2,273,980.36)	244,586.64
Reversal of allowance for slow-moving spare parts and factory supplies	(210.00)	(969,952.49)	(210.00)	(969,952.49)
Share of loss from investment in associate	1,229,249.70	798,210.87	-	-
Unrealised (gain) loss on exchange	1,772,004.34	16,837.66	1,772,004.34	16,837.66
Interest expenses	3,536.85	266,305.91	3,536.85	266,305.91
Income (loss) from operating activities before changes in operating assets and liabilities	39,741,814.48	38,394,352.67	39,741,814.48	38,394,352.67
Operating assets (increase) decrease				
Trade accounts and notes receivable	(16,507,957.25)	48,056,635.23	(16,507,957.25)	48,056,635.23
Inventories	(19,685,157.65)	108,095,037.32	(19,685,157.65)	108,095,037.32
Other current assets	23,417,390.52	(19,415,962.94)	23,417,390.52	(19,415,962.94)
Other non- current assets	80,822.00	15,000.00	80,822.00	15,000.00
Operating liabilities increase (decrease)				
Trade account payables	1,906,357.62	(4,725,617.94)	1,906,357.62	(4,725,617.94)
Other current liabilities	(1,205,334.41)	(6,337,209.18)	(1,205,334.41)	(6,337,209.18)

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

Asia Fiber Public Company Limited
Statements of Cash Flow
For the years ended June 30, 2010 and 2009

(Unit : Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	2010	2009	2010	2009
Cash receipt (paid) from operations	27,747,935.31	164,082,235.16	27,747,935.31	164,082,235.16
Cash paid for interest	(3,536.85)	(266,305.91)	(3,536.85)	(266,305.91)
Cash receipt from withholding taxes	403,405.23	-	403,405.23	-
Cash paid for corporate income tax	(309,211.45)	(182,055.58)	(309,211.45)	(182,055.58)
Net cash flows from (used in) operating activities	27,838,592.24	163,633,873.67	27,838,592.24	163,633,873.67
Cash flows from investing activities				
Cash paid for common shares of associated company	(1,500,000.00)	(21,000,000.00)	(1,500,000.00)	(21,000,000.00)
Purchases of fixed assets	(1,359,435.94)	(1,027,417.73)	(1,359,435.94)	(1,027,417.73)
Purchase of intangible assets	(16,500.00)	-	(16,500.00)	-
Cash proceeds from disposal of fixed assets	4,167,574.99	999,065.42	4,167,574.99	999,065.42
Net cash flows from (used in) investing activities	1,291,639.05	(21,028,352.31)	1,291,639.05	(21,028,352.31)
Cash flows from financing activity				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	-	(8,239,536.24)	-	(8,239,536.24)
Net cash flows from financing activities	-	(8,239,536.24)	-	(8,239,536.24)
Effect from foreign exchange in cash and cash equivalents	(1,808,783.40)	244,751.84	(1,808,783.40)	244,751.84
Net increase (decrease) in cash and cash equivalents	27,321,447.89	134,610,736.96	27,321,447.89	134,610,736.96
Cash and cash equivalents at beginning of year	173,641,231.72	39,030,494.76	173,641,231.72	39,030,494.76
Cash and cash equivalents at end of year	200,962,679.61	173,641,231.72	200,962,679.61	173,641,231.72

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

Asia Fiber Public Company Limited

Note to Financial Statements

As at June 30, 2010 and 2009

1. General information

Asia Fiber Public Company Limited was incorporated in Thailand on March 10, 1970 and has been listed in the Stock Exchange of Thailand on September 22, 1975. The company is engaged in manufacturing of nylon products.

The company's office and factory addresses are as follows :

Office 27th Floor, Wall Street Tower, 33/133-136 Surawongse Road, Suriyawongse, Bangrak, Bangkok.

Factory 406 - 7 Moo 7, Sukhumvit Road Km. 33.5, Tambol Bangpoomai, Muang District, Samutprakarn, Thailand.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The compulsory sub-entries in the financial statements are prepared under the announcement of the Business Development on the subject of determination of abbreviate transactions that compulsory in the financial statements (2009).

An English version of the financial statements have been prepared from the statutory financial statements that are issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the thai language statutory financial statements shall prevail.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. The actual results may differ from those estimates.

The separate financial statements, which present investments in associate presented under the cost method, have been prepared solely for the benefit of the public.

3. Announcement to accounting standards

The Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 12/2552 dated May 15, 2009 regarding the renumbering of Thai accounting standards and Thai financial reporting standards to be equivalent to the International Accounting Standards and the International Financial Reporting Standards.

Accounting standards announced but not effective

The Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 16/2552 dated May 21, 2009 regarding the following new and revised accounting standards that have been announced in the Royal Gazette, but not yet in effective for the year ended June 30, 2010, except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective.

<u>Thai Accounting Standards</u>		<u>Effective date</u>
Accounting Framework (Revised 2007)		Immediately
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
TAS 24 (Revised 2007)	Related Party Disclosures (Previously No. 47)	January 1, 2011
TAS 40	Investment Property	January 1, 2011

The Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 17/2553 dated May 26, 2010 regarding the following new and revised Thai Accounting Standards (TASs) and Thai Financial Reporting Standards (TFRSs) that have been announced in the Royal Gazette, but not yet in effective for the year ended June 30, 2010, except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective.

<u>TAS/TFRS</u>		<u>Effective date</u>
Accounting Framework (Revised 2009)		Immediately
Thai Accounting Standards (TASs)		
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 2 (Revised 2009)	Inventories	January 1, 2011
TAS 7 (Revised 2009)	Statement of Cash Flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events after the Reporting Period	January 1, 2011
TAS 11 (Revised 2009)	Construction Contracts	January 1, 2011
TAS 12	Income Taxes	January 1, 2013
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013

3. Announcement to accounting standards (continue)

<u>TAS/TFRS</u>		<u>Effective date</u>
Thai Accounting Standards (TASs)		
TAS 23 (Revised 2009)	Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009)	Investments in Associates	January 1, 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	January 1, 2011
TAS 31 (Revised 2009)	Interests in Joint Ventures	January 1, 2011
TAS 33 (Revised 2009)	Earnings Per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011
TAS 40 (Revised 2009)	Investment Property	January 1, 2011
Thai Financial Reporting Standards (TFRSs)		
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011

The company's management anticipates that all of the above accounting standards will be adopted in the company's financial statements when they become effective and that the adoption of those accounting standards will have no material impact on the financial statements of the company in the period of initial application.

4. Significant accounting policies**4.1 Revenue and expenses recognition**

Revenues from sales of goods and services net of output tax, rebates and discount. Revenues from sales of goods are recognized when significant risk and rewards of ownership of the goods are transferred to the buyer.

Revenues from services are recognized when the service is rendered.

Revenues from interest are recognized by timing and other income are recognized by accrual basis of accounting.

Cost of sales and expenses are recognized by accrual basis of accounting.

4.2 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost which comprise cash on hand, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are initially recorded at cost but later stated at net realizable value.

The company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on collection experience coupled with a review of the current status of the existing receivables.

4.4 Inventory valuation

Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventories purchased comprise the purchase price and other costs directly attributed to the acquisition of goods. Manufacturing cost of finished goods and work in process comprises from raw materials, labour and manufacturing overhead. Inventories are valued at moving average cost. Goods in transit are valued at cost price.

The company has policy to approximate the allowance for decline in value of inventories by the management's review.

4.5 Investments

Investment in associate is accounted for in the financial statements in which equity method is applied using the equity method.

Investment in associate is accounted for in the separate financial statements using the cost method.

The investments in shares of other company (general investment), which held for long-term purpose, are recorded at cost. Gains or losses are taken up in the accounts when the investments are disposed. The cost of investment disposed during the year is determined by the weighted average method.

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

4.6 Property, plant and equipment

Land is stated at appraised value. Plant and equipment are stated at cost less accumulated depreciation. When assets are sold or retired, their costs and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

The company depreciates its plant and equipment by reference to their costs on a straight-line basis over the following estimated useful lives :

	Year
Buildings and improvements	10 - 20
Machinery and equipment	5 - 10
Furniture, fixtures and office equipment	5 - 10
Vehicles	5

There is no depreciation on land and land improvements.

Depreciation is recognized as expense for each accounting period.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

4.7 Intangible assets

Intangible assets have been recorded at cost or fair value less accumulated amortization and impairment of assets (if any). Intangible Assets will be amortized by the straight-line method over the period. The management has estimated the useful life of each intangible assets as follows:

	<u>Estimated period</u>
Computer software	5 year

4.8 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.

4.9 Impairment of asset

The carrying amounts of the company's assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.10 Employee benefits

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

4.11 Provision

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

4.12 Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense on a systematic basis over the lease term.

4.13 Foreign currency translation

Items included in the financial statements are measured and prepare using Thai Baht.

Foreign currency translation are converted into Thai Baht and using the exchange rates prevailing on the date of the translation. Monetary assets and liabilities denominated in foreign currency are converted to Thai Baht at the exchange rate prevailing at the balance sheets date. Gains and losses resulting from the settlement of foreign currency translation and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statements of income, also in Thai Baht.

4.14 Income tax

The provision for income tax is based on the amount payable according to the revenue code. However, the company has no income tax payable for the years 2010 and 2009 because of loss from operations.

4.15 Earnings (loss) per share

Earnings per share is determined by dividing the net earnings for the period by the weighted average number of issued and paid-up of common stock during the period.

5. Related party transactions

The company had significant business transactions with its associated and related companies (which are shareholders of the company and/or common director). These transactions, which were concluded on the terms and basis stated in the relevant agreement, or as agreed between the company.

As at June 30, 2010 and 2009 the related companies consisted of :

Company's name	Types of relation	Relationship
Thai Far East Co., Ltd.	Related company	Directorship
T.F.E. Trading Co., Ltd.	Related company	Directorship
Thai Sewing Industrial Co., Ltd.	Related company	Directorship
Asia Garment Co., Ltd.	Related company	Directorship
Thai Industries Development Co., Ltd.	Related company	Directorship
Cryothai Co., Ltd.	Associated company	Associated company and directorship

5. Related party transactions (continue)

As at June 30, 2010 and 2009, trade accounts and notes receivable from related companies consisted of :

	(Unit : Baht)			
	2009	Increase	Decrease	2010
Trade accounts receivable :				
Thai Far East Co., Ltd.	106,077,781.97	185,535.33	256,351.08	106,006,966.22
T.F.E. Trading Co., Ltd.	19,324,138.68	-	145,612.03	19,178,526.65
Thai Sewing Industrial Co., Ltd.	-	1,713,295.36	825,857.07	887,438.29
Asia Garment Co., Ltd.	-	1,186,779.28	-	1,186,779.28
Thai Industries Development Co., Ltd.	-	1,237,944.03	1,237,944.03	-
Total	125,401,920.65	4,323,554.00	2,465,764.21	127,259,710.44
<u>Less</u> Allowance for doubtful accounts	(71,000,000.00)			(72,107,809.82)
Net	54,401,920.65			55,151,900.62

The aging analysis of the above trade accounts and notes receivable from related companies as at June 30, 2010 and 2009 are as follows :

	(Unit : Baht)	
	2010	2009
Trade accounts receivable :		
Current to 3 months	2,087,696.90	15,543.89
Over 3 months to 6 months	-	1,104,191.32
Over 6 months to 12 months	172,056.00	2,766,038.63
Over 12 months	124,999,957.54	121,516,146.81
Total	127,259,710.44	125,401,920.65
<u>Less</u> Allowance for doubtful accounts	(72,107,809.82)	(71,000,000.00)
Net	55,151,900.62	54,401,920.65

5. Related party transactions (continue)

As at June 30, 2010 and 2009, the company had long-outstanding (more than 6 months) trade accounts receivable from two related companies (Thai Far East Co., Ltd. and T.F.E. Trading Co., Ltd.) totalling Baht 125.17 Million and Baht 124.28 Million, respectively (the outstanding balances from these companies as at June 30, 2010 and 2009 totalling Baht 125.19 Million and Baht 125.40 Million, respectively). The land and construction thereon of such companies are mortgaged as collateral for these receivables. The appraised value based on reports of an independent appraisal firm dated June 5, 2009 amounted to Baht 91.40 Million (at market price) and Baht 54.80 Million (at force sale price). Based on conservative basis, the company provided an allowance for doubtful accounts of Baht 72.11 Million (2009 : Baht 71.00 Million) as at June 30, 2010 and 2009. The management believes that such allowance is adequate to absorb possible losses on the difference of appraised value of these assets and the balance of receivables. However, the management has no policy to seize the mortgaged assets from these receivables for market auction at the present since these receivables still operate in their businesses.

The transactions with the related companies which included in the statements of income for the years ended June 30, 2010 and 2009 are as follows :

		(Unit : Baht)	
	Policy of pricing	2010	2009
Sales	Market price	4,040,704.67	10,787,799.49
Penalty income on delay payment from customers	Negotiated agreement	1,904,749.54	1,922,937.42

6. Cash and cash equivalents

	(Unit : Baht)	
	2010	2009
Cash	177,506.20	188,450.00
Cash at banks - saving a/c	195,575,436.62	166,682,401.98
Cash at banks - current a/c	5,209,736.79	6,770,379.74
Total	200,962,679.61	173,641,231.72

7. Trade accounts and notes receivable-other companies-net

The aging analysis of trade accounts and notes receivable-other companies as at June 30, 2010 and 2009 are as follows :

	(Unit : Baht)	
	2010	2009
Notes receivable		
Not over due	27,204,305.31	17,300,442.10
Over 6 month to 12 month	1,693,379.00	-
Trade accounts receivable :		
Current to 3 month	117,968,210.95	114,910,701.59
Total trade accounts and notes receivable	146,865,895.26	132,211,143.69
Less : Allowance for doubtful accounts	(1,651,813.74)	(8,943,556.02)
Net	145,214,081.52	123,267,587.67

As at June 30, 2010 and 2009, the allowance for doubtful accounts amounted to Baht 1.65 Million and Baht 8.94 Million, respectively. The management believes that such allowance is adequate to absorb possible losses on doubtful accounts.

8. Inventories-net

	(Unit : Baht)	
	2010	2009
Finished goods	92,896,681.82	89,465,643.13
Work in process	90,374,510.40	70,669,281.20
Raw materials	7,844,272.93	6,426,606.41
Spare parts and factory supplies	10,579,722.98	11,229,958.48
Inventories in transit	1,232,440.38	5,450,981.64
Total	202,927,628.51	183,242,470.86
<u>Less</u> Allowance for decline in value of inventories	(3,341,768.62)	(5,615,748.98)
Allowance for slow-moving spare parts and factory supplies	(479,569.21)	(479,779.21)
Net	199,106,290.68	177,146,942.67

9. Other current assets

	(Unit : Baht)	
	2010	2009
Export incentive receivable	9,050,352.53	5,810,092.31
Advance payment for rawmaterials	211,240.80	27,819,936.81
Others	3,575,887.10	2,719,035.61
Total	12,837,480.43	36,349,064.73

10. Investment in common shares of other company (general investment)-at cost

	(Unit : Baht)	
	2010	2009
UBE Chemicals (Asia) Public Company Limited		
(Formerly company named : Thai Caprolactum Public Company Limited)	500,000.00	500,000.00
Total	500,000.00	500,000.00

As at 1 February 2010, Thai Caprolactum Public Company Limited merged with UBE Nylon (Thailand) Company Limited under the new company named UBE Chemicals (Asia) Public Company Limited. The Company received the allocation of shares of the new company at the ratio of 1 : 0.8253354. As a result, the company has 41,267 shares at par value Baht 10 which converted from 50,000 shares at par value Baht 10. On the transaction date, the book value of UBE Chemicals (Asia) Public Company Limited's share was Baht 13.62 per share (The book value of Thai Caprolactum Public Company Limited's share was Baht 12.52 per share).

11.1 Detail of associate :

(Unit : Baht)

Company's name	Nature of business	Country of incorporation	Relationship	% Share holding	As at June 30, 2010 and 2009			
					Cost		Carrying amounts based on equity method	
					2010	2009	2010	2009
Cryothai Company Limited	Manufacture of ventilate the heat for sell in the country, production to order, sell liquefied, natural gas and rent out transport vehicle	Thailand	Directorship	15	22,500,000.00	21,000,000.00	20,472,539.43	20,201,789.13

In November 2008, the company acquired ordinary shares of Cryothai Company Limited at 15% purchase from major shareholder at par value (the company paid for common stock of Cryothai Company Limited and already performed of condition for investment in that company).

In July 2009, the associate increased its registered capital from Baht 140 Million to Baht 150 Million by issuing 1,000,000 ordinary shares with a par value of Baht 10 per share. The company has agreed to make additional investment amounting to Baht 1.50 Million in such additional shares in order to maintain its existing interest. The company has yet to pay for these additional shares in July 2009.

The company has agent in committee who was designee from the committee of Cryothai Company Limited.

As at September 3, 2007, Cryothai Company Limited make an agreement with PTT Public Company Limited to produce LNG (liquefied natural gas), from source of production Nong Toom - A, Sukhothai province, for 10 year since accept LNG and HC.

11.2 Summarised financial information of associate

Financial information of the associate is summarised bellows :

(Unit : Baht)

Company's name	As at June 30, 2010 and 2009						For the years ended June 30, 2010 and 2009			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net earnings (loss)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Cryothai Company Limited	150,000,000.00	140,000,000.00	395,375,561.07	380,758,943.47	266,943,487.31	255,964,421.16	11,658,036.41	1,964,008.02	(8,194,998.03)	(5,321,405.77)

12. Property, plant and equipment-net

(Unit : Baht)

	At appraised value	At cost				
	Land and improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Cost / appraised value :						
June 30, 2009	295,000,000.00	381,194,102.00	2,127,088,251.51	14,828,794.94	5,252,442.52	2,823,363,590.97
Additions	-	125,000.00	790,000.00	444,435.94	-	1,359,435.94
Disposals	-	(226,648.64)	(41,178,558.80)	(390,000.00)	-	(41,795,207.44)
Transfers in (out)	-	-	(268,756.10)	-	-	(268,756.10)
June 30, 2010	295,000,000.00	381,092,453.36	2,086,430,936.61	14,883,230.88	5,252,442.52	2,782,659,063.37
Accumulated depreciation :						
June 30, 2009	-	348,835,943.28	2,036,463,522.97	14,587,631.55	4,774,542.52	2,404,661,640.32
Depreciation for the year	-	9,136,104.18	19,565,344.28	148,296.56	-	28,849,745.02
Depreciation on disposals	-	(226,638.64)	(41,069,700.45)	(389,997.00)	-	(41,686,336.09)
June 30, 2010	-	357,745,408.82	2,014,959,166.80	14,345,931.11	4,774,542.52	2,391,825,049.25
Net book value :						
June 30, 2010	295,000,000.00	23,347,044.54	71,471,769.81	537,299.77	477,900.00	390,834,014.12
June 30, 2009	295,000,000.00	32,358,158.72	90,624,728.54	241,163.39	477,900.00	418,701,950.65
Depreciation for the year :						
2010 (Bah 28.76 Million included in manufacturing cost, and the balance in selling and administrative expenses)						28,849,745.02
2009 (Baht 34.98 Million included in manufacturing cost, and the balance in selling and administrative expenses)						35,050,025.07

12. Property, plant and equipment-net (continued)

The company appraised its land by following Accounting Standard no. 32 (new number 16) issued by the Federation of Accounting Professions Under The Royal Patronage of His Majesty The King which allows the valuation of property, plant and equipment at appraisal amounts for financial statements reporting purposes.

As at June 30, 2010 and 2009, the company's land is stated at the appraised value (based on report of an independent appraisal firm dated June 20, 2008). The excess of appraised value (Baht 295 Million) over cost of Baht 280 Million, is shown as "unrealised (gain) loss" under "shareholders' equity" in the balance sheets. The unrealised (gain) loss is not available for dividend distribution.

As at June 30, 2010 and 2009, certain fixed assets with

- a) The original costs totalling Baht 2,138.61 Million and Baht 2,157.22 Million, respectively, are fully depreciated but they are still in active use.
- b) The net carrying values totalling Baht 205.01 Million and Baht 216.13 Million, respectively, are mortgaged / pledged as collateral for credit facilities with financial institutions as discussed in note 13.

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

As at June 30, 2010 and 2009, the company has overdraft lines with several local banks totalling Baht 25 Million.

An overdraft line of Baht 25 Million is collateralized by a part of the company's land, machinery and equipment as discussed in note 12.

14. Other current liabilities

	(Unit : Baht)	
	2010	2009
Accrued expenses	19,579,229.79	21,984,893.70
Others	8,348,869.67	7,163,226.34
Total	27,928,099.46	29,148,120.04

15. Statutory reserve

According to the Public Limited Companies Act B.E. 2535, the company is required to set aside to a legal reserve at least 5 percent of net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve can not be used for dividend payment.

16. Financial instruments

Financial risk management policies

The company does not hold or issue derivative instruments for speculative or trading purposes.

Liquidity risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitment as indicated in the financial statements. The management, based on the company's current financial position and results of operations and its forecasted financial information, believes that at present the company has no such risk.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the company's operations and its cash flows. The company's exposure to interest rate risk relates primarily to its deposits with banks, bank overdrafts, and loans from financial institutions. The company have not used derivative financial instruments to hedge such risk.

Foreign currency risk

The company's exposure to foreign currency risk relates primarily to its receivables, payables and loans that are denominated in foreign currencies. The management has regularly considered entering into the derivative agreement to hedge the foreign currency risk.

A summary of un-hedged foreign currency assets and liabilities as at June 30, 2010 and 2009 is set out below :

	Financial assets		Financial liabilities	
	(Million)		(Million)	
	2010	2009	2010	2009
U.S. Dollars	2.50	3.86	0.14	0.20
Pound sterling	-	-	0.0007	0.001
Euro	-	-	0.01	0.05

Credit risk

Credit risk is the risk that a counterparty is unable or unwilling to meet a commitment that it entered into with the company. The risk is controlled by the application of credit approvals, limits and monitoring procedures.

The carrying amount of accounts receivable recorded in the balance sheet, net of allowance for doubtful accounts represents the maximum exposure to credit risk.

Fair value of financial instruments

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

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

17. Segmentation of business

The company's financial information for the years ended June 30, 2010 and 2009 are as follows :

(Unit : Baht)

	Local		Export		Total	
	2010	2009	2010	2009	2010	2009
Sales	475,145,835.07	532,248,828.52	807,246,835.79	692,008,367.92	1,282,392,670.86	1,224,257,196.44
Services income	16,916,248.45	16,643,316.77	-	-	16,916,248.45	16,643,316.77
Total	492,062,083.52	548,892,145.29	807,246,835.79	692,008,367.92	1,299,308,919.31	1,240,900,513.21
Cost of sales	(454,804,365.96)	(516,269,266.71)	(770,721,243.24)	(667,272,280.44)	(1,225,525,609.20)	(1,183,541,547.15)
Cost of services	(13,883,943.83)	(12,288,461.85)	-	-	(13,883,943.83)	(12,288,461.85)
Total	(468,688,309.79)	(528,557,728.56)	(770,721,243.24)	(667,272,280.44)	(1,239,409,553.03)	(1,195,830,009.00)
Gross profit (loss)	23,373,773.73	20,334,416.73	36,525,592.55	24,736,087.48	59,899,366.28	45,070,504.21
Other income					19,487,049.23	20,607,519.88
Selling expenses					(28,471,693.97)	(31,657,813.12)
Administrative expenses					(20,140,125.36)	(20,548,560.42)
Management benefit expenses					(8,251,201.00)	(8,099,607.00)
Other expenses					(1,157,595.32)	(1,267,365.19)
Finance costs					(3,536.85)	(266,305.91)
Net earnings (loss) for the year					21,362,263.01	3,838,372.45
Property, plant and equipment, net					390,834,014.12	418,701,950.65
Others					636,349,597.24	586,450,569.44
Total assets					1,027,183,611.36	1,005,152,520.09

18. Additional information of the nature by expenses**(Unit : Baht)****For the years ended June 30,**

	2010	2009
Changes in inventories of finished goods and work in progress	(34,312,297.07)	64,097,036.78
Raw materials and consumables used	962,930,377.90	794,431,677.18
Management benefit expenses	8,251,201.00	8,099,607.00
Employee benefit expenses	140,502,067.73	149,783,761.70
Depreciation and amortization expenses	28,851,405.52	35,050,025.07
Other expenses	191,207,413.60	205,941,247.00
Total	1,297,430,168.68	1,257,403,354.73

19. Obligation commitments**19.1 Guarantees**

As at June 30, 2010 and 2009, the company had letter of guarantee issued by a local bank in favor of the customs department of Baht 1 Million.

19.2 Letter of credit

As at June 30, 2009, the company has letter of credits amounting to Euro 0.04 Million.

20. Approval of financial statements

These financial statements have been approved by the company's director on August 24, 2010.



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