

New City (Bangkok) Public Co., Ltd.
Annual Report 2013

INDEX

- 1. Financial information**
- 2. Report of the Board of Directors**
- 3. Report of the Audit Committee**
- 4. Nature of Business**
- 5. Risk factors**
- 6. Shareholding Structure**
- 7. Management**
- 8. Corporate Governance Policies**
- 9. CORPORATE SOCIAL RESPONSIBILITIES**
- 10. Internal audit control system and risk management**
- 11. Transactions**
- 12. Definition and Financial Status Analysis and Performance**
- 13. Company General Information**
- 14. Annual Report of the Board of Directors for the financial report**
- 15. Financial statements**

SOCIAL ACTIVITIES

For the year 2013, New City (Bangkok) Public Co., Ltd. has joined activities to support the social with organizations as follows.

Cherilon donate the clothes under the
“Give away new clothes to the youth” project



Cherilon Product Department has invited Cherilon customers to donate undercoats for kids in need through school foundation and agencies. Children have the opportunity to wear the new singlet which is not secondhand as singlet is undercoat that is innerwear and shall be treated as personal use and should not be shared with others.

Cherilon representatives have done the campaign at the offices and department stores around Bangkok area, such as Emporium Towers, GMM Grammy, Central World, The Malls Ngam Wong Wan, Fortune Tower, CAT Building, Italthai Building, Sirinrat Building together with organising the mini concert featuring Preao-Sareewan and Peed-Samathaya Wathawathana, project presenters and sisters who are violin and cello players for Footpath Trio band which won 5 years in the row gold medal from the International Youth Chamber Music Competition 2005. They have played various songs at this concert.



The Cherilon Executives have already given the Cherilon Basic clothes to young girls and ladies from different organisation, e.g. Student in Need Foundation under the Royal Patronage, Lumpoon 48 years Chalermprakiat School, Srisangwarn School, Mirror Foundation, Children Development Foundation (Duangkae Centre), Chiangmai Raindrops Disabled Rehabilitation Center and other foundations at several provinces.



OVERALL FINANCIAL STATEMENT

As of 31st December 2013 (Unit: Thousand Baht)
Financial statements showing equity investment details

List	2013	2012	2011	Change Rate %	
				2013/ 2012	2012/ 2011
❖ Total Assets	642,729	678,501	598,988	-5.27	13.27
❖ Total Liabilities	290,636	323,563	310,132	-10.18	4.33
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	352,093	354,938	288,856	-0.80	22.88
❖ Sales Income	673,936	667,985	611,617	0.89	9.22
❖ Gross Income	684,305	682,954	623,529	0.20	9.53
❖ Initial Profit	227,986	226,010	210,301	0.87	7.47
❖ Net Profit	36,764	47,274	39,743	-22.23	18.95
❖ Net Profit per share (Baht)	2.46	3.16	2.66	-22.15	18.80
❖ Stated Share value (Baht)	10	10	10	0	0
❖ Accounting Share Value (Baht)	23.55	23.74	19.32	-0.80	22.88
❖ Net Profit Rate (%)	5.37	6.92	6.37	-22.40	8.63
❖ Profit Rate per share value (%)	10.44	13.32	13.70	-21.62	-2.77
❖ Benefit Rate per Total Assets (%)	5.57	7.40	7.05	-24.73	4.96

Company Financial Statement

List	2013	2012	2011	Change Rate %	
				2013/ 2012	2012/ 2011
❖ Total Assets	663,870	702,593	623,978	-5.51	12.60
❖ Total Liabilities	290,636	323,563	310,132	-10.18	4.33
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	373,234	379,030	313,845	-1.53	20.77
❖ Sales Income	673,936	667,985	611,617	0.89	9.22
❖ Gross Income	688,968	695,381	643,570	-0.92	8.05
❖ Initial Profit	227,986	226,010	210,301	0.87	7.47
❖ Net Profit	29,751	49,115	54,720	-39.43	-10.24
❖ Earnings per share (Baht)	1.99	3.29	3.66	-39.51	-10.11
❖ Par Value (Baht)	10	10	10	0	0
❖ Book Value (Baht)	24.96	25.35	20.99	-1.54	20.77
❖ Net Profit Margin (%)	4.32	7.06	8.50	-38.81	-16.94
❖ Return on shareholders' equity (%)	7.97	12.96	17.95	-38.50	-27.80
❖ Return on assets (%).	4.35	7.40	8.95	-41.22	-17.32

REPORT OF THE BOARD OF DIRECTORS

Year 2013, the textile business was very stagnant because of the increase of the minimum wage to 300 Baht per day, and has been announced to those who graduated with a minimum monthly salary of 15,000 Baht, resulting in some close down of textile business in Thailand. In particular, exports to foreign countries, some buyers have decided to purchase goods from neighboring countries, because of the lower labour wage.

New City (Bangkok) Public Co., Ltd. is categorized into the textile business, therefore, was affected by this staging, but with good cooperation of everyone in the company which made the sales and revenues of the company to be similar to year 2012, but profit after tax fell by 11 million Baht from 47 billion Baht in 2012 to 36 million Baht in 2013, the profits went down because of selling costs. The selling costs increased from of 109 million Baht in 2012 to 141 million Baht in 201, equivalent to approximately 29% increased. The administrative expenses decreased 19% from 71 million baht to 59 million baht, liquidity is better. The cost of funds decreased from 7 million Baht to 5.8 million Baht. The inventories dropped to about 14 million Baht from 277 million Baht to 263 million Baht. The provision of benefits for employees was increased from 8 million Baht to 15 million Baht, about 95% higher.

Market competition is more intense every day. Many products in the market sold for below cost. Products from China are sold in Thailand are increasing rapidly, due to some factories in Thailand must reduce the number of people. For companies with the supply of goods under its own brands as well as focusing on quality are still competitive, being familiar with the brand for customers to remember which make existing in the stockings market for a period of 50 years.

For the year 2014, the Company had to develop sales to grow. If the market is still sluggish, price increases would be impossible, but the company is trying to reduce the cost of sales, be more efficient and trying to introduce more products into the market.

REPORT OF THE AUDIT COMMITTEE

Dear Shareholders,

The Audit Committee of New City (Bangkok) Public Co., Ltd. which consists of three independent directors, namely Mr. Somchai Kanchanapisal as Chairman of the Audit Committee, Mr. Suksan Fuengrit and Ms. Waraporn Phekanant as the Directors of the Audit Committee and are in position for period of 3 years and Ms. Sum-ang Jantarima, Finance Manager acting as Secretary the Audit Committee. The Committee has acted upon the duties of the Audit Committee Charter, which was approved by the Board and conducted as authorized by the Board of Directors. For year 2013, the Audit Committee has conducted 4 meetings by all 3 Committee members attended all meetings and has carried the assessments in the following criteria.

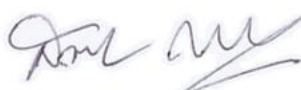
1. **Audit the financial statement:** The Audit Committee has reviewed the quarterly financial statements and annual financial statements on a regular basis to see whether the financial statements are accurate and in accordance with standard of the disclosure of adequate and reliable information.
2. **Internal Audit Plan:** The Audit Committee has reviewed the internal audit plan in various departments continuously and found that the company has adequate internal control system and risk management plan and has suggested for improvement (if any).

The company is now making changes to the system by a computer program within the organization from Winspeed to the SAP Business One, which has started trial running since late 2013 and will be go live in March 2014 to provide flexibility in the system within the organization and in accordance to international system, reduce overlap and be accuracy, transparency and quickly accountable, and lower operating costs within the organization.

3. **Law Practice:** The Audit Committee has reviewed the performance of the company under the laws of the transactions and found that none criminal case was filed. Transactions with related parties as detailed in the 2013 annual financial statements, Article 4, page 27-33 is to be noted that it is in accordance with general terms of trade. There is no conflict of interest and conducted in accordance with the requirements of the Securities and Exchange Commission, the Stock Exchange of Thailand.
4. **Proposed appointment of auditors and the audit fee for the year 2014:** The Audit Committee has considered the role of auditors in the past year and found that they are independent, no relationship with the audit company. With their knowledge, professional ability to propose the internal control system to be conducted in accordance with accounting standards and the requirements of the Securities and Exchange Commission. From the Audit Committee Meeting No. 1/2014 on the 20 February 2014 resolved to propose to the Board of Directors to propose to the Shareholders' Meeting and appointed Mr. Phisit Chiwaruangroch, Registration No. 2803 or Mr. Methee Rattanasrimetha, Registration No. 3425 of M R & L Associates Limited as auditors for the year 2014 as per Agenda Item 5 by determining the financial statements as quarterly income and annual financial statements at the amount of 750,000 Thai Baht and the information technology systems of 50,000 baht for a total payment of 800,000 baht.

The Audit Committee has concluded that the Company's disclosure of significant financial statement is reasonable and reliable, as well as the disclosure of transactions with related parties. The company also has the sufficient internal control audit and risk management system and has improved the corporate governance standards in accordance with the policy of the Stock Exchange.

On behalf of the Audit Committee
New City (Bangkok) Public Co., Ltd.



(Mr. Somchai Karnjanapisarn)
Chairman to Audit Committee
12th March 2014

NATURE OF BUSINESS

Policy and overall business operations

New City (Bangkok) Public Co., Ltd. is a supplier of clothing products such as stockings, socks, underwear, exercise wears and pajamas as well as cosmetic products under its own brand.

The company is engaged in the following manner.

- Sell in department store (large retailers) in the Bangkok Metropolitan areas and other provinces in the retail sales and cash sales (PAYMENT ON SALE) by the counter at department stores. The company has sales representatives at each department store to be centre of company products sales.
- Sold to department stores, modern trade (Modern Trade) and a general store in the Bangkok metropolitan area and other provinces as a wholesale product in package (Packaging Unit) as a dozen-pack carton, depends on customer's requirements. Majority, client will request in cartons. The type of sales prices are lower than retail prices and focus on big volume of sales (BIG LOT) to wholesalers who will have opportunity to make more profit. The trade credit terms are 30 days, 60 days and 90 days, depending on the suitability of each customer.
- Distributor of products for export to countries in Asia such as Malaysia, India, Singapore and China.

Distribution center and showroom. The centers are available to customers and general public in the form of self-service retail where buyers make payment by cash or credit cards. Our showrooms are as follows.

1. Suriwongse Showroom, located at No. 293/16-17, Surawongse Road, Suriwongse Sub District, Bangkok, Tel: 02-237 8460-1.
2. Chiangmai Showroom, located at No. 47, Wat Saen Fang Road, Changmoui Sub District, Muang, Chiangmai, Tel: (053) 251 362.
3. Khon Kaen Showroom, Khon Kaen Branch, located at 250/1, Com Kosa Complex, Srichan Road, Naimuang Sub District, Khon Kaen, Tel: (043) 389 021.
4. Kard Suan Kaew Chiangmai Showroom, located 21, Huaykaew Road, Suthep Sub District, Muang, Chiangmai, Tel: (053) 894 301.
5. Bumrungrad Hospital Showroom, located at 33/3, 1st Floor, Bumrungrad Hospital Building, Sukhumvit 3, Klongtoey Sub District, Klongtoey, Bangkok, Tel: 0-2667 1248.
6. Korat Showroom, located at The Mall Korat, 1242/2, 2nd Floor, Room No. 2 S-34, Mittaparb Road, City Road, Muang, Nakhonratchasima, Tel: (044) 288 175.
7. Central Plaza Khon Kaen Showroom, located at Central Plaza Khon Kaen Shopping Centre, Room 245, 2nd Floor, 99 Srichan Road, City Road, Muang, Khon Kaen, Tel: (043) 288 114.
8. The Mall Bangkai Showroom, located at 275, Unit GSL 4 B, 1st Floor, Moo 1, Petchakasem Road, Bangkai Nua, Bangkai, Bangkok, Tel: (0)-2454 9386.

Vision

"Committed to developing a wide range of products to be Thai famous Brand"

Obligation

- Development to growth and widely known in the leading fashion industry, domestic and internationally.
- Management to maximize benefits to the organization, for shareholders, society and the environment.
- Business to continue growing and bearing in mind of loyalty, fair and ethical trade

Objectives and targets

The company is targeting sales to grow steadily from year to year to develop products to market in the upper and lower levels in order to maintain market share. And have expanded their sales in the domestic and international sales of billions of comparable companies in the Saha Group. Committed to leading the organization to remain sustainable.

Strategy implementation

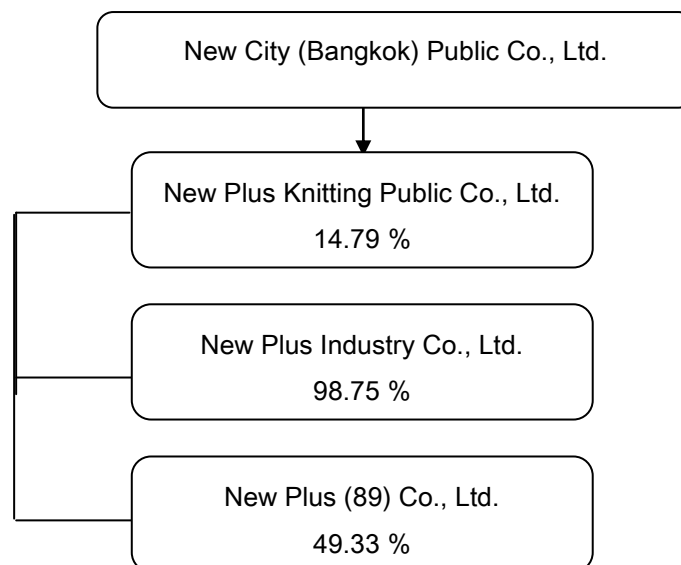
The company has done analysis and market research to develop products to market to meet the needs of customers and the preparation of Road Show and Event to get information directly from targeted customers. For development and create a brand that is widely recognized.

Changes and Developments

New City (Bangkok) Public Co., Ltd. is a subsidiary of Sahapattanaphibul Public Co., Ltd. was established in 1964 as a partnership, located on the Rachawong Pier with a registered capital of 1 million Baht, doing business by selling cosmetics and stockings imported from overseas. The Partnership has grown every year, and was registered and limited company in 1968. Then moved the office to Surawongse Road and increased its registered capital to 3 million Baht. In 1977, the company was registered as a company listed on the Stock Exchange of Thailand with the registered capital of 20 million Baht. The company was transformed from New City (Bangkok) Co., Ltd to a public limited company on 31 May 1994 with registered capital of 120 million Baht and paid fully counted as the first company in Thailand to distribute products such as stockings, socks, underwear and cosmetics.

In 2013, the resolution of the Board of Directors No. 5/2013 on September 13, 2014 approved the sale of the common shares of Seree Control Co., Ltd. to Mizaza International Limited total of 110,000 shares, at a price of 100 baht per share, for the total money of 11 million Baht, with a stake of 11.83 % of the share capital. This is to reduce the management load of the company.

Group Shareholding Structures

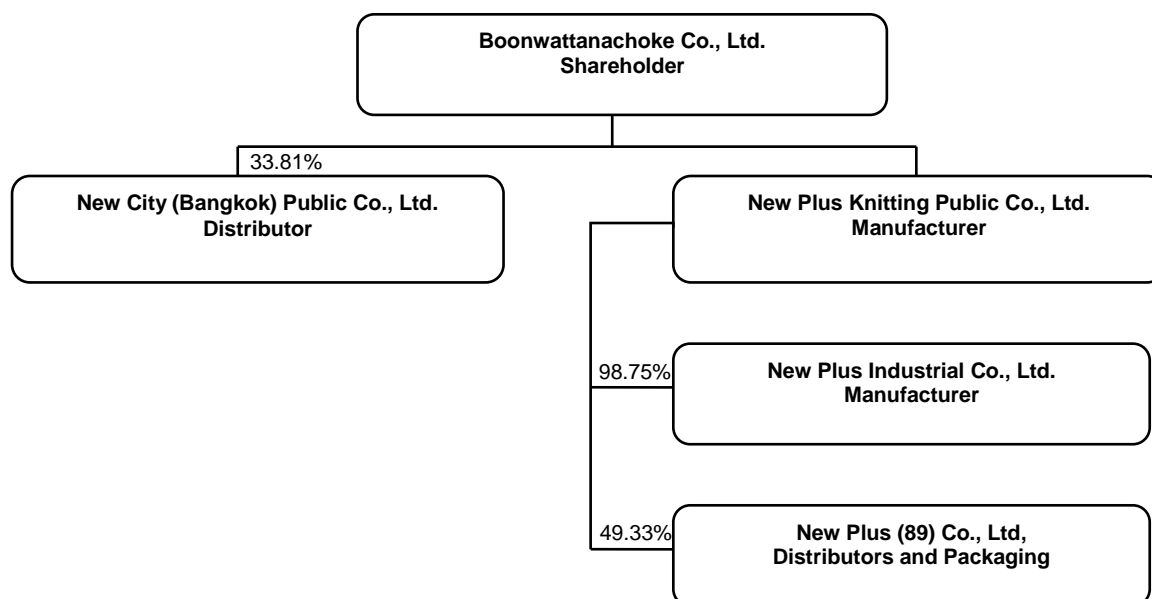


The company has one joint company, namely New Plus Knitting Public Co., Ltd., with a shareholding 14.79%, and New Plus Knitting Public Co., Ltd. has 2 subsidiaries, New Plus Industrial Co., Ltd. holds 98.75% shares and New Plus (89) has 49.33% stake, respectively.

New City (Bangkok) Public Co., Ltd. is a distributor of raiment goods such as stockings, socks, underwear, gymnastics and pajamas which purchase from New Plus Knitting Public Co, Ltd. who are manufacturer of the same type goods above and distribute of orders to two subsidiaries, New Plus Industrial Co., Ltd. and New Plus (89) Co., Ltd.

Relationship with the group of major shareholders

The company is a distributor of garment with 82.71% of goods order from factory in associate with New Plus Group, which is a manufacturer under the same trade mark which New Plus Group has Boonwattanachoke Co., Ltd. as major shareholder which has the business structure as follows.



The New Plus Group has a policy allowing affiliates, each with its own policies and administration. New City (Bangkok) Public Co., Ltd. is a supplier of raiment goods, with 80-85 % of goods purchased from the affiliated companies, the price set are in accordance with market prices and not different from other action items unrelated to free trade . Negotiation depends on the mechanism of the market in general.

Nature of Business

The company is a distributor of clothing and cosmetics under its own brand, categorized by product lines as follows.

1. Clothing Production Line

- 1.1 Product Line of stockings / socks under the brand of Cherilon and GOLDENLEGS.
- 1.2 Product Line of nightwear and underwear, under the brand Kara and CHERILON INTIMATE.
- 1.3 Product Line of simulated exercises clothes and ballet clothes, under the brand of CHERILON-EX and DANS MATE
- 1.4 Product Line of fashion shirts and trousers under the brand of Cherilon Basic and Cherilon Leggings.
- 1.5 Product Line of men's underwear under the brand of SANREMO.

2. Cosmetic Products

- 2.1 Facial cares Products under "MISASA" brand, e.g. powders, lipsticks, eyeliners, mascara and skin care set.
- 2.2 Body Care Products under the "SCRUPLE" brand e.g. show cream, shower creams, gel soap with bee milk, body lotion with bee milk, body lotion with pearl extracts, hygienic gel, etc.

Revenue Structure

Products Line/Business Group	2013		2012		2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Clothing	645.04	95.71	636.79	95.33	580.56	94.92
Cosmetics	28.90	4.29	31.19	4.67	31.05	5.08
Total revenue from sales	673.94	100	667.98	100	611.61	100
Other revenues	10.37	1.52	14.97	2.19	11.91	1.91
Total Income	684.31	100	682.95	100	623.52	100
Increase (Decrease) Rates	0.20 %		9.53 %		8.83 %	

Marketing and Competition

The Company recognizes the importance of trade competition in the market, so we have carefully studied the comparative analysis of the competitors of the similar type of products, especially the clothing business which have high competitive in price reductions, product imitative, and the falsely popularize of the brand. The company is focusing the market sustainability and ready for the changes in circumstances that may occur very carefully and focus on customer satisfaction in the following.

1. Products:

The Company has proprietary design and develops the product design to meet quality standards continuously throughout the year by producing new products into the market each year. For the year 2013, with the development of the artwork on the leg, by designing the stripes design to be tattoo designs for various customer needs. And innovative fabrics to support health, such as slimming Cherilon Intimate with slim fit, which strengthen the tightening around the by using two layers compound fabric called Double Power Fit , keep camouflage surplus and sewing pattern which tighten fit to hid the excess part of the body. Emphasize to the beautiful shape instantly, showing slim waist, a flat belly, smooth concave beautifully and very comfortable to wear on daily basis. It also has winter leggings, combines a Jacquard woven, allowing more various for dress up style girls and challenge with cold weather which all girls must have Opaque Tight, with a choice of stockings and leggings with a thickness of fabric 40 denier and 70 denier. Besides, there is also a heels spa to reduce long term dry and cracked heel by using "Bags of silicone heel pad".

2. Product Brand:

The Company recognizes its own products under the brand strength and popularize in the market. For example, Cherilon is well known in the fashionable stockings sustained over more than 50 years and has developed a brand and symbols under its own trademark. Such brands include CHERILON, GOLDENLEGS, ACCENT, ANFANA, ANNABEL, AMANDA, ANGELY, AZIRA ,DANS, CARA, DANS MATE, and SANREMO, etc.

3. Pricing:

The company has set the prices to fit the model and can be appropriate adjusted to suit the market competition.

4. Marketing:

The company has implemented a marketing strategy through various public media, e.g. advertising in biweekly and monthly magazines, billboard, television such as variety shows and dramas and advertising and performing a variety of exhibitions (Road Show) at places, both public and private sector to make our products more widely known.

5. Sales Promotion:

The company promote the sales by joining sales promotion activities with associated companies under the Saha Group companies in the public and private sectors in order to meet demand of the customers with low income. In addition, there are promotions to trading stores as follows.

5.1 Premium(Giveaway)

The company is targeting for the customer who orders the product in the large volume to get free product, this Contributes to higher sales and an incentive to order from this customer will get the attention of a wholesaler group.

5.2 Services

The company focuses on training staff to be efficient and capable in servicing customers by providing training on the company's products to ensure that the customers are confident in buying our products.

5.3 Trade Discounts

We have offered the discount for the customers who purchase our products in the big volume and for those credit customers who make payment before due dates. The discount will be 3% on the top of original sell prices to enable to increase their profit respectively.

6. Customer Group

Competition, trade in customers, the company has a competitive wholesale market and retail market has different products to fit each customer group. Wholesale group such as storeway supply shops who focused on merchandising brand, and to help this type of stores to compete with competitors for goods imported from China and imitated products. This group of storeway shops has been commercial partner for over 50 years with the market share of 40%. The retail group such as modern trade department stores and convenience stores are sales with high quality and standards brand name that can compete with imported goods, and are in equivalent to 60% of market share.

Industry trends and competition

For year 2013, the company is planning to grow its profit at 20% from the previous year by targeting for the products in stockings and socks that have special and unique characteristics which competitors do not have to both high and low level markets. To do this by setting the reasonable price so that the customer and distributor who use the products realize that it is a good quality product and not duplicate with other products. This will support the expanding the market group to varieties of products by using selected and qualified products to increase sales channels to be in accordance with set strategy.

Competitiveness

The company is confident in its capability under its own famous and well-known brand for over 50 years in the field of women's fashion under the name of Cherilon, and for fashionable men's brand under the name of SANREMO.

RISK FACTORS

Risk factors may occur in the operation of its business. This can be summarized as follows.

1. The risk of an order from the manufacturer that does not belong to the affiliated group

The company is doing business as bought in - sold out basis with goods like garments are purchased from manufacturers that do not belong in the group in order to have the amount of each product to meet the quota of factories and delivery of products not in accordance with the agreed period. As a result, the Company will lost sales opportunities and has garments stock increases.

The company has rescinded an order from the manufacturer **who cannot** comply with the conditions agreed in December 2013 and has provided other facilities that can fulfill the conditions to allow the sale of products such as clothes for continuously growth. **For ending period of December 31, 2013, the Company had** stock clothes at cost of 5.30 million Baht and had a total sales amount of 18.15 million Baht.

2. Increased risk of relying on sales (PCs) and business

The company sold goods at department stores, consignment system by a counter and sales staff as the Company has incurred costs include employee. Salaries, **commissions, allowances**, cash awards and overtime as well as expenses paid in 2013, total of 31.89 million Baht. **With the total of 283 sales staff, and expenses to the mall is the trade discount (GP) from 25 -30% of the total paid in 2013, total of** 17.47 million Baht affect the loss of sales. **In addition**, the Company is lack of sales staff at Department stores.

The company plans to sell in department stores, with a focus on the sales counter at high sales volume and no plan for expanding the area unnecessarily. The Company sourced for the space for the exhibition in conjunction with the Saha Group to directly sales products to customers to sources more sales channels instead of expansion sales area in the department stores.

3. Cosmetics Product Risk

The company is a distributor of cosmetics under its own brand namely Scruples which are skincare products such as face foam cleanser, shower soap, sunscreen lotion and spa, which had loss from operations in 2013 of 3.67 million Baht and had a market in Bangkok and Metropolitan area of only 10%. This is because of branding is not widely recognizable brand for customers. Capital spending on advertising and media are limited, due to doing the cosmetics business, the company need to be ready on product quality, expiry date setting, product formula, manufacturers, competitors, and marketing. Company has changed in such a degree and source for supply of products from Korea in order to adjust to the pace of fashion trend in the skin whitening products for youth, and resulted in the sales of 28.90 million baht in 2013.

The company carefully use capital to do business with cosmetic products because of restrictions in the effort to minimize losses and are planning to make a profit in the future by finding the substitute products from the affiliated companies to sources a global supplier of products from leading fashion and cosmetics from countries such as Korea to increase choice for customers in brand recognition naming DEOPROCE. In addition, the Company has introduced the products made from woods under the brand of "Tanaka".

4. The risk of holding the stock

The Company holds investments in the stock of available for sale securities, as 5 ordinary shares of Saha Group and related companies, as of end of 2013, amounted to a total of 56 shares totaling 2.59 million shares at a market price of 117.68 million Baht. In 2013, index shares on the stock market has been volatile due to the economic recession as well as the buying power of consumers dropping, resulting in a turnover of the company dropping due to the factor of macroeconomic conditions in both the short and long term and affect the stock price index declined compared to 2012 to the number of 30.42 million Baht compared to the percentage of 20.54 and affect other comprehensive income (IFRS) of gain (loss) on investments available for sale in the reduced lots.

Holding company to receive dividends from the earnings of each company as of end of 2013, has earned a dividend of 4.60 million Baht. For the source for profit from the sale of investments is not the company's main objective because the primary purpose of company is doing business in selling products. If there is a crisis of a severe economic downturn and affecting the lack of liquidity, the company will finally use an alternative way to consider the sale of securities to keep continue of its business, such as had been the practice in the past.

5. Risk of Debt

The company has a debt burden of overdraft (OD) and short-term borrowings (P/N) of financial institutions. As ended December 31, 2556, the overdraft from financial institutions of 34.96 million Baht, short-term loans from financial institutions of 80 million Baht, for a total debt of 114.96 million Baht which are in risk of interest rate volatility to the market. In 2013, the company has to pay interest on the loan type OD of 2.71 million Baht and paying interest on the loan type P/N 3.18 million Baht, totaling interest payment of 5.89 billion Baht.

The company has a strong financial management system in order to protect illiquid financial performance. In 2013, the company has received credit from financial institutions in P/N increased to a total amount of 150 million Baht; total of P/N reached 320 million Baht, being used as working capital of 80 million Baht, compared to 25 percent in the interest rate from 3.40% to 3.50%. Remaining unused amount of 240 million Baht or equivalent to 75 percent. The company intends to sell the product to grow to billion to build a strong financial position and free of debt.

6. Risk Stock obsolescence

The company carries out the business by trading the products under the purchase-sale basis of textile products for men and women. The products are in stock for sales to sufficiently meet customer's requirements. The fashionable products are also expected to change the demand dramatically, so we are at risk of inventory obsolescence and therefore cannot be sold out. The company has planned to manage this risk as follows.

- For the newly imported product, the company has plan to place the order in accordance with sales goals and has plan to order products in advance for supplier and deliver the products as per delivery schedule to avoid the stock of goods.
- For slow-moving or slow reducing the value of its cost. And sold at a cheaper price. The fairs in the government projects or private exhibition were to help low-income consumers, such as an exhibition to hit the blue flag. And reduce the groundbreaking exhibition, etc.

7. Risk on loss from business operations

The company has set the strategy for each year by targeting for higher income from the previous year and then setting up plan to comply with the set target and then comparing the operations results for assessment, measurement and set the target for positive results. If there is many external factors which are out of the company's control, such as negative market mechanism, the fluctuations and economic downturn, unrest in politics and demonstrations, rebellion and flooding in the country and abroad. These events are unforeseen and unpredictable situations that may affect the company's operations and lead to loss as the company has increasing selling and administration expenses in proportion to the increased sales targets.

The company is not able to prevent the incidents from external factors but are ready and prepared for that changes by the company is preparing for the change and led the organisation through various crises until this day

SHAREHOLDER STRUCTURE

The company has registered paid shares for the value of 149,510,000.00 Baht, dividing into ordinary shares value of 14,951,000 shares with each share value of 10.00 Baht.

Shareholders

The 10 Major shareholders with number shares holding and % ratio are summarized below.

Shares Holding Group	As of 27 th December 2013	
	Number of shares	% Ratio
1. Boonwattanachoke Co.,Ltd.	5,080,640	33.98
2. Sahapattana Interholding Public Co.,Ltd.	2,317,738	15.50
3. Bangkok Insurance Public Co.,Ltd.	788,744	5.28
4. Seree Control Co.,Ltd.	697,079	4.66
5. Mr. Boonpakorn Chokwathana	604,492	4.04
6. Chaopraya Assets Capital Co., Ltd.	422,644	2.83
7. Ms. Worawan Chokwathana	380,968	2.55
8. Mr. Phiphob Chokwathana	345,882	2.31
9. Mr. Phiset Chokwathana	337,600	2.26
10.Ms. Worawong Chokwathana	337,000	2.25
Total shares of 10 major shareholders	11,312,787	75.67
Total Shares	14, 951,000	100

Shareholding's Structure

Shares Distribution categorized by shareholding type

Details	Number of Persons	Number of Shares	Percentage (%)
Corporations			
Thai Nationals	33	10,665,604	71.34
Expatriate	1	45	0.00
Total Corporations	34	10,665,649	71.34
Individuals			
Thai Nationals	1,014	4,040,984	27.03
Expatriate	9	244,367	1.63
Total Individuals	1,023	4,285,351	28.66
Total	1,057	14,951,000	100.00

Cross Shareholding

The company has cross shareholding structures between them, but the cross-shareholding has no manner of contrary to the rules of Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2551 "Application for and Approval of Offer for Sale of Newly Issued Shares" Article 14.

Cross Shareholding as of 31st December 2012

Company Names	Shareholding Ratio (%)	
	Company holding other company's shares	Company holding other company's shares
1. Holding shares more than 50%		
1. The other company holding the company's share >50% The company must not have cross shareholding.	-	-
2. The company holding other company's share >50% That company must not have cross shareholding	-	-
3. The company holding other company's share >50%	-	-
2. Holding share more than 25% but not over 50%		
(1) Other company holding share of the company more than 25% but not over 50% must not have cross shareholding over 10% - Boonwattanachoke Co.,Ltd.	-	33.98
(2) The company holding the other company's shares more than 25% but not over 50%. The other company must not have cross shareholding over 10%.	-	-
3. Holding share less than 25%	-	-
(1) The other company holding shares of the company not over 25%, the company must not holding share in other company over 25%.	-	-
(2) The company holding other company's shares not over 25%. The other company must not have cross shareholding over 25%.		
1. New Plus Knitting Co.,Ltd.	14.79	-
2. Seree Control Co.,Ltd.	-	4.66
3. Mizaza International Co.,Ltd.	-	0.69
4. Sahapathanapibul Public Co.,Ltd.	0.57	0.45
5. Sahapattana Interholding Public Co.,Ltd.	0.07	15.50
6. Chokewattana Co.,Ltd.	-	1.99
7. Saipin Wattana Co.,Ltd.	-	0.065

Dividend Payment Policy

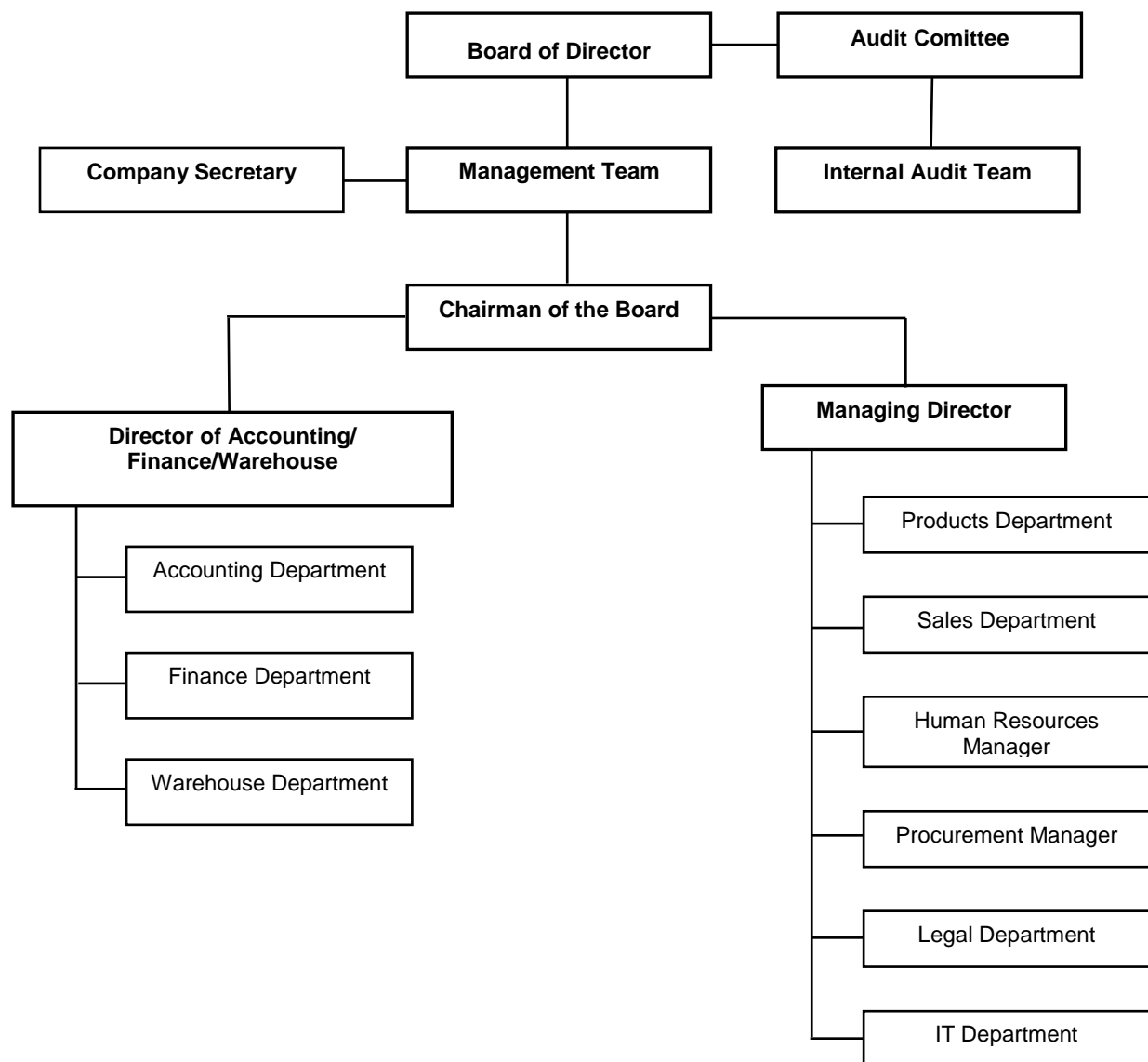
The Company's dividend payment policy is to pay the dividend at the total of not over 50% of net profit of the verified annual financial statements (company's financial statement). The final payment will be made after it has been approved from the annual ordinary shareholders meeting only.

Dividend Payment Details

Description	2012	2011	2010	2009
Number of Shares (share)	14,951,000	14,951,000	14,951,000	14,951,000
Par Value (Baht)	10	10	10	10
Dividend per share (Baht)	0.75	0.75	0.70	0.35
Total Amount (Baht)	11,213,250	11,213,250	10,465,700	5,232,850
Net earnings allocated (Baht)	52,118,456	54,720,026	25,761,839	11,128,050
Ratio of net profit (%)	21.51	20.49	40.62	47.02

MANAGEMENT STRUCTURE

Organisation Structure



Management Structure

The company management structure consists of the Board of Directors, Management Team and the Audit Committee, dividing into following operations.

1. Operating Management Team, consist of Department Manager and Deputy Department Manager and Head of Departments
2. Internal Audit Control consist of Secretary to the Audit Committee and Internal Audit Team

The scope of work for each department was indicated in written charter, dividing into operational authorities and responsibilities. These were approved by the Board of Directors Meeting No. 8/2008, dated 10th November 2008 by having the secretary to act upon the regulations and as assigned by the Board of Directors.

Board of Directors

The Board of Directors consists of 12 Directors, 6 of them are members of the Management Team, 2 are non-Management Team members, and 4 independent Directors as per following details.

Names	Position	Board of Directors Meetings	
		Number of Meetings held	Number of Meetings Attended
1. Mr. Boonpakorn Chokwathana	Chairman and President	6	6
2. Mrs. Chumnian Chokwathana	Deputy Chairman and Director	6	6
3. Mr. Phiphob Chokwathana	Deputy Chairman and Managing Director	6	6
4. Mrs. Duangdao Anansaringkarn	Director	6	5
5. Ms. Pathaya Katesathian	Director	6	6
6. Ms. Jurai-orn Simalawongse	Director	6	6
7. Ms. Panjaporn Dechoorat	Director	6	6
8. Mr. Somchai Karnjanapaisarn	Chairman to Audit Committee and Independent Director	6	6
9. Mr. Sooksan Fuengrit	Audit Committee member and Independent Director	6	6
10. Ms. Waraporn Pekanant	Audit Committee member and Independent Director	6	6
11. Mr. Kaweepong Hirunkasi	Independent Director	6	6
12. Ms. Sum-ang Jantarima	Director/Secretary to Audit Committee/Secretary to the Board of Directors	6	6

As per details above, it showed that at one Director has missed one Board of Directors Meeting due to the business trip to Korea during that period.

Authorised signatories - 2 Directors signed with company stamp affix.

The names of Directors, two of the seven who can co-sign are as follows.

- | | | |
|-------------------------------|-------------------------------|---------------------------------|
| 1. Mr. Boonpakorn Chokwathana | 2. Mr. Phiphob Chokwathana | 3. Mrs. Duangdao Anansaringkarn |
| 4. Ms. Pathaya Katesathian | 5. Ms. Jurai-orn Simalawongse | 6. Ms. Panjaporn Dechoorat |
| 7. Ms. Sum-ang Jantarima | | |

Authority

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees of different levels.
2. Approved for the loan to a company that has a business relationship with the company as shareholders or companies with businesses trade with each other. Or other company In the amount of excess power to the Management Team.
3. Approve the guarantee for the loan to affiliate companies which have shareholding relationship with the company or other company in the amount that exceed the authority of the Management Team.
4. Approve for participate in legal acts which are non-financial related under the amount exceeding authorisation of the Management Team.
5. Approve for investment, sell of Investments in ordinary shares and / or other securities for the amount that exceed the authority of the Management Team.
6. Approve for the procurement and invest in fix assets under the amount exceeding the authority of the Management Team.
7. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, for the amount exceeding the authority of the Management Team.

8. To approve modification, change of price and destruction of raw materials and/or remaining inventories which are deteriorated or out of date, which are of the amount greater than the authority of the Management Team.
9. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not/or normal business course with an amount exceeding the authority of the Executive Board.
10. To propose to shareholders an increase or a decrease of capital, a change of share value; modification of articles of association, regulations and/or objectives of the company.
11. To approve incorporation, merger or dissolution of subsidiaries.
12. To authorize the management, managerial employees of the company, or any other individual to act on their behalf under the company's board of directors policy.
13. To invite members of the management, executives, or relevant employees to provide explanations, opinions or documents as required.
14. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
15. To appoint and remove a company secretary.

Duties and Responsibilities

1. Set the strategy, target and policy for of the company.
2. To approve plans and annual budgets, as well as to supervise the performance of the management in order to ensure effectiveness and compliance with the laws and established policies and plans.
3. To encourage the development of the policy of corporate governance, ethics and business code of ethics in written in order for company directors, executives and employees to observe as guideline in the conduct of the business
4. To arrange for a sufficient internal control system in order to ensure that transactions are approved by authorized individuals, reviewed and well recorded; and, to implement systems preventing inappropriate use of company assets
5. Transactions with possible conflict of interests must be carefully reviewed, with a definite guideline to ensure the interests of the company and the shareholders. Individuals with interests may not be involved in the decision-making process. They must observe the requirements on the proper procedure and disclosure of transactions with possible conflict of interests.
6. To approve the reviewed and/or audited financial reports, which have been approved by the Audit Committee
7. To be equally responsible to all shareholders, and to correctly disclose information to shareholders and investors transparently.
8. To acknowledge business management reports from the Management Team.
9. Define dividend payment stating date, time, venue and agenda for the Shareholders Meeting as well as the Board of Directors' opinion on the proposed agenda to the Shareholders, including setting the date for Shareholders who are entitled to attend and to vote, together with the closing date for collecting shareholders' right to receive dividend payment.
10. To prepare the report called "Report on the Company Board of Directors' Responsibilities for Financial Statements" and disclose it in the annual report of the company (Template 56-2) and the annual disclosure template (Template 56-1)
11. To follow up on documents to be submitted to relevant regulatory agencies, in order to ensure that the statements or the items are correct as per the data appearing in the account documents, the registration or any other document of the company and to approve the charter of the Board of Directors and/or other committees
12. To engage in any other action, which is beyond the authority of the Management Team, or which the Board of Directors deems appropriate

The company has described the transactions which the Directors may have conflict with the company's interests. Such transaction which may benefit to the Directors, then they are not allowed to vote for.

The following acts need to be approved by the Board of Directors and shareholder's meeting, with the total vote of not less than 3 out of 4 (3/4) from all attendants who have the right to vote.

- An increase/decrease of capital, issuing bonds, merging or dissolution of the Company
- An amendment to the Memorandum or Articles of Association
- Sale or transfer of the company ownership, wholly or partially
- Buying or take over other company or private company
- Doing, verifying or terminating the contract regarding letting to the other company (wholly for partial), assigning personnel to acting on company behalf or merging the business for the profit/loss sharing purpose.

Tenure Period

At each annual ordinary meeting, at ratio of 1 out of 3 Directors will resign from the position. If the numbers of Directors cannot divided into actual number of 3 portions, the nearest numbers to 1 portion out of 3 portions Directors will be released from the position. The released Directors may be appointed to the position again for another term.

Integration or Segregation

Chairman of the Board of Directors as an independent consultant and a separation of duties in the administration are independent of each other and balance each other. The Chairman of the Company has performed the role of leadership and control of the Board of Directors to ensure efficiency and effectiveness, encourage all Directors and Managers to involve in the meeting, helping and supervising the business operations of the Management Team, but will not intervene or routine business of the management. Besides, also defines the scope of authority of each committee and the management can clearly be checked to ensure transparency in management.

Board of Directors Meeting

The Board of Directors recognizes the importance of meeting attendance and treats as the responsibilities to endorse and contribute in decision making for the company operations. The company has set the 2 types of meeting; one is to meet every quarterly to review the budget, and other type of meeting in the critical subject and urgent matters. The Secretary the Board of Directors will send meeting invitation together with the agenda, as well as the minutes of previous meeting to the Board of Directors to acknowledge beforehand in accordance the law and regulations. The Directors may raise the addition agenda at the meeting and can express their views openly. The Secretary to the Board of Directors will prepare the minutes of meeting and file the minutes that were approved by the Board of Directors at the place where the Board of Directors and related persons can audit on required basis.

At the review and consideration of any agenda, the President who act as Chairman of the meeting will give opportunity to Directors and Managers to express their opinion freely.

In all Board of Directors Meeting, the executives will attend to clarify the information as directly related to the problem, and all Directors can request for additional information from the President or Secretary to the Board of Directors in all matters.

After the meeting, Secretary to the Board is responsible for preparing the minutes and submit the the President for review and approve with signature. The Board of Directors Meeting to endorse the first agenda of the next meeting. The Directors can express their view to adjust/add the information in the minutes as to ensure the most accuracy.

The approved minutes of meeting will be filed at the company's office and stored in electronic format together with agendas for each meeting, in order to facilitate the search reference.

Directors Self-Assessment

In 2013, company 12 directors has self-assessed using the assessment form provided by the Secretary of the Company in accordance with the principles of good corporate governance and responsibilities of the Board of Directors, including annual measurement and evaluation carried out at the end of December. The results will be summarized and submitted to the Committee Meeting in the following year. For self-assessment of the Board of Directors for the year 2013, the result has been presented at the Board of Directors Meeting No. 1/2556 on the February 21, 2013 and the resulted has been forwarded the Company Secretary for reference/filing.

Summary of self-assessment results by all 12 members of the committee for the year 2013 are as follows.

Assessment topics	Full Scores	Scored Received (Average)	%
1. Structure and qualifications of the director	40	36	90.00
2. Role and responsibilities of the Board of Directors	60	52	86.67
3. Board of Directors Meeting	32	30	93.75
4. Duties of directors	28	26	92.86
5. A relationship with the management	20	16	80.00
6. Development of directors and executive development.	24	22	91.67
Total	204	182	89.22

MANAGEMENT TEAM

The Management Team has the responsibility to management of the business operations as per assigned by the Board of Directors, acting as staff and employee of the company, total of 10 persons as per follow.

Names	Position
1. Boonpakorn Chokwatha	President and Chairman of the Board
2. Mr. Phiphob Chokwatha	Vice President and Managing Director
3. Ms. Worawan Chokwatha	Assistant to Vice President and Director of Accounting/Finance and Warehouse
4. Mrs. Duangdao Anansaringkarn	Products and Advertising Manager
5. Ms. Ms. Pathaya Katesathian	Cosmetics Sales Manager
6. Ms. Sum-ang Chantarima	Accounting Manager
7. Wimonya Prasertprasart	Retail Sales Manager
8. Mr. Tinnachai Jirakijthanakul	Wholesales Manager
9. Ms. Thana Saritwanij	Overseas Sales Department Manager
10. Ms. Sujitra Karnjananant	Human Resources Manager

Authority

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees at different levels
2. To appoint and remove any other working committee to carry out actions necessary for the management of the company.
3. Set the working policy and can assign the Director and/or staff at management level to be authorized for disbursement of the company assets.
4. Approve the loan to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
5. Approve the loan guarantee to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
6. To approve engagement in non-financial juristic actions, for total amount not exceeding 20 Million Baht/per action
7. To approve investment, sale of investment capital in ordinary shares and/or any other securities, for the total amount not exceeding 20 Million Baht.
8. To approve sourcing and investment in fixed assets, in total amount not exceeding 20 Million Baht per case.
9. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, provided that the book value does not exceed 10 Million Baht per case.
10. Approve the price adjustment for the conditioning destroy of the raw materials and/or deteriorate, obsolete inventories which will make the accounting value reduced to the actual figure.

11. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not normal business course, provided that the amount does not exceed 20 Million Baht. In such case of a normal business course, the amount must not exceed 20 Million Baht.
12. To authorize the management level staff of the company or other individual personnel to act on their behalf.
13. Have authorization to invite relevant company staff to attend the meeting to provide the explanation or documents as per necessary on required basis.
14. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
15. To stipulate any other regulations as deemed appropriate.

Duties and Responsibilities

1. To propose goals, policies, operational plans and annual budgets to the Board of Directors.
2. Responsible for the company business management to meet the target goal and policy of the company.
3. Responsible for strengthen the competitiveness of the company and promote the new innovative continuously.
4. Responsible for the operations to be in accordance with the company policy, objectives and regulations set by the Shareholders Meeting, resolution of the Board of the Directors Meeting, as well as related regulations.
5. The Management Team may distribute the responsibilities among themselves providing that the results of each individual's performance must be reported to the management meeting.
6. Responsible for preparing the financial report for the auditor to audit and/or review before presenting to the auditor committee and the Board of Directors respectively.
7. To review any agenda prior submitting to the Board of Directors for approval.
8. Develop and revise the charger of the Management Team prior submitting the Board of Directors for approval.
9. To engage in any other action as assigned by the Board of Directors.

Authority and Responsibilities of Managing Director

The Board of Directors will appoint the Managing Director who has authority and responsibility as follows.

1. Has authority in company operations management to be in accordance with the company's objectives, regulations, and resolutions of the shareholders' meeting, resolutions of the Board of Directors' meeting, resolutions of the Management Team as well as related regulations.
2. To authorize any necessary and appropriate action to accomplish the deeds under Item 1, and, in the case of any significant matter, the Managing Director needs to report and/or notify the Board of Directors.
3. Has authority to hire, appoint, remove, transfer, reward, issue disciplinary measures against, or issue compensation and welfare for employees, provided that such actions do not conflict with the authority of the Board of Directors.
4. Has authority to issue the company operating regulations which the regulations must not contradict with the policy, regulations, discipline and command of the Board of Directors and/or the Management Team.
5. To source and invest in permanent assets with the total amount not exceeding 10 Million Baht per case.
6. To authorize the company's investment and to sell investment in ordinary shares and/or assets of other companies provided the amount is not exceeding 10 Million Baht per case.
7. To authorize the company's engagement in juristic acts involving non-financial transactions of the amount not exceeding 10 Million Baht per case.

8. To report any proceeding under Items 5, 6 and 7 to the Board of Directors and/or the Management Team as appropriate at the next meeting.
9. To authorize and/or assign another individual or other individuals to perform certain tasks on behalf of the Managing Director.
10. The above authority of the Managing Director cannot be exercised in the case where the Managing Director is a stakeholder or has a conflict of interests in any manner with the company.
11. In case that there is a doubt or an uncertainty regarding the exercise of any of the above authority, the issue must be presented to the Board of Directors for their consideration.
12. To engage in any other action as assigned by the Board of Directors and/or the Management Team.

Company Secretary

Mr. Methee Itthirivichai was appointed to be Company Secretary and has resigned from the company on 31st January 2014, therefore the Board of Directors appointed Ms. Sum-ang Jantarima, Secretary to the Board, to act as Company Secretary until 20th February 2014. The Board of Director Meeting 1/2014 dated 21st February 2014 has appointed Mr. Adul Srimadee to be Company Secretary, who will have scope of responsibilities as follows.

1. Prepare and maintain the following documents.
 - Directors Registrations
 - Issue Meeting Invitations of the Board of Directors, minutes of meetings for the Board of Directors meetings and company annual reports.
 - Issue Meeting Invitations of shareholders' meetings and minutes of meeting for shareholders' meetings.
2. Maintain the transactions report of the Board of Directors and Management Team.
3. Perform any other duties assigned by the Capital Market Commission Committee.
4. Perform any other duties assigned by the Board of Directors to ensure the company operations are in accordance in accordance with the standards of good governance.

Audit Committee

Audit Committee consists of the 3 company's independent directors, by Mr. Somchai Karnjanapaisarn as personnel with sufficient knowledge and experience to ensure the credibility of the company financial statement.

- | | |
|--------------------------------|--|
| 1. Mr. Somchai Karnjanapaisarn | Independent Director and Chairman to the Audit Committee |
| 2. Mr. Sooksan Fuengrit | Independent Director and Audit Committee member |
| 3. Ms. Waraporn Pekanant | Independent Director and Audit Committee member |

Authority

1. Coordination to ensure the unique understanding of all parties between Auditors, The Board of Directors and Internal Audit Team.
2. Has authority to invite the Management Team, or related company staff to explain, express the opinion, attend the meeting or delivery the documents as appropriate, including has access to all level of organisation's information.
3. Has authority to audit related personnel and related topics under the authority and responsibility of the Audit Committee.
4. To consult with specialists or company consultants (if any), or hire third-party consultants or specialists, if necessary, at the expense of the company
5. Has authority to agree for consideration to appoint, transfer, terminate head of internal audit team or other department who is responsible for internal auditing.

Duties and Responsibilities

1. To check and ensure that the company has the accurate and sufficient financial statements.
2. To check and ensure that the company has the suitable and effective internal control and internal audit system and consider for the freedom of internal audit team, including agreement for appoint, transfer, terminate any internal audit team or other department who is responsible for internal auditing.
3. To check and ensure that the company is complying with the law and regulations regarding the securities and stock exchange market under the Stock Exchange of Thailand and related business operating regulations.
4. Considering the selection of the independent personnel to take care of company accounting audit, and propose the benefits for such personnel and also attend the auditors meeting without the Management Team attendance, at least once a year.
5. Considering the related transactions or the transactions which may have contradiction with the benefits and in accordance with the law and regulations of the Stock Exchange of Thailand and to ensure that all transactions are appropriate and to the maximum benefits of the company.
6. To prepare the report of the Audit Committee for disclosure in the annual report of the company. The report must be signed by the Chairman of Audit Committee and contains the following information as a minimum:
 - a) The opinion on accuracy, completeness and credibility of the company's financial reports.
 - b) The opinion on sufficiency of the company's internal control system.
 - c) The opinion on compliance with the laws on securities and stock exchange, Stock Exchange of Thailand regulations and laws relating to the company's business.
 - d) The opinion on suitability of the auditors.
 - e) The opinion on transactions with possible conflict of interests.
 - f) The number of Audit Committee meetings and attendance of each member.
 - g) Overall opinion and observation that the auditors committee recorded from performing in accordance with charter.
 - h) Other matters which the Audit Committee believes that shareholders and investors should be aware of that are within the extent of duties and responsibilities assigned by the Board of Directors
7. In the case where the Audit Committee finds or suspects any of the following matters, which may have significant effect on the financial status and the operations of the company, the Audit Committee must report to the Board of Directors for suitable remedy within a timeframe deemed appropriate by the Audit Committee:
 - a) Transactions with conflict of interests
 - b) Fraud, irregularity or significant defect of the internal control system
 - c) Breaching the laws regarding securities and Stock Exchange as per Regulations of Stock Exchange of Thailand or related business laws.

In the case where the Board of Directors or the responsible executives do not remedy the matter within the timeframe specified by the Audit Committee, a member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
8. Support and follow up to ensure that the company to have an efficient risk management system.
9. Update and revise charter of the Audit Committee and submit the Board of Directors for approval.
10. To engage in any other action as assigned by the Board of Directors at the agreement of the Audit Committee under the authority of company regulations and the laws

Position Tenure

The auditor will be in the position for each period for 3 years from date of position validation date. At the end of assignment, if the Board of Directors has not yet appoint the new set of auditor committee members, the expired auditor committee must carry out the duties until the new committee is appointed. The new auditor committee must be appointed within 2 months after expired date of the previous committee. The previous auditors may be re-appointed as the new auditor committee members.

Independent Director's Qualifications

Definition of "Independent Director" is the person who has complete qualifications and is independent in accordance with regulations of Stock Exchange of Thailand and Securities Exchange Commission.

Qualification of the company's Director as per regulations of the Stock Exchange of Thailand and Securities Exchange Commission are as follow.

1. Holding the shares not more than 1% of the total shares that are entitled for all votes of the company, main company, subsidiary company, or juristic person who might be contradiction. This shareholding includes the shareholding of the person related to that independent shareholder.
2. Not being or never be the Director who take part with the employee's management, staff, permanent consultant, or has authority to control the company, main company, subsidiary company, associated company at the same level or juristic person who has contradiction, except that the person has be obsoleted from being the said person for the period of not less than 2 year before the date of being appointed as Independent Director.
3. Do not have lineage relationship or registered by the law as father, mother, spouse, relatives and children, including the spouse and children of the major shareholders, person who has authority to control or person who will be proposed to be the executive or person who has authority to control the company or subsidiary company.
4. Not have and never have business relationship with the company, main company, subsidiary company, associated company or juristic person who may be contradict in the way that might block the director from expressing the opinion independently. Not being and never be and major shareholder , director which not independent director or executive of the business related company, main company, subsidiary company, associated company or juristic person who might be contradict, except that the person has be obsoleted from the above position for at least 2 year on the date of being appoint as the independent director. The relationship as per the first paragraph including the normal business transaction for the rental business or let of the estates, transaction related to assets or services or providing or receiving the financial assistance by receiving or giving loan, guarantee, giving assets to guarantee the liability, including any other similar habit which will result in the contract party to have liabilities to pay off to other party. The total value is from 3% of assets of the tangible of the requesting person or from 20 Million Baht up, whichever is lower. Liability calculation will use the value calculation of the transaction which is related to each other as per the notice of the Committee of Stock Exchange of Thailand regarding the disclosure of information and follow the regulations of registered company in the allowed transaction. In considering the liability burden, will include the liability that occurred during 1 year before the person has the business relationship with the same person.
5. Not being or never be the company's auditor, main company, subsidiary company, associated company or juristic person which might be contradict and not being the major shareholders of the company. The director who is not independent director, executives or executive partner of the office of auditor which has the company's auditor, main company, subsidiary company, associated company or juristic person, except that the person has been obsoleted from such position or relationship for at least 2 years from the date of being appointed as independent director.
6. Not being or never be the person who providing any professional services, including being legal consultant or financial consultant who earns the income from service providing at the amount of more than 2 Million Baht per annum from the company, main company, subsidiary company, associated company or juristic person which may be contradict. In this case the professional services provider or juristic person include being major shareholder, director who is not independent director, executives or executive partner of the professional services provider, except that the person has been obsoleted from holding the above position for at least 2 years from the date of being appointed as independent director.

7. Not being the director who is appointed as an agent of the company director of the company's major shareholder or shareholder who is related person to the company's major shareholder.
8. Do not have any other characteristics which preventing the directors from expressing the opinion independently regarding the company operations. After being appointed as independent director which will be in accordance with paragraph 1 to 8, the independent director may be assigned from the Board of Directors to make decision with regards to the business operations of the company, main company, subsidiary company, associated company or juristic company which may have contradict by making decision using the collection decision type.

Principles of Independent Director Selection and recruitment process

Recruitment Committee considering the selection of independent director based on principles and qualifications stated by the Stock Exchange of Thailand and Securities Exchange Commission to propose to the company's Board of Directors and Shareholders' Meeting.

Secretary to the Board of Directors

The company has assigned Ms. Sam-ang Jantarima – Director and Manager of Finance and Accounting and IT who has qualifications and experiences and suitable to take care and responsible for being the secretary to the Board of Directors of the company to ensure that the operations went efficiently as per the good corporate governance.

Secretary to the Board of Directors has the following duties and responsibilities.

1. Provide initial recommendations to the Board on legal matters, Rules and regulations of the Company and to ensure compliance with accuracy and consistency, including the significant changes to the Board.
2. Liaison between Board of Directors, Management Team, overseeing and coordinate with regard to the law, related regulations and follow up that all follow the resolution of the Board of Directors.
3. Arrange the Shareholders' Meeting and Board of Directors' Meeting to be in accordance with the law, company's regulations and other related policy.
4. Record the minutes of Shareholders' Meeting and Board of Directors' Meeting, and follow up the actions from resolutions of the Shareholder's Meeting and Board of Directors' Meeting.
5. Overseeing to ensure that there is disclosure of information and report the related information as per regulations and policy of the Stock Exchange of Thailand and Securities Exchange Commission.
6. Communicate with the general shareholders to ensure that they receive all information and aware of any rights and company information.

Sub Management Team

To give shareholders confidence in the operations of company and that the company operates the business transparently by having the moderator to review and make recommendations carefully.

The Board of Directors has appointed various sub management team to do the check and report to the current Board of Directors. This sub management team consists of the Board of Directors and the Audit Committee. The scope of authority and responsibilities of each committee are set independently to assist in the governance of the company.

Nomination of Directors

The selection or appointment of a director of the Company is not done through the recruitment process. The company has established guidelines for the appointment of a new Board of Directors to act as the Nominating Committee and the selection of persons to be appointed as a director, by considering the person who has business related knowledge and experience. However, appointment of the new directors will be approved at the meeting of the Board of Directors.

In addition, the nomination of the directors will need to be approved by the shareholder's meeting as per following details.

1. Shareholders have one vote per one share, one vote.
2. Each shareholder must use all his votes in (1) to elect one or many persons to be Directors, but shall not distribute the votes to one more than another.

3. The persons receiving the highest number of votes shall be elected to serve as Directors up to the number of Directors to be elected at the Shareholders' General Meeting. In the case of a persons who has been elected in descending order with an equality of votes exceeded the number of Directors to be elected the Shareholders' General Meeting, the Chairman will have additional casting vote.

In each Annual General Meeting, one-third (1/3) of the directors will resign from the directors. If the number of directors cannot be divided into 3 groups, nearest number to one-third (1/3) ratio will be used.

Directors who will resign in the first and second years after the company registration will be in charge to draw out the names of the directors who will be resigning in the following year. For the years later, the directors who are in the position for longest period will be requested to resign. The resigned directors may be re-elected back to the position again in the future.

In the case of a director becomes vacant other than retirement by rotation. The Committee shall select persons who are qualified and not prohibited by law to fill the vacant position in the next Board of Directors meeting, unless the agenda of the Board is less than two (2) months period, then the replaced director will be in the position for only for the remaining term of the director he represents.

Ratio of Directors who represent shareholders

- None -

Director and Executive Remuneration

Remuneration Committee has set the appropriate remuneration and submits to the Board of Directors for consideration and present to shareholders for approval of such remuneration. The General Meeting of Shareholders No. 45 for the year 2013 on April 23, 2013 has approved the remuneration at the amount of not exceeding 3 million Baht per year and assigned the Remuneration Committee to review and allocate.

Executive compensation is based on the principles and policies of the Remuneration Committee to determine from the performance of each individual executive and pay as per below details.

1. Acting Director

- Meeting Allowance. To serve as Chairman of 5,000 Baht/time and Company directors 3,000 Baht/person/time.
- Annual Remuneration is paid to all the Directors and the remuneration paid to the Board within the limits approved budget and authorized by the shareholders' meeting. The directors who perform duties as the Board of Directors and Management Team as well as Sub Management members will not be entitled for this allowance apart from usual salary.

2. Acting Audit Committee

- Meeting Allowance. The allowance will be paid the Chairman of the Audit Committee at 4,000Baht/time and each Audit committee member at 3,000 Baht /time.
- The remuneration of the Chairman of the Audit Committee 110,000 Baht/annum, and the Audit Committee 90,000 Baht / annum, as from the Annual General Meeting of shareholders and until changed by the compensation paid may not exceed the amount approved Shareholder's General Meeting.

Executive Remunerations

Monetary compensation

Executive Remuneration	Type	Amount (Baht) Year 2013	Amount (Baht) Year 2012
Chairman and Director	Remuneration	1,932,000	2,140,000
	Meeting allowance	156,000	130,000
	Other allowances	-	-
Audit Committee member & Independent Director	Remuneration	470,000	420,000
	Meeting allowance	142,000	127,000
	Other allowances	-	-
Executive Director	Salary & Bonus	17,755,925	15,227,640
	Other allowances	-	-

Development of Directors and Executives

The company encourages all Directors and Executives to develop their knowledge by giving opportunity for all to attend the seminars which will benefit to the management of the Directors. Such seminars include Director Accreditation Program (DAP) and Director Certification Program (DCP).

Internal Information Management

There is policy that all directors are responsible for reporting the change of assets' ownership of the company to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Commission Act.

There is regulations to prevent the misuse of the company internal information by the Directors, Managers and all staff which is published internally, this regulations covers the spouse and children who do not become sui juris of the said persons. This is to prevent usage of company's internal information person's own benefits including trading all company's assets, especially during the period of 1 month prior to the release of company's financial statement to public by stating clearly in the staff's Code of Conduct.

In year 2013, there is report on stake holding of the Directors and Managers or related person for the benefit on taking care of stake holding of such persons under the rules and regulations of the Board of Directors to be in accordance with the good government of the company under the new Stock Exchange's Royal Decree. The formal policy to preventing misuse of company's internal information is in written and was distributed to all personnel in the organisation to act upon and this is monitored on regular basis.

There is policy in considering the approval of the related transaction, there is disclosure of stake holding of the Directors, Managers and related person, value of transactions, view of independent Directors and related information for the decision of the Directors/ Shareholders for the company's benefits as a whole.

There is policy preventing the Directors/Shareholders who is stakeholders or related person on company's decision making with such stake holding. The person who is stake holder is not allowed to attend the meeting to make decision on such related agenda to prevent using of internal information for own benefit. All Directors/Shareholders must inform the Stock Exchange on the shareholding change and change on directorship of any companies. Besides, the Company also has a policy on disclosure of critical information to be disclosed only by the persons involved and need to use such information only. However, such information will be disclosed to all Managers together with releasing the information to public.

Personnel

As of 2013 year end, there was 530 staff, divided into categories as follow.

Departments	Number of Staff
Management	16
Sales and marketing	377
Accounting - Finance	38
Warehouse	55
Office	44
Total	530

Employee compensation by category is as follows

Salary and bonus	99,069,285.00 Baht
Overtime and allowances	10,909,116.25 Baht
Sales Commissioning	6,411,262.96 Baht
Sales Rewards	4,611,619.73 Baht
Social Security Fund	2,588,036.00 Baht
Travel Allowance	3,841,514.37 Baht
Welfare Allowance	854,058.82 Baht
Uniform	782,860.00 Baht
Total	129,067,753.13 Baht

Staff Development Policy

New City (Bangkok) Public Co., Ltd. has policy to develop staff at all levels to enable staff to have skills and experience as per requirements of the company. Then the staff will bring success to the company steadily. All staff development will be in accordance with requirements of each function for both offices and stores staff, importantly all training can be evaluated and drastically improved.

There is evaluation process on all training, both before and after the sessions. If found that the training is not effective, there will be improved and repeated, especially for those services and products trainings. Other trainings course will be evaluated based on the effectiveness; especially the seminars will be based on each group's requirements. Besides, providing training, the company provides assistance to the staff as follows.

Staff Welfare

- Annual bonuses.
- Retirement Pension
- Group Accident Insurance
- Staff Uniform
- Accident Allowance
- Dead Pension
- Spouse and parent death pension
- Other allowances, such as marriage, childbirth, etc.
- Purchase company products in welfare's prices

Health and welfare Services

- Promote traditional activities such as give food offerings to a Buddhist monk, watering merit wishes to executives, etc.
- Promote health knowledge
- Promote and encourage employee to exercise
- Outdoors Seminars

Audit Fee

The company pays the audit fee to the Auditors as follows.

Description	Year 2013	Year 2012
The unaudited quarterly financial statements as 1,2,3	360,000.- Baht	330,000.- Baht
Annual finance audit fee	340,000.- Baht	320,000.- Baht
Other fees	-	-
Total	700,000 . Baht	650,000.- Baht

CORPORATE GOVERNANCE POLICIES

The Board of Directors is confident that a proper, transparent and accountable governance system is in place along with checks and balances and an internal control system that is sufficient and appropriate. Alongside these mechanisms are due respect for the rights and equality of shareholders and accountability to all stakeholders. These key factors contribute to the enhancement of the organisation's immunity and promotion of a balanced and sustainable growth in the long-term.

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company directors, Executive Officers and all employees.

1. Company Directors, Executive Officers and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees to Company operations.
2. Company Directors, Executive Officers and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committee and Executive Officer.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely manner to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.
10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

Corporate Governance principles are divided into 5 chapters, as follows:

1. Rights of Shareholders

1.1 The Board of Directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. The interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, minority shareholders or institutional shareholders, incorporating both the fundamental rights of shareholders, access rights to information in a sufficient and timely manner, and the right to attend shareholders' meetings to determine directions for operations and decisions on matters having a significant impact on the Company.

1.2 The Board of Directors provides opportunities for shareholders to propose items to be included in the meeting agenda and submit questions prior to the shareholders' meeting day. Rules for the proposal of agenda item and advance submission of questions have been published in the Company website.

1.3 The Board of Directors ensures that information pertaining to the day, time, venue and agenda of the meeting are provided together with explanations and reasons supporting each agenda in the notice of the general meeting of shareholders. The shareholders' meeting venue shall be conveniently accessible.

1.4 The Board of Directors has granted shareholders with the authority to approve the remunerations of Company Directors on a yearly basis as well as to determine the rules for paying remuneration to each Company Committee.

1.5 The Board of Directors promotes the use of technology in shareholders' meetings in order to promote accuracy and speed. Votes are taken for each item on the agenda. Shareholders are given the right to elect Company Directors individually and ballot papers are used and independent overseers of the vote count are engaged.

1.6 The Board of Directors publishes shareholders' meeting resolutions along with the voting results for each agenda on the Company website on the day following the meeting.

1.7 The Board of Directors prepares minutes of the shareholders' meeting. The minutes provide an explanation of voting procedures, list of Company Directors, members of Company Committees, and Executive Officers present and absent from the meeting, the voting results in each agenda together with questions and answers. Items which have not been specified in the meeting notice are not added to the agenda. The minutes are published on the Company website.

2. Equitable Treatment of Shareholders

2.1 The Board of Directors treats all shareholders fairly and equitably. Shares of the same class carry equal voting rights, i.e. one vote per share.

2.2 The Board of Directors encourages shareholders who are unable to attend a meeting in person to grant proxies to attend the meeting and vote on their behalves. The proxy form used allows shareholders to determine voting directions and at least 1 independent director will be provided as an alternative for the grant of shareholder's proxy.

2.3 The Board of Directors provides an opportunity for minority shareholders to nominate candidates for election to become Company Directors in the annual general meeting of shareholders.

2.4 The Board of Directors publishes the shareholders' meeting notice in both Thai and English on the Company website at least 30 days in advance of the shareholders' meeting day.

2.5 The Board of Directors encourages all shareholders to exercise their shareholders' rights. Meeting notices as well as supporting documents are sent to shareholders in advance. An English version is also prepared for foreign shareholders.

2.6 The Board of Directors pursues a policy to prevent the use of inside information and has implemented measures to prevent the exploitation of inside information for wrongful interests of oneself or of others. Company Directors, Executive Officers and employees who are in units which expose them to inside information are prohibited from trading in the Company shares in the one month period prior to the public disclosure of financial statements.

2.7 The Board of Directors has directed Company Directors and Executive Officers to declare their interests and the interests of connected persons, to act prudently in regard to the management of conflicts of interests and to comply with rules of the Office of the Securities and Exchange Commission.

3. Role of Stakeholders

3.1 The Board of Directors appreciates and respects the rights of various stakeholders by having regard to rights under the law or agreement with the Company. Stakeholders are ensured that their rights are protected and that they are treated fairly and equitably. A policy has been prescribed as a guideline for the treatment of each stakeholder group, which has also taken into consideration the community, society and the environment, to promote sustainable development, suppress dishonest acts and corruption, avoid intellectual property infringements, including giving due respect to human rights.

3.2 The Board of Directors supports the social responsibility reporting which has been an integral part of the Annual Report.

3.3 The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment.

3.4 The Board of Directors has prescribed policies or guidelines for protecting employees or informants of matters which pose a risk of loss to the Company or an unfair treatment.

4. Disclosure and Transparency

4.1 The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders' interests, as well as the disclosure of other information pursuant to good corporate governance principles prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company's legitimate interests are not prejudiced. Information is published in both Thai and English on the Company's website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

4.2 The Board of Directors has established units or responsible persons to perform investor relations functions to communicate with external persons equitably and fairly.

5. Responsibilities of the Board

5.1 The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Director is a Non-Executive Director who has experience in the Company's business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.

5.2 The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.

5.3 The Board of Directors has appointed Company Committees to screen key matters prior to submission to the Board of Directors.

5.4 The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.

5.5 The Board of Directors has a policy which require Company Directors and Executive Officers holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.

5.6 The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of company secretarial duties. Continual training and knowledge development are also continually provided.

5.7 The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executive Officers and employees to ensure a harmonized approach.

5.8 The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executive Officers and employees would strive towards the same goal.

5.9 The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executive Officers and employees.

5.10 The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.

5.11 The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.

5.12 The Board of Directors has a policy of encouraging senior Executive Officers to attend Board Meetings.

5.13 The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.

5.14 The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executive Officer within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.

5.15 The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

5.16 The Board of Directors prohibits Company Directors and Executive Officers from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.

5.17 The Board of Directors has directed Company Directors and Executive Officers as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.

5.18 The Board of Directors has directed Company Directors and Executive Officers to disclose personal interests and interests of connected persons in accordance with the prescribed rules.

5.19 The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.

5.20 The Board of Directors requires an annual assessment of the Board of Directors' performance.

5.21 The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.

5.22 The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.

5.23 The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.

5.24 The Board of Directors provides an orientation for first term Company Directors.

5.25 The Board of Directors has established an internal control system and risk management system.

5.26 The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing a corporate governance committee.

Business Ethics

1. Responsibilities to Stakeholders

1.1 Shareholders

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed.

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with good corporate governance principles, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The Company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders' access to Company information.
5. A report of the Board of Directors' responsibility for the financial statements in the Annual Report shall be prepared.
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders.
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting.
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings.
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

1.2 Customers

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success. The following policies and guidelines have been prescribed in this regard:

1. The Company operates the businesses of manufacturing, product distribution and services which are safe for consumers and environmentally friendly.
2. Businesses are operated with commitment to develop goods and services, introduce new innovations and add value to goods and services in order to continually meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The Company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

1.3 Trading Partners

The Board of Directors treats trading partners equitably and takes into account mutual interests by prescribing the following policies and guidelines.

1. The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Trading partners are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of oneself or of others.
3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.

4. The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.

5. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

1.4 Competitors

The Board of Directors operates businesses in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The Company shall conduct its businesses within the rules of fair competition with due regard to business ethics and trade competition laws of various countries in which the Company operates.

2. The Company will not damage the reputation of its trade competitors.

1.5 Creditors

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.

2. Contracts and terms will be strictly adhered to.

3. Operations will be administered to ensure the confidence of creditors in the Company's financial standing and credit rating.

4. Financial standings shall be accurately and timely disclosed.

5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention.

1.6 Employees

The Board of Directors regards employees as valuable resources and a key factor to the Company's success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.

2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.

3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin colour, race, religion, age, disability or other status that is not directly related to the works.

4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.

5. Employee participation in the determination of the Company's direction and development are promoted.

6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.

7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, Insurance, Bonus, Pension and Employee assistance

8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.

9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.

10. Employees of all levels are encouraged to participate in social responsibility activities

1.7 Community and Society

The Board of Directors operates businesses with due regard for the duties and responsibilities owed to the nation, community and society as well as local traditions in order to maintain a desirable society and participation. In this regard, the following policies and guidelines have been prescribed.

1. A business which could lead to a deterioration of society shall not be undertaken and the rights of others in the community and society shall not be violated.
2. Consciousness of responsibilities towards the community and society as a whole shall be instilled continuously for the benefit of the Company and all levels of employees.
3. Measures shall be provided for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.
4. The preservation of local culture and traditions shall be promoted.
5. Cooperation shall be entered into with various agencies for the development of communities.
6. Public benefit activities shall be sponsored.
7. Incomes shall be generated and the community economy shall be promoted through employment of community members and use of community products.
8. Good relations shall be fostered between the Company and the community and society on the basis of propriety, transparency and fairness.

1.8 Environment

The Board of Directors undertakes businesses with due regard for responsibilities to the environment. In this regard, the following policies and guidelines have been prescribed.

1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.
2. An organisational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
3. Knowledge promotion and environmental training shall be extended to employees.
4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.
6. Environmentally friendly technology are developed and published.

1.9 State Sector

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.
2. Proper action shall be taken when conducting transactions with an official or agency of the State.

3. Good relations are fostered between the Company and the State sector within suitable bounds.
4. Relevant laws and business traditions are observed in each country or locality.

2. Conflict of Interests

The Board of Directors has a policy for dealing with conflicts of interests. The following guidelines have been prescribed.

1. The administration of conflicts of interests or connected transactions is undertaken prudently, fairly and rationally. There is a transparent system for approving transactions which primarily takes into account the Company's interests. Interested Company Directors do not have the right to vote and must make a full disclosure in accordance with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Company's interests shall be upheld subject to legality. No action shall be taken that would be a conflict with the Company's interests, and no benefits or privileges will be given to any person.
3. Company Directors and Executive Officers must disclose personal interests and the interests of related persons in accordance with the prescribed rules.
4. Company Directors, Executive Officers and employees who acquire inside information are prohibited from trading in Company shares in the 1-month period prior to public disclosure of financial statements.
5. Company Directors, Executive Officers as well as their spouses and children who have not yet attained legal age shall have the duty to report Company shares holdings and changes in such holdings to the Board of Directors in the subsequent Board Meeting.
6. Company information or secrecy acquired or acknowledged shall not be disclosed or transmitted to third parties or unrelated persons.
7. Disclosure shall be made by authorised Company personnel. Classes of secrecy may be prescribed in accordance with the significance of the information. Disclosure shall be made within the assigned scope of duties and responsibilities.

3. Receptions, receipts and grants of gifts

The Board of Directors aspires to undertake the Company's businesses in line with fair competition. Nevertheless, receptions, receipts and grants of gifts or attendance at receptions in accordance with traditions and practices to maintain good relations are necessary and desirable. In this regard, the following guidelines have been prescribed.

1. No receipts or grants of gifts, tokens or receptions which may influence a decision shall be made. If there is a necessity to receive or grant a gift, token or reception in accordance with tradition to a value in excess of normal circumstances, a report shall be filed with the respective supervisors.
2. In the case of an assignment or authorisation by a supervisor to assist in an external agency, monies, objects or gifts may be received in accordance with the generally applicable rules or standards prescribed by such an agency, e.g. gifts, tokens or lucky draws.
3. In the case where an agent, contractual party, partner or any other person wishes to grant a gift, token or reception to the Company, prior authorisation must be obtained from the Company.
4. Expenses pertaining to these matters shall be maintained within a reasonable budget.

4. Combating Dishonest Acts and Corruption

The Board of Directors has a policy of compliance with the law on combating dishonest acts and corruption. In this regard, the following guidelines have been prescribed.

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in dishonest acts or corruption.
3. Company Directors, Executive Officers and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.
4. Company Directors, Executive Officers and employees are prohibited from giving or offering to give properties or any other benefits to third parties to induce such person to unlawfully or wrongfully perform or refrain from an act.
5. There shall be a financial reporting system which is transparent and accurate.
6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

5. Non-infringement of Intellectual Property

The Board of Directors pursues a policy of non-infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.
2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorisation.
3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.
4. Intellectual property of creative works produced by employees shall vest in the Company. Upon termination of employment, such intellectual property works must be returned to the Company regardless of the form which it is stored.

6. Non-violation of Human Rights

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities which violate human rights.
2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.
3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions which could cause conflicts or divisions should be avoided.
4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the Company. Such complaints shall be given attention and processed fairly.

7. Safety and Occupational Hygiene

The Board of Directors attaches importance to safety and occupational hygiene. In this regard, the following guidelines have been prescribed.

1. Business undertakings shall comply with laws, regulations and policies on safety, occupational hygiene and working environment with due regard to the safety of life and properties as well as to the impact on the health of employees, trading partners and stakeholders. Regular monitors and safety assessments must be conducted.
2. Occupational safety shall be promoted. Work regulations, procedures and standards are prescribed to ensure working safety consistent with risks. Working environment and safe work procedures are improved. Tools and equipment for safety protection are also provided to employees.
3. Preparations are made for emergency events. An emergency plan has been devised and regular drills and improvements are carried out. This is to prevent and minimize any loss to life or properties of the Company, employees, trading partners and related persons.
4. A safe working culture has been built for the entire organisation to ensure sustainably safe work operations.

Code of Conduct for Company Directors, Executive Officers and Employees

1. Formal Responsibilities

The Board of Directors appreciates the importance of good governance. Continual undertakings are implemented to ensure that Company Directors, Executive Officers and employees are aware and comply with standards under the framework of the Code of Conduct and conduct oneself honestly, cautiously and prudently for the greatest benefit of the Company and all related parties. As a consequence, the following Code of Conduct has been prescribed.

Company Directors and Executive Officers

1. Duties shall be performed responsibly, prudently, honestly and in good faith in compliance with the law, Company Articles and relevant notifications.
2. Duties shall be performed to the utmost of ability in order to generate the greatest returns to the Company. This includes attendance at all meetings, except where there is an unavoidable necessity.
3. Duties shall be performed impartially. In a Board Meeting, Company Directors and Executive Officers shall not vote on matters which they have interests.
4. Conflicts of interests shall be administered prudently and reasonably, in adherence to the Company's interests, to ensure transparent management of operations.
5. The acquisition or disposal of assets of the Company, Company Directors and Executive Officers, including their spouses and children who have not attained legal age, shall comply with the relevant rules and a disclosure shall be made to the Board Meeting in the subsequent meeting.
6. Company Directors and Executive Officers are prohibited from buying or selling Company shares in the 1-month period prior to the public disclosure of financial statements.
7. Company Directors and Executive Officers must disclose personal interests and those of related persons in accordance with the prescribed rules.
8. There shall be regular appraisals of the Board of Directors' performance every year.

Employees

1. Employees must support and cooperate in the Company's activities on a regular basis. Assigned tasks must be performed to the best of ability in order to ensure good results and advancement of the Company and employees.
2. Employees must comply with the relevant law, policies, terms of employment, regulations and notifications.
3. Persons contacting the Company must be treated courteously, hospitably and provided with an excellent service in order to preserve the Company's image and reputation.
4. Trade secrets must be kept and the Company's inside information must not be disclosed to third parties.
5. Loans shall not be obtained from customers, persons connected to customers or business counterparts of the Company, except for loans obtained from a bank or financial institution.
6. Lawful orders of supervisors shall be complied.
7. There shall be a commitment to teamwork, mutual assistance, harmony and mutual respect for the benefit of the Company and employees.
8. Co-workers must be treated generously and with good human relations. No groundless allegations shall be made against others. Credit shall not be claimed for the works of others.
9. Duties shall be performed with determination, in earnest and honesty, and the roles and responsibilities in the Company shall not be abused for the purpose of acquiring wrongful benefits for oneself or for others.
10. Duties shall be performed responsibly, cautiously and without neglect in such a manner which could cause a loss to works or properties of the Company.
11. Employees should conduct themselves as good citizens who comply with the Constitution and relevant laws. Political rights shall be exercised appropriately. Employees shall also avoid any involvement in an activity which is unlawful or inconsistent with public order or the good morals of the people.

2. Maintenance of Company Assets

Company Directors, Executive Officers and employees are under a duty and responsibility to efficiently maintain Company assets and assets under the care of the Company. In this regard, the following guidelines have been prescribed.

1. Assets shall be used for business operations and not used for personal gains or for the gains or third parties.
2. Interests shall be protected and assets shall be cared to prevent loss, damage or wrongful use pursuant to the standards of a reasonable man caring for one's property. Direct or indirect wrongful exploitation of benefits shall be eliminated.
3. Sufficient insurance protection from losses shall be obtained for assets.
4. The use of computers to harass, infringe, spy, corrupt other person's personal data or fabricate evidence which could lead to data theft shall be prohibited. An information security system consistent with international standards shall be installed.
5. E-mails and internet access provided shall used for business purposes. They shall be used cautiously and not prejudice the Company's reputation.
6. Passwords for access to the Company's data shall be kept secret and shall not be disclosed to unauthorized persons.
7. The Company's intellectual property works shall not be reproduced, adapted or used for personal benefit or for the benefit of others without authorisation from the Company.
8. The supervisor shall be reported of any finding of rights infringement or acts which could lead to a rights infringement or any act which could potentially lead to a dispute relating to the Company's intellectual property.
9. The safekeeping of important documents of the Company shall be overseen to ensure full compliance with the relevant laws and regulations. Upon the lapse of the safekeeping period, the relevant employee must oversee that the documents are destroyed by appropriate means.

3. Informants and Complaints

The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behaviour which could cause a problem or loss to the Company. The Company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly. Suitable channels and procedures have been provided by the Company in this regard.

The Company will hear and process all complaints impartially, transparently and fairly. Systematic and just measures for the protection of complainants are provided. Information provided by the complainant is kept confidential in the Company.

Measures for the Protection of Complainants

1. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to insecurity or loss concerns.
2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

4. Interpretations

A supervisor shall be under a duty to take responsibility and give advice to subordinates to ensure knowledge and understanding as well as compliance with the prescribed Code of Conduct. If the Code of Conduct does not provide for any instance, or if there remains a question which renders performance not possible or that a decision cannot be made, the matter shall be consulted with the respectively higher level superior. In the case of a conflict, the decision of the Managing Director, Executive Board and Board of Directors shall be final.

These Good Corporate Governance Principles (First Revision) Approval was granted to this edition in Board of Directors Meeting No. 1/2014 on 21 February 2014, which came into force as of 21 February 2014.

CORPORATE SOCIAL RESPONSIBILITIES: CSR

The company works synonymously with a focus on society and the environment, recognizing that all sectors are closely linked, dependence, both directly and indirectly. If society has a problem and a bad environment, it is difficult for business to achieve the goal and be successful. Contrary, if social is in peace and strong, resulting in a stable and sustainable business success.

Company adheres to labor laws, Social Security Act, Intellectual Property Act, Consumer Protection Act, and other laws for the benefit of employees and stakeholders involved. The company has done activities on public charity and social activities to strengthen social and community at several occasions to help improve people quality life of people with disabilities and the disadvantaged from the past to the present. For example, teaching them to make artificial flowers and camphor fruit from stockings, donate old desktop calendar to do media for teaching Bell system, support the implementation of the Prostheses Foundation.

In the year 2013, the Company did not have any legal disputes, which indicates our well responsibilities to the social and environment and we have conducted activities to show our help and responsible for environment as follows.

Social Activities

Dr. Thiam Chokwathana Foundation

The foundation was established on 14th June 1986. Its objective is to promote the public good and development in various areas, particularly with regard to public health and education of children and youth in remote areas. Currently, the foundation has undertaken a variety of activities continuously. Activities include school built scholarship and supplies to needy schools in rural areas and donations consumables for philanthropy, the poor and disaster victims, as well as activities that benefit to society by Saha Group Companies including New City (Bangkok) Public Co., Ltd. have made a donation to the foundation along.

Blood Donation

The Company staff has joined with the Lion Corporation (Thailand) in blood donation to Thai Red Cross, in the blood for life-saving project and this has been organized continuously for many years.

New City (Bankgok) Public Co., Ltd. has established the project called “Cherilon...Give new clothes to younger” inviting Cherilon customers to Donated coats to young kids at the school foundation and agencies.



Mr. Phiphob Chokwathana – Cherilon Executive presented the Cherilon Basic to Mirror Foundation



Ms. Saisom Wongsasuluck, founder of 48 Years Royal Honour School, Lumpoon, received the clothes from Cherilon.



Mr. Koon Namburint, Principle and teachers from Srisangwarn School, receiving Cherilon Basic clothes.



Mr. Chettha Munkong, Manager of Duangkae Children Development Foundation, receiving the clothes from Cherilon.



Ms.Wanwilai Woravikkhosit, Director and Secretary to the Sacred Student Support Foundation in the Royal Patronage, receiving clothes from Cherilon.

Environmental

Currently, the use of natural resources has increased rapidly and made a lot of effects to social and environment. It is well known that effects such as global warming, various natural disasters occurred, which resulted in damage to life and property invaluable. The company recognize that it is all parts responsibility to solve the problem together and can start from today onwards to improve life quality and environment. The company has policy to maximize the use of resources to reduce the garbage by using re-use system to save energy in different ways, both in the office and logistics. The change of electronic appliances, air conditioners to use the energy saving types, not support using of natural destructive products, etc.

Staff

The company recognized the importance of staff employees and take care of staff in accordance with labor laws and Social Security Act, including the promotion and development of disabilities person by hiring the disabled, etc. The company has the system to look after staff to ensure safety and health in the workplace as well as working environment in accordance with regulations and law requirements. We ensure that all staff are in good health and work safely both physically and mentally, and work in the suitable environment and the staff will get compensations and welfare benefit as follows.

- Staff uniform
- Buying company products in special staff price
- Accident Insurance
- Annual Physical check up
- Annual flu vaccination
- Support money to staff and family in the special occasions, e.g. Chinese New Year, Scholarship, Cremation support, and in case of accident or natural disasters, etc.
- Annual Bonus, retirement compensation, per-diem, travel allowance, accommodation and telephone expenses, etc.
- Training and development to improve staff skills to suit each individual staff and each level.

Anti-corruption

The Company recognizes the importance of the issue of corruption which cause damages to society and the nation. Commercial wise, the advantages and disadvantages that were created preventing opportunity to compete fairly, undermine the credibility adversely affect society as a whole. The company has a policy against corruption, by not requesting a bribe to avoid legal action against those involved in corruption. The company has also trained staff to be awareness of honest, responsible, and strengthen the moral internal ethics which are basic morals to good realisation and solve the personal problem. The company has the internal control system to direct and take care and audit the staff who act related to benefits such as assets or facilitation of companies to ensure the business equity to all related parties. The company also set to disciplinary rules and regulations in the workplace which has are severe penalties and encourage those who behave well and be a role model to employees and as good citizens of the nation.

INTERNAL AUDIT CONTROL SYSTEM AND RISK MANAGEMENT

The Board of Directors recognizes the importance of internal controls and financial performance, operations and governance by appointing the internal audit unit to monitor the performance of such systems, including computing systems, as well as providing guidance to ensure the implementation of the guidelines effectively and can independent check and balance effectively.

At the Board of Director Meeting No. 1/2014 on the February 21, 2014, the Board has reviewed the assessment of the adequacy of the internal control system from Assessment Report of the Audit Committee and concluded that the assessment of internal controls of companies in 5 various elements which are internal organisation control, risk assessment, operations control, IT and information, and follow up system. The Board's opinion stated that the company has the sufficient internal control to do the business with major shareholders, president or the related persons (as per Article 10.1-10.4 and Article 12.1-12.4 of the Assessment Form). For other internal controls, the Board sees that they are currently sufficient. The opinions of audit committee said that the company has adjusted the working system to avoid duplication and changed the system from Winspeed to be SAP Business One, for easily audited and accuracy of the information, up to date and solve the problem of work duplication. Besides, it reduces the working processes and reduces the cost. The program has been trial used since the end of 2013, and will be fully used in March 2014.

The auditor, Mr. Phisit Cheewasrirungroj, CPA License No. 2803 of M R & Associates Co., Ltd., the auditors for quarterly and annually for year 2014, has stated his opinion in the audit report that "Risk assessment, the auditor reviewed the internal control relevant to the preparation and presentation of financial statements that is accurate in accordance with business practice".

TRANSACTIONS

The company has transactions which are categorized under related transactions under the notice of Stock Exchange of Thailand regarding the disclosure of information and operations of the registered company for related transactions no. 2, year 2004 and in accordance with the notice of the investment control committee number Tor.Jor.21/2008 by diving into categories as follows.

Type 1 – Business as Usual Transactions

The company is trading the products with related companies during the year of 2013; there are 5 transactions with the associated companies, for the total amount of 358.86 Million Baht. The purchasing price is in accordance with the acceptable market price which is not different from the transactions with other non-related business as free trading. The negotiation is in accordance with the general marketing strategy. Payment term is 90 days credit (as per notes to the financial statement Article 4 Page 31).

For selling products with the associated companies, there is 1 transaction, for total amount of 1.25 Million Baht. The selling price is based on the cost plus 5-6% with credit payment term of 90 days (as per notes to the financial statement Article 4 Page 30).

Type 3 – Transactions on short term rental or lease of real estate

The company has rented the properties as per categories below.

Type	Leaser	Rental Fee /Month	Rental Period	General Description
Head Office Building 666 Rama 3 Road Bangpongpan Yannawa Bangkok	Sahapattanaphibul Public Co.,Ltd.	140,160 Baht	1 year	1 st January – 31 st December 2013 Price is in accordance with agreement.
Warehouse 332 Sukhumvit 54 Road, Bangchak Phrakhanong Bangkok	Jensilp Industries Co.,Ltd.	80,000 Baht	2 years	1 st April 2013 – 31 st March 2015 Rental rates are based on reference rates for the area in the vicinity.

Type 4 – Transactions on Assets or Services

The company has rented the assets as follows.

Type	Leaser	Rental Fee/Month	Rental Period	General Description
Vehicles	Seree Contol Co.,Ltd.	50,000 Baht	3 Years	25 th February 2012 – 24 th February 2015 The Vehicle is to be used for the business of company's President. The rental fee is in accordance with car's conditions and usage. Type of car is Alphard.

Besides the company has the business as usual transactions with the producers and/or products sellers. The price negotiation, terms of payment, delivery term and return of goods are in accordance with the general usual business with other producers/sellers. The credit term is 60-90 days and has agreed on the general traditional trading and in accordance with company's authority which were approved by the Board of Directors under the approval policy and transaction trend. Currently, the transactions will be done only strictly for business purpose only by taking company's benefit into account and in accordance with management system and company internal control system. The company has policy to do transactions only strictly for business as will be treated for the general person.

The company has accounting transaction which is related transactions by shareholding or has shared directors. Such transactions will be in accordance with business as usual. Trading between related companies, price negotiation will be based on recognizing the highest benefit to the company for both short term and long run for consideration. The company has the related companies as follows.

Related Companies	Relationship Description
1. New Plus Knitting Public Co., Ltd.	Associated Company/partly shared Directors
2. Seree Control Co., Ltd.	Associated Company (until 13 th September 2013)
3. Suphatnee Co., Ltd.	Shared Shareholders
4. New Plus 89 Co., Ltd.	Shared Shareholders
5. Mizaza International Co., Ltd.	Shared Shareholders (until 26 th August 2013)
6. Advance Agrotech Co., Ltd.	Party shared Directors
7. IT City Public Co., Ltd.	Party shared Directors
8. Sahaphattanaphibul Public Co., Ltd.	Party shared Directors
9. Sahaphattana Interholding Public Co., Ltd.	Party shared Directors
10. Ekpakorn Co., Ltd.	Party shared Directors
11. New Plus Industrial Co., Ltd.	Party shared Directors
12. Boonwattanachoke Co., Ltd.	Party shared Directors
13. Jensiip Industry Co., Ltd.	Party shared Directors

DEFINITION AND FINANCIAL STATUS ANALYSIS AND PERFORMANCE

Revenue

Major income of the company is selling of products such as stockings/ socks under the Cherilon brand which held 65% of total sales volume. The income from selling underwear, sleepwear under the Cara and Cherilon Intimate held 20% of total sales volume. The sales volume of men clothing under the San Remo is 10% and the sales volume of cosmetics under Scruples brand is 5%, respectively.

For year 2013, the company has introduced innovations such as health series goods such as skin fit and spa heels to reduce heel with a long-term dry by using silicone heel pad bags to the market, this make a sales increase of only 0.89% from year 2012 as per the comparison of the performance with the past year as follows.

Consolidated Financial Statement

Income	2013 (Million Baht)	2012(Million Baht)	Increase (Reduce)	%
Sales Income	673.94	667.98	+5.96	+0.89
Other Incomes				
Dividends	4.60	4.68	-0.08	-1.71
Reverse transaction on products' depreciation cost on associated company.	5.84	12.43	-6.59	-53.02
Other incomes	4.59	10.29	-5.70	-55.39
Total income	688.97	695.38	-6.41	-0.92

The income has reduced at the total amount of -6.46 Million Baht, equivalent to 0.92%, resulting from special finance transaction on recording of investment value of New Plus Knitting Public Co., Ltd. which is vary upon financial value and record of value of idle lands at Bangplee District, Samutprakarn according to the land evaluation by the Department of Lands, as well as the cause of special transaction which has the comparison between each financial period which increase or reduce, resulting in the financial recording in accordance with changing value, resulting in reduction of income which not from the business operations.

Financial statements using the equity method

Income	2013 (Million Baht)	2012(Million Baht)	Increase (Reduce)	%
Sales Income	673.94	667.98	+5.96	+0.89
Other Income				
Dividends	4.16	4.68	-0.52	-11.11
Reverse transaction on products' depreciation cost on associated company.	1.62	0.00	+1.62	+100.00
Other incomes	4.59	10.29	-5.70	-55.39
Total income	684.31	682.95	+1.36	+0.20

Changes for the fiscal with a turnover of financial statements of the two associates companies which are New Plus Knitting Public Co., Ltd., who has investments accounted for 14.79% and Seree Control Co., Ltd., with investment accounted of 11.83%, respectively. The Company recognizes revenue based on the percentage of equity held. The dividend between associated companies will not be calculated as income, so there are the difference between the financial statements and consolidated financial statements presenting the investments under the equity method of 0.44 million Baht (as a number between 4.60 million Baht and 4.16 million Baht). Gain on sale of investment in associated companies amounted to Baht 1.62 million Baht was a result of sales of shares of Seree Control Co., Ltd. as per the

approval of the Board of Directors' Meeting No. 5/2013 dated 13 September 2013, total of 110,000 shares at value of 100 Baht per share, with total amount of 11 million Baht.

Gross Profit

Description	Year 2013 (Million Baht)	Year 2012 (Million Baht)	Increase (Reduce)	%
Net Sales	673.94	667.98	+5.96	+0.89
Less Cost of Sales	(445.95)	(441.97)	+3.98	+0.90
Gross Profit	227.99	226.01	+1.98	+0.88
Gross Profit %	33.83	33.83	0	0

Gross profit is equal to 33.83% last year, affecting the cost of 66.17%. Year 2013 sales target was 800 million Baht which actual sales was 673.94 million Baht, equivalent to 84.24% of the target done and 15.76% lack of target. The major sales volume came from medium level products sales.

Selling and Administrative Expenses

Description	Year 2013 (Million Baht)	Year 2012 (Million Baht)	Increase (Reduce)	%
Selling Costs	141.70	109.66	32.04	29.22
Administrative expenses	59.42	73.36	-13.94	-19.00
Financial cost	5.90	7.09	-1.19	-16.78

Increase in selling costs, such as salary, allowances, Social Security Fund expense, expenses for travel and uniforms in 2013 are total of 129.07 as compared to 2012, has increased by 9.67 million Baht, equivalent to 8.10% and the return on retirement based on the calculation of actuarial is Baht 7.54 million, and promotional costs, shipping costs and exhibition costs.

For reduction on management cost due to management change and cost sharing as part of the change. Financial costs decreased due to the decrease in the OD and the short-term interest rate was 3.4%.

Assets

Financial statements of investment under the equity method

Description	2013 (Million Baht)	2012 (Million Baht)	Increase (Reduction)	%
Total assets	420.48	424.01	-3.53	-0.83
Total non-current assets	222.24	254.49	-32.25	-12.67
Total current liabilities	257.33	291.63	-34.30	-11.76
Total Liabilities	290.64	323.56	-32.92	-10.17
Total non-current liabilities	33.30	31.93	+1.37	+4.29
Total equity attributable to shareholders	352.09	354.94	-2.85	-0.80

Current assets decreased from decrease of stock goods, and the company has suspended ordering clothing goods from non-affiliated companies. At the year end, the company plan to restrict the stock control and not increasing the stocks. For obsolescence stocks will be managed by reducing prices and sell cheaply. Non-current assets reduced due to accounting are recognized by securities index prices reduced the total number of 5 for-sale investments of 117.68 million Baht, a decrease of 30.42 million Baht, equivalent to a decrease of 20.54 %.

Liabilities decreased due to the OD and short-term loans from financial institutions decreased by 32.64 million Baht compared to the percentage decrease of 22.12% due to a gain affect the financial position and the profits resulted in financial strength and the profit that were used to reduce OD and for loan payment.

Non-current liabilities increased due to the adoption of Statement No. 12 in liabilities arising in the future, such as employee benefits and investments.

Liquidity

Description	Financial statements in which equity investments Methods.		Consolidated Financial Statements	
	2013 (Million Baht)	2012(Million Baht)	2013 (Million Baht)	2012(Million Baht)
Profit for the year	36.76	47.27	29.75	49.11
Net cash from operating activities	45.29	16.55	45.29	16.55
Net cash from investing activities	11.99	-0.25	11.99	-0.25
Net cash used in financing activities	-57.33	-15.83	-57.33	-15.83

Net cash generated from operating activities amounted to 45.29 million Baht, an increase of 28.74 million Baht, equivalent to 173.66 percent despite profit decline for the year. There is an indication of the ability to earn money from trading deduct the selling cost, has a positive amount of 45.29 million Baht due to control of goods purchase, which made the decrease of inventories by 14.25 million Baht for year 2013, which vary from year 2012 which has increased by 24.85 million Baht of stock. Resulting from this, the company has paid less tax by 6.08 million Baht, equivalent to 43.58 percent.

Net cash from investing activities amounted to Baht 11.99 million due to the sale of investment of Seree Control Co., Ltd. which is joined company, receiving the amount of 11 million Baht.

Net cash used in financing activities amounted to negative of 57.33 million Baht. The company is adopting a cash balance of trade and cash from the sale of investments to reduce the OD and repay the short-term debt, affecting debt, bank overdrafts and short-term loans from financial institutions decreased down to 32.64 million Baht, equivalent to 22.11% and repayment of long-term loan from individuals related parties amounting at the amount of 7.5 million Baht, resulting in further debt reduction.

Liquidity Ratio Analysis

Description	Year 2013	Year 2012
Current capital ratio	1.63 time	1.45 time
Quick current capital ratio	0.61 time	0.50 time
Receivables Turnover	4.73 time	4.91 time
Average duration of debt collection	77 days	74 days
Turnover of inventory	1.65 time	1.67 times
Gross Margin	33.80%	33.8%
Performance Margin	4.41%	7.35%
Return on equity	7.97%	12.96%

COMPANY GENERAL INFORMATION

Company's Name : New City (Bangkok) Public Co., Ltd.

Securities Abbreviation : NC

Company's registration number : 0107537001901 (previously Bor.Mor.Jor. 437)

Office Location : 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120
Telephone:02-294-6999, Facsimile02-294-4068

Type of business : Selling consumables products, both wholesales and retails

Number and Type of Shares : Registered Ordinary Shares, 14,951,000 shares

Registered capital : 14,951,000 shares, at par value of 10 Baht/share,
Total 149,510,000 Baht.

Issued capital and called for payment : 14,951,000 shares, at par value of 10 Baht/share,
Total 149,510,000 Baht.

Branch Locations

Branch 1 : 293/16-17 Surawongse Road, Suriyawongse, Bangrak, Bangkok, Telephone (02) 2378460-1.

Branch 2 : 47, Opposite Saenfang Temple, Chang Moi Sub-District, Muang, Chiangmai, Telephone (053) 251-362.

Branch 3 : 250/1, Com Kosa Complex, Srichan Road, NaiMuang Sub-District, Muang, Khonkaen, Telephone (043) 389-021.

Branch 4 : Kardsuankaew Complex, 21 Huaykaew Road, Suthep Sub-District, Muang, Chiangmai, Telephone (053) 894-301.

Branch 5 : 33/3, 1st Floor, Bamrunrad Hospital, Sukhumvit 3 Road, Klongtoey Sub-District, Klongtoey, Bangkok, Telephone (02) 667-1249.

Branch 6 : 1242/2, 2nd Floor, The Malls Korat, S-34 Mittraparb Road, Muang Sub-District, Muang, Nakonratchasima, Telephone (044) 288-175.

Branch 7 : Central Plaza KhonKaen, 245, 2nd Floor, 99 Srichan Road, Muang Sub-District, Muang, KhonKaen, Telephone (043) 288-114.

Branch 8 : The Mall Bangkae Showroom, Room GS-L B Room, 275 Moo 1, Petchkasem Road, BangkaeNua, Bangkae, Bangkok, Telephone (02) 454-9686.

Juristic Persons who has shareholding value more than 10%

<u>Company's Name</u>	<u>Type of Business</u>	<u>Number of shares</u>	<u>Investment %</u>
Suphatnee Co., Ltd.	Real Estates	60,000	12.00
Advance Agrotech Co., Ltd.	Flower Planting	29,998	18.28
New Plus Knitting Co., Ltd.	Textiles	1,479,062	14.79

Reference Personnel

Registrar	:	Assets Deposit Centre (Thailand) Co., Ltd. 62, Stock Exchange of Thailand Building, Floors 4, 6-7 Ratchadapisek Road, Klongtoey Sub-District, Klongtoey, Bangkok 10110 Telephone: (02) (02) 229-2800, Facsimile (02) 229-2888.
Accounting Auditor	:	Mr. Phisit Cheewaruengrojana M.R. Associates Co., Ltd., Room 705-706, Chaopraya Tower 89 Soi Wat Suanplu, Charoenkrung Road, Bangrak, Bangkok 10500 Telephone: (02) 630-7500, Facsimile (02) (02) 630-7506.
Legal Advisor	:	None
Financial Advisor	:	None
Consultant or Manager under the management contract	:	None

Investors can learn more on the company annual report
(56-1 Type) of the companies listed. www.sec.or.th or the company's website www.NewCityv.co.th

Management Details and Authorized Persons

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
1	Mr. Boonpakorn Chokwathana Position: Chairman of the Board, Chief President Relationship with the executive (2) – Wife. Relationship with the executive (3) – Son	78	Bachelor of Economics The University of Nottingham, United Kingdom Certificate of Director Accreditation Program (DAP) Director Certification Program (DCP) Role of Compensation Committee (RCC)	4.04	1969-present	Chairman of the Board	New City (Bangkok) Public Company Limited
					1962-present	Deputy Chairman of The Board	Sahapattanaphibul Public Company Limited/ Consumable products
					1972-present	Deputy Chairman of The Board	Sahapattana Inter Holding Public Company Limited /Investment
					1980-present	Independent Director Audit Committee Member and Chairman to the Procurement Department	Bumrungras Hospital Public Company Limited
					2002-present	Director	IT City Public Company Limited
					Present	Chairman	Dr. Thiam Chokewattana Foundation
						Director	4 non-listed companies
2	Mrs. Chamnian Chokwathana Position: Deputy Chairman and Director Family relationship with executive (1) – husband Family relationship with executive (3) – Daughter	64	Diploma in London in 1969 Certification of Director Accreditation Program (DAP)	0.42	1988-present	Deputy Chairman and Director	New City (Bangkok) Public Company Limited
					1989-present	Chairman of the Board	New Plus Knitting Public Company Limited/Textile
						Director	4 non-listed companies

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
3	Mr. Phiphob Chokwathana Position: Deputy Chairman and Director	37	Bachelor of Management Information System The University of Central Florida, USA Certificate of Director Accreditation Program (DAP)	2.32	2003-present	Director/Vice President and Managing Director	New City (Bangkok) Public Company Limited
					2008-present	Assistance Secretary	Industrial Council of Thailand
						Director	5 non-listed companies
4	Ms. Phunjaborn Dechuratana Position: Director	71	Matthayom 5 (High School) Khemasiri-anusorn Certificate of Director Accreditation (DAP) Program	0.03	1969-present	Financial Consultant	New City (Bangkok) Public Company Limited
						Director	1 non-listed company
5	Ms. Pataya Khetsatsira Position: Director	62	Diploma Certificate Bangkok Accounting College Director Accreditation Program (DAP)	0.0002	1984-present	Sales Manager – Cosmetics Department	New City (Bangkok) Public Company Limited
6	Ms. Jurai-orn Chimalawong Position : Director	52	Bachelor of Arts (Accounting) Sunantha Teacher College Certificate of Director Accreditation Program (DAP)	0.0014	Present	Director	New City (Bangkok) Public Company Limited
					1992-present	Director	Boonwattachoke Company Limited
						Director	2 non-listed companies
7	Mr. Suksan Fuangrit Position: Audit Committee	63	Bachelor of Commerce and Finance (Accounting) Thammasart University Certificate of Director Accreditation Program (DAP)	-	2003-present	Audit Committee	New City (Bangkok) Public Company Limited
					1973-1974	Finance Manager	Krung Thai Bank – Ranong Branch
					1975-1976	Finance Manager	Commercial Motors Co.,Ltd.
					1977-1988	General Manager	Thai Takayama Reed Co.,Ltd.
					1989-present	System Planning Consultant	Zabmic Co.,Ltd.

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
8	Mr. Somchai Karnjanapisarn Position: Chairman to the Audit Committee	62	Bachelor of Commerce and Finance (Accounting) Thammasart University MBA Business Management, USA Certificate of Director Accreditation Program (DAP)	-	2003-present	Chairman to the Audit Committee	New City (Bangkok) Public Company Limited
					2001-2006	Director of Risk Management and Finance Management	Bank of Thailand
9	Mrs. Duangdao Anansaringkarn Position: Director	58	Bachelor of Information Science Chulalongkorn University Certificate of Director Accreditation Program (DAP)	0.0004	1984-present	Director and Manager of Products Department	New City (Bangkok) Public Company Limited
10	Ms. Waraporn Phekanant Position: Audit	66	D.I.P.S.T. Nicholas Teacher Training Centre for the Montessori Method of Education	0.03	1999-present	Audit Committee	New City (Bangkok) Public Company Limited
					Present	Executive Director	Association (Sor.Por.Tor.Thor.) 4 Army Preparatory School
						Director	1 non-listed company
11	Ms. Samang Chantrima Position: Director, Secretary to the Board and Secretary to Audit Committee	49	Certificate of High Vocational in Accounting Silom Accounting College Certificate of Director Accreditation Program (DAP)	0.001	1998-present	Director Finance Manager Secretary to the Board Secretary to the Audit Committee	New City (Bangkok) Public Company Limited
12	Mr. Kaweepong Hirunkasi Position: Independent Director	64	Bachelor of Commerce Thammasart University Master of Business Management, International Kasetsart	-	2009-present	Independent Director	New City (Bangkok) Public Company Limited
					1984-2010	Vice Governor	The Metropolitan Power Board
					Present	Director	Student Alumni Association Triam Udomsuksa under the royal

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
			University				patronage
			Ph.D. Social Economic Administration		2005-present	Director	Commerce and Accounting Student Alumni Association
			Magach University, India				Thammasart University
			Certificate of Public Economics Management for high level executives		2007-present	Director	Returning Elephant to Nature Foundation
			Kind Mongkut Institute, Class 5 (Por.Sor.Sor.5)		2009-present	Chairman of Audit Committee	AI Energy Public Co., Ltd.
			Certificate of Director Accreditation Program (DAP)				
13.	Mr. Adul Srimadee Company Secretary	49	Bachelor of Law, Ramkhamhaeng University. Diploma of Law, Lawyer Council		1992-Present	Company Secretary	Legal New City (Bangkok) Public Company Limited

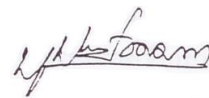
ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT

New City (Bangkok) Public Co., Ltd.'s financial statement is prepared under the policy of the Board of Directors which is in accordance with the generally accepted accounting principles and carefully records the accounting transactions by using the judgment in preparing the financial statement to reflex the actual.

In this regard, the Board of Directors recognized the importance of financial statement's quality by using verification of the financial statement and arrange for disclosure of sufficient important additional information in the notes, definition and analysis of the financial statement for the benefit of the shareholders and general investors in using financial statement.

In addition, the Board of Directors has appointed the Auditor's Committee which consists of the Independent Director, and non-executive Director to be directly in charge for the quality of the financial statement. The opinions and views of the Auditor's Committee are included in the Annual Report.

From the management structure and internal control system together with the report of certified accounting auditor, the Board of Directors are ensured that the New City (Bangkok) Public Co., Ltd.'s financial statement as at 31 December 2013 presenting the financial status, business' s performance and cash flow to be accurate and in accordance with generally accepted accounting principles.



Mr. Boonpakorn Chokwathana
Chairman of the Board

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Newcity (Bangkok) Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied of Newcity (Bangkok) Public Company Limited, which comprise the statement of financial position in which the equity method is applied as at December 31, 2013, and the statements in which the equity method is applied of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. I have also audited the accompanying separate financial statements of Newcity (Bangkok) Public Company Limited, which comprise the separate statement of financial position as at December 31, 2013, and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

As described in Note 8 to the financial statements, the Company accounted its investments in two associates (New Plus Knitting Public Company Limited and Seri Control Company Limited) in the financial statements, in which the equity method is applied, using the equity method. The investments for the years ended December 31, 2013 and 2012, were based on the consolidated financial statements for the years ended September 30, 2013 and 2012, of New Plus Knitting Public Company Limited and its subsidiaries reviewed by another auditor; and the financial statements for the six-month period ended June 30, 2013 and the period from October 1, 2011 to December 31, 2012 of Seri Control Company Limited reviewed by another auditor. The carrying value of these investments as at December 31, 2013 and 2012 amounted to Baht 22.2 million and Baht 25.6 million, respectively. The Company's share of the profit of those associates for the years ended December 31, 2013 and 2012 amounted to Baht 10.5 million and Baht 8.1 million, respectively. The Company's share of other comprehensive loss of those associates for the year ended December 31, 2013 amounted to Baht 1.8 million. The Company's share of other comprehensive income of those associates for the year ended December 31, 2012 amounted to Baht 2.7 million. The management of the Company does not have the authority to allow me to audit the financial statements of those associates. I was unable to determine whether any adjustments to these amounts were necessary.

Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Newcity (Bangkok) Public Company Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis Matter

Without qualifying my opinion, I draw attention to Note 2. The Company has adopted Thai Accounting Standard No.12 "Income tax" starting from January1, 2013. The corresponding figures presented are based on the audited financial statements for the years ended December 31, 2012 and 2011 after the adjustments described in Note 2.

(Mr. Pisit Chiwaruangroch)
Certified Public Accountant
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 21, 2014

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

ASSETS

		In Baht		
		Financial statements in which the equity method is applied		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
CURRENT ASSETS				
Cash and cash equivalents		1,183,135	1,221,687	756,019
Trade accounts receivable				
- Related parties	4, 5	721,094	551,949	618,717
- Other companies	5	146,498,391	137,126,078	133,570,491
Inventories	6	263,325,638	277,573,511	252,721,624
Other current assets	4	8,756,244	7,538,333	7,380,741
Total current assets		420,484,502	424,011,558	395,047,592
NON-CURRENT ASSETS				
Available-for-sale investments	7	117,684,161	148,101,455	113,997,374
Investments in associates	8	22,178,324	25,553,114	14,714,833
Other long-term investments	9	11,662,587	11,662,587	11,662,587
Property, plant and equipment	10	26,147,502	26,597,075	25,131,919
Unused land	11	13,626,625	13,626,625	9,726,625
Leasehold rights	12	8,278,344	9,175,833	10,073,322
Deferred tax assets	2, 13	15,436,699	14,102,261	14,620,338
Other non-current assets	4	7,230,698	5,670,318	4,013,894
Total non-current assets		222,244,940	254,489,268	203,940,892
TOTAL ASSETS		642,729,442	678,500,826	598,988,484

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht		
		Financial statements in which the equity method is applied		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
CURRENT LIABILITIES				
Bank overdrafts and short-term				
loans from financial institutions	14	114,955,201	147,592,961	144,997,493
Trade accounts payable				
- Related parties	4	93,736,902	80,225,711	77,895,241
- Others		10,948,873	13,872,282	18,630,447
Short-term loan from				
related parties	4	-	7,500,000	7,500,000
Income tax payable		3,332,299	4,778,285	7,557,444
Other current liabilities	4	34,358,802	37,665,682	32,819,757
Total current liabilities		257,332,077	291,634,921	289,400,382
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2, 13	16,611,448	22,694,907	15,874,091
Employee benefit obligations	15	15,522,895	7,979,608	3,905,826
Other non-current liabilities		1,169,969	1,253,469	952,070
Total non-current liabilities		33,304,312	31,927,984	20,731,987
Total liabilities		290,636,389	323,562,905	310,132,369

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht		
		Financial statements in which the equity method is applied		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
SHAREHOLDERS' EQUITY				
Share capital - common share				
14,951,000 shares,				
Baht 10 par value				
Authorized share capital		149,510,000	149,510,000	149,510,000
Issued and paid-up share capital		149,510,000	149,510,000	149,510,000
Retained earnings				
- Legal reserve	16	9,000,000	7,350,000	4,650,000
- Unappropriated		127,436,009	103,535,204	70,174,454
Other components of				
shareholders' equity		66,147,044	94,542,717	64,521,661
Total shareholders' equity		352,093,053	354,937,921	288,856,115
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY		642,729,442	678,500,826	598,988,484

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

ASSETS

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
CURRENT ASSETS				
Cash and cash equivalents		1,183,135	1,221,687	756,019
Trade accounts receivable				
- Related parties	4, 5	721,094	551,949	618,717
- Other companies	5	146,498,391	137,126,078	133,570,491
Inventories	6	263,325,638	277,573,511	252,721,624
Other current assets	4	8,756,244	7,538,333	7,380,741
Total current assets		420,484,502	424,011,558	395,047,592
NON-CURRENT ASSETS				
Available-for-sale investments	7	117,684,161	148,101,455	113,997,374
Investments in associates	8	36,665,947	41,823,652	29,396,783
Other long-term investments	9	11,662,587	11,662,587	11,662,587
Property, plant and equipment	10	26,147,502	26,597,075	25,131,919
Unused land	11	13,626,625	13,626,625	9,726,625
Leasehold rights	12	8,278,344	9,175,833	10,073,322
Deferred tax assets	2, 13	22,089,993	21,924,014	24,927,465
Other non-current assets	4	7,230,698	5,670,318	4,013,894
Total non-current assets		243,385,857	278,581,559	228,929,969
TOTAL ASSETS		663,870,359	702,593,117	623,977,561

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
CURRENT LIABILITIES				
Bank overdrafts and short-term				
loans from financial institutions	14	114,955,201	147,592,961	144,997,493
Trade accounts payable				
- Related parties	4	93,736,902	80,225,711	77,895,241
- Others		10,948,873	13,872,282	18,630,447
Short-term loan from				
related parties	4	-	7,500,000	7,500,000
Income tax payable		3,332,299	4,778,285	7,557,444
Other current liabilities	4	34,358,802	37,665,682	32,819,757
Total current liabilities		257,332,077	291,634,921	289,400,382
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2, 13	16,611,448	22,694,907	15,874,091
Employee benefit obligations	15	15,522,895	7,979,608	3,905,826
Other non-current liabilities		1,169,969	1,253,469	952,070
Total non-current liabilities		33,304,312	31,927,984	20,731,987
Total liabilities		290,636,389	323,562,905	310,132,369

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
SHAREHOLDERS' EQUITY				
Share capital - common share				
14,951,000 shares,				
Baht 10 par value				
Authorized share capital		149,510,000	149,510,000	149,510,000
Issued and paid-up share capital		149,510,000	149,510,000	149,510,000
Retained earnings				
- Legal reserve	16	9,000,000	7,350,000	4,650,000
- Unappropriated		148,278,178	131,390,585	96,188,830
Other components of				
shareholders' equity		66,445,792	90,779,627	63,496,362
Total shareholders' equity		373,233,970	379,030,212	313,845,192
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY		663,870,359	702,593,117	623,977,561

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
		2013	2012	2013	2012
	Note		"Restated"		"Restated"
REVENUES					
Net sales	4	673,935,702	667,984,512	673,935,702	667,984,512
Dividend income	4	4,160,756	4,675,585	4,604,475	4,675,585
Reversal of impairment loss on investments in associates		-	-	5,842,295	12,426,869
Gain on sale of investment in associate		1,623,828	-	-	-
Gain on exchange rate		-	136,670	-	136,670
Other income	4	4,585,174	10,157,250	4,585,174	10,157,250
Total revenues		684,305,460	682,954,017	688,967,646	695,380,886
EXPENSES					
Cost of goods sold	4, 17	445,949,995	441,974,538	445,949,995	441,974,538
Selling expenses	4, 17	141,698,406	109,662,566	141,698,406	109,662,566
Administrative expenses	4, 17	59,415,360	73,359,106	59,415,360	73,359,106
Finance costs	4	5,898,427	7,094,160	5,898,427	7,094,160
Total expenses		652,962,188	632,090,370	652,962,188	632,090,370
Share of profit of associates	8	10,506,939	8,100,490	-	-
Profit before income tax		41,850,211	58,964,137	36,005,458	63,290,516
Tax expense	2, 13	5,086,156	11,690,137	6,254,615	14,175,511
Profit for the year		36,764,055	47,274,000	29,750,843	49,115,005

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
		2013	2012	2013	2012
	Note		"Restated"		"Restated"
Other comprehensive income					
Gain (loss) on measurement of available-for-sale investments	18	(24,333,835)	27,283,265	(24,333,835)	27,283,265
Share of other comprehensive income (loss) of associates		(1,811,440)	2,737,791	-	-
Other comprehensive income (loss) for the year		(26,145,275)	30,021,056	(24,333,835)	27,283,265
Total comprehensive income for the year		<u>10,618,780</u>	<u>77,295,056</u>	<u>5,417,008</u>	<u>76,398,270</u>
Basic earnings per share		<u>2.46</u>	<u>3.16</u>	<u>1.99</u>	<u>3.29</u>
Weighted average number of common shares (shares)		<u>14,951,000</u>	<u>14,951,000</u>	<u>14,951,000</u>	<u>14,951,000</u>

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Financial statements in which the equity method is applied (In Baht)							
	Note	Issued and paid-up share capital	Retained earnings		Other components of shareholders' equity		
			Legal reserve	Unappropriated	Fair value changes in available-for- sale investments	Share of other comprehensive income (loss) of associates	Total other components of shareholders' equity
Balance as at January 1, 2012							
- as previously reported		149,510,000	4,650,000	55,554,116	79,370,453	1,025,299	290,109,868
Adjustment	2	-	-	14,620,338	(15,874,091)	-	(1,253,753)
Balance as at January 1, 2012							
- as restated		149,510,000	4,650,000	70,174,454	63,496,362	1,025,299	288,856,115
Total comprehensive income							
for the year		-	-	47,274,000	27,283,265	2,737,791	77,295,056
Appropriation for legal reserve	16	-	2,700,000	(2,700,000)	-	-	-
Dividend payment	19	-	-	(11,213,250)	-	-	(11,213,250)
Balance as at December 31, 2012		<u>149,510,000</u>	<u>7,350,000</u>	<u>103,535,204</u>	<u>90,779,627</u>	<u>3,763,090</u>	<u>354,937,921</u>

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Financial statements in which the equity method is applied (In Baht)							
		Retained earnings		Other components of shareholders' equity			
	Issued and paid-up share capital	Legal reserve	Unappropriated	Fair value changes in available-for- sale investments	Share of other comprehensive income (loss) of associates	Total other components of shareholders' equity	Total shareholders' equity
Note							
Balance as at January 1, 2013							
- as previously reported		149,510,000	7,350,000	89,432,943	113,474,534	3,763,090	363,530,567
Adjustment	2	-	-	14,102,261	(22,694,907)	-	(8,592,646)
Balance as at January 1, 2013							
- as restated		149,510,000	7,350,000	103,535,204	90,779,627	3,763,090	354,937,921
Total comprehensive income							
(loss) for the year		-	-	36,764,055	(24,333,835)	(1,811,440)	10,618,780
Appropriation for legal reserve	16	-	1,650,000	(1,650,000)	-	-	-
Reversal of share of							
other comprehensive income							
of associate sold		-	-	-	-	(2,250,398)	(2,250,398)
Dividend payment	19	-	-	(11,213,250)	-	-	(11,213,250)
Balance as at December 31, 2013		149,510,000	9,000,000	127,436,009	66,445,792	(298,748)	352,093,053

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Separate financial statements (In Baht)						
		Issued and paid-up share capital	Retained earnings		Fair value changes in available-for- sale investments	Total shareholders' equity
	Note		Legal reserve	Unappropriated		
Balance as at January 1, 2012						
- as previously reported		149,510,000	4,650,000	71,261,365	79,370,453	304,791,818
Adjustment	2	-	-	24,927,465	(15,874,091)	9,053,374
Balance as at January 1, 2012 - as restated		149,510,000	4,650,000	96,188,830	63,496,362	313,845,192
Total comprehensive income for the year		-	-	49,115,005	27,283,265	76,398,270
Appropriation for legal reserve	16	-	2,700,000	(2,700,000)	-	-
Dividend payment	19	-	-	(11,213,250)	-	(11,213,250)
Balance as at December 31, 2012		<u>149,510,000</u>	<u>7,350,000</u>	<u>131,390,585</u>	<u>90,779,627</u>	<u>379,030,212</u>
Balance as at January 1, 2013						
- as previously reported		149,510,000	7,350,000	109,466,571	113,474,534	379,801,105
Adjustment	2	-	-	21,924,014	(22,694,907)	(770,893)
Balance as at January 1, 2013 - as restated		149,510,000	7,350,000	131,390,585	90,779,627	379,030,212
Total comprehensive income (loss) for the year		-	-	29,750,843	(24,333,835)	5,417,008
Appropriation for legal reserve	16	-	1,650,000	(1,650,000)	-	-
Dividend payment	19	-	-	(11,213,250)	-	(11,213,250)
Balance as at December 31, 2013		<u>149,510,000</u>	<u>9,000,000</u>	<u>148,278,178</u>	<u>66,445,792</u>	<u>373,233,970</u>

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	In Baht			
	Financial statements		Separate	
	in which the equity		financial statements	
	method is applied			
	2013	2012	2013	2012
		"Restated"		"Restated"
Cash flows from operating activities				
Profit for the year	36,764,055	47,274,000	29,750,843	49,115,005
Adjustment for				
Depreciation and amortization	4,916,059	4,488,631	4,916,059	4,488,631
Allowance for doubtful accounts (reversal)	610,927	(557,603)	610,927	(557,603)
Reversal of impairment loss on investments				
in associates	-	-	(5,842,295)	(12,426,869)
Reversal of impairment loss on unused land	-	(3,900,000)	-	(3,900,000)
Share of profit of associates	(10,506,939)	(8,100,490)	-	-
Gain on sale of investment in associate	(1,623,828)	-	-	-
Gain on disposals of equipment	(379,231)	(181,809)	(379,231)	(181,809)
Unrealized loss (gain) on foreign				
exchange rate	4,428	(3,247)	4,428	(3,247)
Dividend income	(4,160,756)	(4,675,585)	(4,604,475)	(4,675,585)
Interest income	(62,851)	(45,321)	(62,851)	(45,321)
Interest expense	5,898,427	7,094,160	5,898,427	7,094,160
Tax expense	5,086,156	11,690,137	6,254,615	14,175,511
Provisions for employee benefits	7,543,287	4,073,782	7,543,287	4,073,782
	44,089,734	57,156,655	44,089,734	57,156,655
Decrease (increase) in operating assets				
Trade accounts receivable	(10,152,385)	(2,931,216)	(10,152,385)	(2,931,216)
Inventories	14,247,873	(24,851,887)	14,247,873	(24,851,887)
Other current assets	(1,217,911)	(157,592)	(1,217,911)	(157,592)
Other non-current assets	(1,076,100)	(1,560,132)	(1,076,100)	(1,560,132)
Increase (decrease) in operating liabilities				
Trade accounts payable	10,587,782	(2,427,695)	10,587,782	(2,427,695)
Other current liabilities	(3,235,278)	4,970,106	(3,235,278)	4,970,106
Other non-current liabilities	(83,500)	301,399	(83,500)	301,399
Income tax paid	(7,866,580)	(13,951,219)	(7,866,580)	(13,951,219)
Net cash provided by operating activities	45,293,635	16,548,419	45,293,635	16,548,419

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	In Baht			
	Financial statements		Separate	
	in which the equity		financial statements	
	method is applied			
	2013	2012	2013	2012
		"Restated"		"Restated"
Cash flows from investing activities				
Interest received	62,851	45,321	62,851	45,321
Sale of investment in associate	11,000,000	-	11,000,000	-
Acquisitions of equipment	(4,107,851)	(5,183,864)	(4,107,851)	(5,183,864)
Proceeds from sales of equipment	433,805	213,083	433,805	213,083
Dividend received	4,604,475	4,675,585	4,604,475	4,675,585
Net cash provided by (used in) investing activities	11,993,280	(249,875)	11,993,280	(249,875)
Cash flows from financing activities				
Interest paid	(5,974,457)	(7,215,094)	(5,974,457)	(7,215,094)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(32,637,760)	2,595,468	(32,637,760)	2,595,468
Repayments of short-term loan from related parties	(7,500,000)	-	(7,500,000)	-
Dividend payment	(11,213,250)	(11,213,250)	(11,213,250)	(11,213,250)
Net cash used in financing activities	(57,325,467)	(15,832,876)	(57,325,467)	(15,832,876)
Net increase (decrease) in cash and cash equivalents	(38,552)	465,668	(38,552)	465,668
Cash and cash equivalents at beginning of the year	1,221,687	756,019	1,221,687	756,019
Cash and cash equivalents at end of the year	1,183,135	1,221,687	1,183,135	1,221,687

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

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements
December 31, 2013 and 2012

1. GENERAL

Newcity (Bangkok) Public Company Limited (“the Company”) is incorporated in Thailand and has registered office at 666 Rama 3 Road, Bangpongpan, Yannawa Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on September 30, 1977.

The Company engages in the distribution of pantyhose, cosmetics, innerwear and exercise outfits.

2. BASIS FOR FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

The Federation of Accounting Professions has issued new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company’s operations that have been effective as follows:

Effective for the period beginning on or after January 1, 2013

TAS 12	Income Tax
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The Company adopts these new TAS and TFRS for the fiscal year starting from January 1, 2013. The adoption of TAS 21 (revised 2009) and TFRS 8 does not have significantly impacts on the Company’s financial information. The adoption of TAS 12 impacts the Company’s financial information as follows:

TAS 12 “Income tax”

Under this TAS, deferred tax in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting and amounts used for tax purposes is deferred.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Financial statements in which the equity method is applied

	In Thousand Baht	
	Increase (Decrease)	
	2013	2012
As at December 31		
Deferred tax assets	15,437	14,102
Deferred tax liabilities	16,611	22,695
Unappropriated retained earnings	15,437	14,102
Other components of shareholders' equity	(16,611)	(22,695)
Total shareholders' equity	(1,174)	(8,593)
As at January 1		
Deferred tax assets		14,620
Deferred tax liabilities		15,874
Unappropriated retained earnings	14,102	14,620
Other components of shareholders' equity	(22,695)	(15,874)
Total shareholders' equity	(8,593)	(1,254)
For the year ended December 31		
Income tax expense	(1,335)	518
Profit for the year	1,335	(518)
Loss on measurement of available-for-sale investments	6,084	-
Gain on measurement of available-for-sale investments	-	(6,821)
Basic earnings per share (Baht)	0.09	(0.04)

Separate financial statements

	In Thousand Baht	
	Increase (Decrease)	
	2013	2012
As at December 31		
Deferred tax assets	22,090	21,924
Deferred tax liabilities	16,611	22,695
Unappropriated retained earnings	22,090	21,924
Other components of shareholders' equity	(16,611)	(22,695)
Total shareholders' equity	5,479	(771)
As at January 1		
Deferred tax assets		24,927
Deferred tax liabilities		15,874
Unappropriated retained earnings	21,924	24,927
Other components of shareholders' equity	(22,695)	(15,874)
Total shareholders' equity	(771)	9,053

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

	In Thousand Baht	
	Increase (Decrease)	
	2013	2012
For the year ended December 31		
Income tax expense	(166)	3,003
Profit for the year	166	(3,003)
Loss on measurement of available-for-sale investments	6,084	-
Gain on measurement of available-for-sale investments	-	(6,821)
Basic earnings per share (Baht)	0.01	(0.20)

The Federation of Accounting Professions has revised and issued new Thai Financial Reporting Standards (Thai Accounting Standard, Thai Accounting Standard Interpretations, Thai Financial Reporting Standard and Thai Financial Reporting Interpretations) effective for the period beginning on or after January 1, 2014. The adoption of these Financial Reporting Standards does not have significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant principle accounting policies adopted in the preparation of these financial statements are as follows:

Basis of the financial statements in which the equity method is applied

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The financial statements in which the equity method is applied include the Company's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Trade and other receivables

Trade and other receivables are stated at their invoice values less allowance for doubtful accounts.

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 the historical collection experience coupled with a review of the current status of existing receivables.

Inventories

Inventories are stated at the lower of cost (after deduction of allowance for obsolete and slow-moving of inventories) or net realizable value.

Cost is calculated using weighted average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less necessary selling expenses.

Allowance for slow-moving and obsolete inventories is based on the ages and conditions of inventories and the historical experience.

Investments

Investments in associates in the separate financial statements of the Company are accounted for using the cost method less impairment losses. Investments in associates in the financial statements in which the equity method is applied are accounted for using the equity method.

Marketable equity securities other than securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in other comprehensive income.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Equity securities which are not marketable are stated at cost less impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and allowance for impairment loss (if any).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Depreciation is calculated based on cost of the property and equipment less residual value. Useful lives and residual values are reviewed at each year-end. The estimated useful lives are as follows:

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

	<u>Period (years)</u>
Buildings	20
Furniture, and office equipments	5
Vehicles	5

No depreciation is provided on land or assets under construction.

Unused land

Unused land is stated at cost net of allowance for impairment loss.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the lease life of 24 - 27 years.

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Employee benefits

The Company's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in profit or loss and comprise of current service cost, interest cost, past service cost, and actuarial gains and losses.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated cost or the probable return of goods.

Interest income is recognized in profit or loss as it accrues.

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established.

Other income is recognized on an accrual basis.

Expenses

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred.

Income tax

Tax expense for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Use of estimates

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Basic earnings per share

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year.

4. TRANSACTIONS WITH RELATED PARTIES

Related party is a party controlled by the Company or has power control over the Company, directly or indirectly, or has significant influence over the financial or operating policies of the Company.

Name of entities	Nature of relationships
<u>Associates</u>	
New Plus Knitting Pcl. and its subsidiaries Seri Control Co., Ltd.	Associate Associate (up to September 13, 2013, however still remain common shareholder)
<u>Other related parties</u>	
Supathanee Co., Ltd.	Common shareholder
Misasa International Co., Ltd.	Common directors (up to August 26, 2013)
Advance Acrotech Co., Ltd.	Common directors
IT City Pcl.	Common directors
Saha Pathanapibul Pcl.	Common directors
Saha Pathana Inter-Holding Pcl.	Common directors
Ekpakorn Co., Ltd.	Common directors
Boonwatanachok Co., Ltd.	Common directors
Chensin Industry Co., Ltd.	Common directors
Ms. Vorawong Chokvathana	A daughter of director
Mr. Pipope Chokvathana	Director
Mr. Boonpakorn Chokvathana	Director
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The pricing policies are as follows:

Type of transactions	Pricing policies
Sale	Market price
Purchase	Market price
Commission income	Market price
Rental income	Market price
Other income	Negotiated price
Rental expense	Market price
Service for inventory	Market price
Other expense	Negotiated price
Interest expense	Market price

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Significant outstanding balances of assets and liabilities with its related parties as at December 31, 2013 and 2012 were as follows:

	In Thousand Baht	
	2013	2012
<u>Trade accounts receivable</u>		
<i>Other related party</i>		
Boonwatanachok Co., Ltd.	721	552
<u>Other current assets (other receivables from related parties)</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	54	100
<i>Other related party</i>		
Boonwatanachok Co., Ltd	17	156
Total	71	256
<u>Available-for-sale investments</u>		
<i>Other related parties</i>		
Saha Pathanapibul Pcl.	12,807	12,807
IT City Pcl.	3,541	3,541
Saha Pathana Inter-Holding Pcl.	1,898	1,898
	18,246	18,246
Add fair value changes	78,112	108,985
Total	96,358	127,231
<u>Other long-term investments</u>		
<i>Other related parties</i>		
Supathanee Co., Ltd.	6,000	6,000
Advance Acrotech Co., Ltd.	2,290	2,290
	8,290	8,290
Less allowance for impairment loss	(896)	(896)
Net	7,394	7,394

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

	In Thousand Baht	
	2013	2012
<u>Other non-current assets (deposit)</u>		
<i>Other related party</i>		
Boonwatanachok Co., Ltd.	590	590
<u>Trade accounts payable</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	93,737	80,225
<i>Other related party</i>		
Misasa International Co., Ltd.	-	1
Total	93,737	80,226
<u>Short-term loan from related party</u>		
(Interest at 3% p.a. Principle was repaid in January and March 2013)		
Ms. Vorawong Chokvathana	-	7,500
<u>Other current liabilities (accrued expense)</u>		
<i>Associates</i>		
New Plus Knitting Pcl. and its subsidiaries	10	78
Seri Control Co., Ltd.	-	50
<i>Other related parties</i>		
Chensin Industry Co., Ltd	86	86
Saha Pathana Inter-Holding Pcl.	20	20
Boonwatanachok Co., Ltd.	-	2
Total	116	236

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Significant transactions with related parties for the years ended December 31, 2013 and 2012 were as follows:

	In Thousand Baht	
	2013	2012
<u>Sale</u>		
<i>Other related party</i>		
Boonwatanachok Co., Ltd.	1,252	1,306
<u>Purchase</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	358,841	373,303
<i>Other related parties</i>		
Saha Pathanapibul Pcl.	18	140
Boonwatanachok Co., Ltd.	5	5
Advance Acrotech Co., Ltd.	-	3
Total	358,864	373,451
<u>Dividend income</u>		
<u>Financial statements in which the equity method is applied</u>		
<i>Other related parties</i>		
Saha Pathanapibul Pcl.	1,801	1,621
IT City Pcl.	-	991
Saha Pathana Inter-Holding Pcl.	82	82
Total	1,883	2,694
<u>Separate financial statements</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	444	-
<i>Other related parties</i>		
Saha Pathanapibul Pcl.	1,801	1,621
IT City Pcl.	-	991
Saha Pathana Inter-Holding Pcl.	82	82
Total	2,327	2,694
<u>Other income (commission, rental, etc.)</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	861	863
<i>Other related party</i>		
Boonwatanachok Co., Ltd.	163	152
Total	1,024	1,015
<u>Finance costs</u>		
<i>Other related party</i>		
Ms. Vorawong Chokvathana	13	225

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

	In Thousand Baht	
	2013	2012
<u>Selling and administrative expenses</u> (rental, warehouse service, etc.)		
<i>Associates</i>		
Seri Control Co., Ltd.	489	1,575
New Plus Knitting Pcl. and its subsidiaries	244	293
<i>Other related parties</i>		
Saha Pathanapibul Pcl.	1,693	1,567
Chensin Industry Co., Ltd.	960	960
Saha Pathana Inter-Holding Pcl.	240	240
Boonwatanachok Co., Ltd.	180	180
Total	3,806	4,815
<u>Key management compensation</u>		
Short-term employee benefits	20,456	18,045
Post-employee benefits	1,918	422
Total	22,374	18,467

Guarantee

As at December 31, 2013 and 2012, the Company guaranteed an associate and its subsidiary for credit facilities totaling Baht 38 million, respectively (with no guarantee fee).

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

5. TRADE ACCOUNTS RECEIVABLE

Aging analyses for trade accounts receivable as at December 31, 2013 and 2012 were as follows:

	Note	In Thousand Baht	
		2013	2012
<u>Related parties</u>			
Current		98	263
Overdue not over 3 months		623	289
Total	4	<u>721</u>	<u>552</u>
<u>Other companies</u>			
Current		118,208	108,518
Overdue			
Not over 3 months		26,448	26,256
Over 3 - 6 months		1,842	2,352
Over 6 - 12 months		1,074	508
Over 12 months		4,540	4,495
		<u>152,112</u>	<u>142,129</u>
Less allowance for doubtful accounts		<u>(5,614)</u>	<u>(5,003)</u>
Net		<u>146,498</u>	<u>137,126</u>

6. INVENTORIES

	In Thousand Baht	
	2013	2012
Merchandise	<u>263,326</u>	<u>277,574</u>

7. AVAILABLE-FOR-SALE INVESTMENTS

	In Thousand Baht		
	Related parties (Note 4)	Others	Total
As at December 31, 2013			
Cost	18,246	16,381	34,627
Fair value changes	78,112	4,945	83,057
Total	<u>96,358</u>	<u>21,326</u>	<u>117,684</u>
As at December 31, 2012			
Cost	18,246	16,381	34,627
Fair value changes	108,985	4,489	113,474
Total	<u>127,231</u>	<u>20,870</u>	<u>148,101</u>

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

8. INVESTMENTS IN ASSOCIATES

Investments in associates as at December 31, 2013 and 2012 were as follows:

		In Thousand Baht						
	Type of business	Ownership interest (%)		Paid-up share capital	Investments			
		2013	2012		Cost method		Equity method	
					2013	2012	2013	2012
<u>Associates</u>								
New Plus Knitting Pcl.	Textiles	14.79	14.79	100,000	69,932	69,932	22,178	12,271
Less allowance for impairment loss					(33,266)	(39,108)	-	-
Net					36,666	30,824	22,178	12,271
Seri Control Co., Ltd.	Investment in securities	-	11.83	93,000	-	11,000	-	13,282
Total					36,666	41,824	22,178	25,553

The Company received dividend from New Plus Knitting Pcl. for the year ended December 31, 2013 amounting to Baht 0.4 million.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

The Company accounted its investments in two associates (New Plus Knitting Public Company Limited and Seri Control Company Limited) in the financial statements, in which the equity method is applied, using the equity method. The investments for the years ended December 31, 2013 and 2012, were based on the consolidated financial statements for the years ended September 30, 2013 and 2012, of New Plus Knitting Public Company Limited and its subsidiaries reviewed by another auditor; and the financial statements for the six-month period ended June 30, 2013 and the period from October 1, 2011 to December 31, 2012 of Seri Control Company Limited reviewed by another auditor. The carrying value of these investments as at December 31, 2013 and 2012 amounted to Baht 22.2 million and Baht 25.6 million, respectively. The Company's share of the profit of those associates for the years ended December 31, 2013 and 2012 amounted to Baht 10.5 million and Baht 8.1 million, respectively. The Company's share of other comprehensive loss of those associates for the year ended December 31, 2013 amounted to Baht 1.8 million. The Company's share of other comprehensive income of those associates for the year ended December 31, 2012 amounted to Baht 2.7 million.

On September 13, 2013, the Company sold investment in Seri Control Co., Ltd. amounting to Baht 11 million.

Financial information of the associates were as follows:

	In Thousand Baht			
	Total assets	Total liabilities	Total revenues	Profit (loss)
<u>2013</u>				
New Plus Knitting Public Company Limited and its subsidiaries	495,790	247,916	402,827	26,568
<u>2012</u>				
New Plus Knitting Public Company Limited and its subsidiaries	412,261	203,881	425,816	52,577
Seri Control Company Limited	147,944	25,962	3,647	(1,095)

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

9. OTHER LONG-TERM INVESTMENTS

	In Thousand Baht		
	Related parties (Note 4)	Others	Total
As at December 31, 2013			
Cost	8,290	18,429	26,719
Allowance for impairment loss	(896)	(10,412)	(11,308)
Allowance for loss on reduction of capital	-	(3,749)	(3,749)
Net	7,394	4,268	11,662
As at December 31, 2012			
Cost	8,290	18,429	26,719
Allowance for impairment loss	(896)	(10,412)	(11,308)
Allowance for loss on reduction of capital	-	(3,749)	(3,749)
Net	7,394	4,268	11,662

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

10. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht					
	Land	Building	Furniture and office equipment	Vehicles	Construction in progress	Total
Cost						
At January 1, 2011	15,810	42,173	61,616	5,971	-	125,570
Additions	-	-	3,208	1,416	234	4,858
Disposals	-	-	-	(974)	-	(974)
At December 31, 2012	15,810	42,173	64,824	6,413	234	129,454
Additions	-	79	3,255	91	-	3,425
Transfers	-	234	-	-	(234)	-
Disposals	-	-	(678)	(962)	-	(1,640)
At December 31, 2013	15,810	42,486	67,401	5,542	-	131,239
Accumulated depreciation						
At January 1, 2012	-	39,666	55,610	5,162	-	100,438
Depreciation charge for the year	-	783	2,162	417	-	3,362
Disposals	-	-	-	(943)	-	(943)
At December 31, 2012	-	40,449	57,772	4,636	-	102,857
Depreciation charge for the year	-	755	2,589	475	-	3,819
Disposals	-	-	(678)	(907)	-	(1,585)
At December 31, 2013	-	41,204	59,683	4,204	-	105,091
Net Book Value						
At December 31, 2012	15,810	1,724	7,052	1,777	234	26,597
At December 31, 2013	15,810	1,282	7,718	1,338	-	26,148

The gross carrying amounts of the Company's fully depreciated property, plant and equipment those are still in use as at December 31, 2013 and 2012 amounted to Baht 79.8 million and Baht 65.7 million, respectively.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

11. UNUSED LAND

	In Thousand Baht	
	2013	2012
Unused land - at cost	17,133	17,133
Less allowance for impairment loss	(3,506)	(3,506)
Net	13,627	13,627

12. LEASED HOLD RIGHTS

	In Thousand Baht
At cost	
At January 1, 2012 and December 31, 2012 and 2013	23,447
Accumulated amortization	
At January 1, 2012	(13,374)
Amortization charge for the year	(897)
At December 31, 2012	(14,271)
Amortization charge for the year	(898)
At December 31, 2013	(15,169)
Net book value	
At December 31, 2012	9,176
At December 31, 2013	8,278

The Company entered into three lease agreements for building for 24 years to 27 years ending in January 2027. Under the term of the agreements, the Company paid Baht 23.4 million as leasehold rights on buildings.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

13. INCOME TAX

Movements in deferred tax assets and deferred tax liabilities during the year were as follow:

	Financial statements in which the equity method is applied (In Thousand Baht)					
	At January 1, 2012	Recognized in		At December 31, 2012	Recognized in	
		Profit or loss	Other comprehensive income		Profit or loss	Other comprehensive income
<u>Deferred tax assets</u>						
Allowance for doubtful accounts	1,113	(112)	-	1,001	122	-
Allowance for impairment loss on Other long-term investments	3,011	-	-	3,011	-	-
Unused land	1,481	(780)	-	701	-	-
Post-employment benefit	781	815	-	1,596	1,509	-
Consignment sales	8,234	(441)	-	7,793	(296)	-
Total	<u>14,620</u>	<u>(518)</u>	<u>-</u>	<u>14,102</u>	<u>1,335</u>	<u>-</u>
<u>Deferred tax liabilities</u>						
Fair value change in available-for-sale investments	<u>15,874</u>	<u>-</u>	<u>6,821</u>	<u>22,695</u>	<u>-</u>	<u>(6,084)</u>

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

	Separate financial statements (In Thousand Baht)						
	Recognized in			Recognized in			
	At January 1, 2012	Profit or loss	Other comprehensive income	At December 31, 2012	Profit or loss	Other comprehensive income	At December 31, 2013
<u>Deferred tax assets</u>							
Allowance for doubtful accounts	1,113	(112)	-	1,001	122	-	1,123
Allowance for impairment loss on							
Investment in associates	10,307	(2,485)		7,822	(1,169)	-	6,653
Other long-term investments	3,011	-	-	3,011	-	-	3,011
Unused land	1,481	(780)	-	701	-	-	701
Post-employment benefit	781	815	-	1,596	1,509	-	3,105
Consignment sales	8,234	(441)	-	7,793	(296)	-	7,497
Total	24,927	(3,003)	-	21,924	166	-	22,090
<u>Deferred tax liabilities</u>							
Fair value change in							
available-for-sale investments	15,874	-	6,821	22,695	-	(6,084)	16,611

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Tax expense

Financial statements in which the equity method is applied

	Rate (%)		In Thousand Baht	
	2013	2012	2013	2012
Current tax expense			6,421	11,172
Deferred tax expense				
Movements in temporary differences			(1,335)	518
Total			<u>5,086</u>	<u>11,690</u>
<u>Reconciliation of effective tax rate</u>				
Profit before income tax			<u>41,850</u>	<u>58,964</u>
Income tax using the corporate tax rate	20.0	23.0	8,370	13,562
Income not subject to tax				
Dividend income	(2.0)	(1.8)	(832)	(1,075)
Share of profit of associate	(5.0)	(3.2)	(2,101)	(1,863)
Gain on sale of investment in associate	(0.8)	-	(325)	-
Income tax reduction - deferred	-	2.0	-	1,157
Others	(0.1)	(0.2)	(26)	(91)
Total	<u>12.1</u>	<u>19.8</u>	<u>5,086</u>	<u>11,690</u>

Separate financial statements

	Rate (%)		In Thousand Baht	
	2013	2012	2013	2012
Current tax expense			6,421	11,172
Deferred tax expense				
Movements in temporary differences			(166)	3,003
Total			<u>6,255</u>	<u>14,175</u>
<u>Reconciliation of effective tax rate</u>				
Profit before income tax			<u>36,005</u>	<u>63,290</u>
Income tax using the corporate tax rate	20.0	23.0	7,201	14,557
Dividend income not subject to tax	(2.5)	(1.7)	(921)	(1,075)
Income tax reduction - deferred	-	1.2	-	784
Others	(0.1)	(0.1)	(25)	(91)
Total	<u>17.4</u>	<u>22.4</u>	<u>6,255</u>	<u>14,175</u>

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht	
	2013	2012
Bank overdrafts (interest rate at 7.2% - 7.5% p.a. at December 31, 2013 and 7.3% - 7.48% p.a. at December 31, 2012)	34,955	59,593
Short-term loans (interest rate at 3.4% - 4.5% p.a. at December 31, 2013 and 4.1% - 5.12% p.a. at December 31, 2012)	80,000	88,000
Total	114,955	147,593

As at December 31, 2013 and 2012, the Company had credit lines for bank overdrafts and short-term loans from financial institutions amounting to Baht 302 million and Baht 285 million, respectively.

15. EMPLOYEE BENEFIT OBLIGATIONS

Movement in the present value of the obligations (unfunded) was as follows:

	In Thousand Baht	
	2013	2012
Obligations as at January 1	7,980	3,906
Recognized transitional obligations for the year ended December 31, 2012 and 2011	2,238	2,238
Current cost	4,720	1,308
Interest on obligations	585	528
	7,543	4,074
Obligations as at December 31	15,523	7,980

Principal actuarial assumptions:

	%	
	2013	2012
Discount rate	3.66	4.25
Salary increase rate	4.00	4.00
Disability rate	5.00	5.00

The Company's obligations in respect of post-employment benefits as at January 1, 2011 amounted to Baht 11.2 million. The Company has opted to recognize this amount as an expense on a straight-line basis over five years from the date of adoption of TAS 19, in accordance with the transitional provisions of TAS 19. As at December 31, 2013 and 2012, unrecognized transitional obligations amounted to Baht 4.5 million and Baht 6.7 million, respectively.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

16. LEGAL RESERVE

Section 116 of the Public Limited Companies Act, B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

17. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht		
	Cost	Selling expense	Administrative expense
<u>2013</u>			
Change in finished goods	(14,248)	-	-
Purchase	431,702	-	-
Employee expenses	-	109,580	31,583
Advertising and sale promotion	-	11,657	-
Rental expense	-	-	6,472
Depreciation and amortization	-	-	4,916
Utilities	-	-	4,019
<u>2012</u>			
Change in finished goods	(24,852)	-	-
Purchase	466,826	-	-
Employee expenses	-	87,098	40,292
Advertising and sale promotion	-	10,393	-
Rental expense	-	-	6,145
Depreciation and amortization	-	-	4,489
Utilities	-	-	3,910

18. OTHER COMPREHENSIVE INCOME

Gain (loss) on measurement of available-for-sale investments

	Note	In Thousand Baht	
		2013	2012
Gain (loss) on measurement of available-for-sale investments		(30,418)	34,104
Tax income (expense)	13	6,084	(6,821)
Net		(24,334)	27,283

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

19. DIVIDEND PAYMENT

At the shareholders' meeting of the Company held on April 24, 2012, the shareholders approved dividend payment from profit for the year ending December 31, 2011 amounting to Baht 11.2 million (14,951,000 shares of Baht 0.75 per share).

At the shareholders' meeting of the Company held on April 23, 2013, the shareholders approved dividend payment from profit for the year ending December 31, 2012 amounting to Baht 11.2 million (14,951,000 shares of Baht 0.75 per share).

20. SEGMENT INFORMATION

The segmental financial information of the Company for the years ended December 31, 2012 and 2011 were as follows:

	Financial statements in which the equity method is applied (In Thousand Baht)			
	Textile	Cosmetic	Others	Total
<u>2013</u>				
Net sales	592,388	28,898	52,650	673,936
Gross profit	189,018	12,328	26,639	227,985
Unallocated other income				10,370
Unallocated selling and administrative expenses, and finance costs				(207,012)
Share of profit of associates				10,507
Income tax expense				(5,086)
Profit for the year				36,764
<u>2012</u>				
Net sales	593,619	31,186	43,179	667,984
Gross profit	186,634	16,876	22,500	226,010
Unallocated other income				14,970
Unallocated selling and administrative expenses, and finance costs				(190,116)
Share of profit of associates				8,100
Income tax expense				(11,690)
Profit for the year				47,274
Unallocated assets				
As at December 31, 2013				642,729
As at December 31, 2012				678,501

Sales to major customer during the year ended December 31, 2013 and 2012 amounted to Baht 88.5 million and Baht 78.1 million, respectively.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

Sales by geographic for the year ended December 31, 2013 and 2012 were as follows:

	In Thousand Baht	
	2013	2012
Domestic sales	650,174	644,077
Export	23,762	23,907
Total	673,936	667,984

21. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

Interest rate risk

Interest rate risk incurs from the future interest rate instability, which may affect the Company operating result and cash flow. The Company also incurs interest rate risk from investment in financial institutes, bank overdraft, loan from banks, and promissory note - financial institute.

Since the financial assets and liabilities are held primarily in short-term and have fixed interest rates in relation with the current market interest rate, the Company has not used financial derivative to protect against such risk.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments

Cash and cash equivalents, trade accounts receivable and other receivables - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Bank overdrafts and short-term loans from financial institutions, trade accounts payable and other payables and short-term loan from related parties - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2013 and 2012

22. COMMITMENTS

As at December 31, 2013, the Company had

Commitment under vehicle, building and equipment leased contracts with 1-27 years term starting from year 1991 to 2027. As at December 31, 2013 the Company has commitment liability arising from the leased contracts as follows:

	<u>In Thousand Baht</u>
Within one year	7,679
After 1 year but not over 5 years	3,285
After 5 years	<u>3,078</u>
Total	<u>14,042</u>

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors on February 21, 2014.