



# ANNUAL REPORT

## 2014



**THANULUX**



## VISION วิสัยทัศน์

“THANULUX” will be the leader of fashion industry in Thailand and The region  
 ธนุลักษณ์จะเป็นผู้นำในอุตสาหกรรมแฟชั่นของประเทศและภูมิภาค

## OUR MISSION พันธกิจ

To satisfy customers with excellent qualities through innovation along with highly impressive service.

สร้างความพึงพอใจให้กับลูกค้าด้วยคุณภาพสินค้าที่เป็นเลิศโดยผ่านนวัตกรรมและบริการเหนือความคาดหมาย

To satisfy shareholders with a strong intention to increase wealth for the shareholders.  
 สร้างความพึงพอใจให้กับผู้ถือหุ้นด้วยความมุ่งมั่นในการเพิ่มคุณค่าให้แก่ผู้ถือหุ้น

To satisfy employees with learning opportunities, personal development, professional stability and well remuneration.

สร้างความพึงพอใจให้กับพนักงานด้วยการให้ออกาสในการเรียนรู้และพัฒนาตนเอง รวมทั้งให้ความมั่นคงและผลตอบแทนที่ดี

To enhance good corporate governance reflected in work ethic and moral.  
 ส่งเสริมให้บริษัทมีการกำกับดูแลกิจการที่ดี มีคุณธรรมและจริยธรรมในการดำเนินงาน

To establish principles on environmentally friendly practices in business operation, instill continuous conscience of employees towards social responsibility and support of activities pertaining to the public benefits.

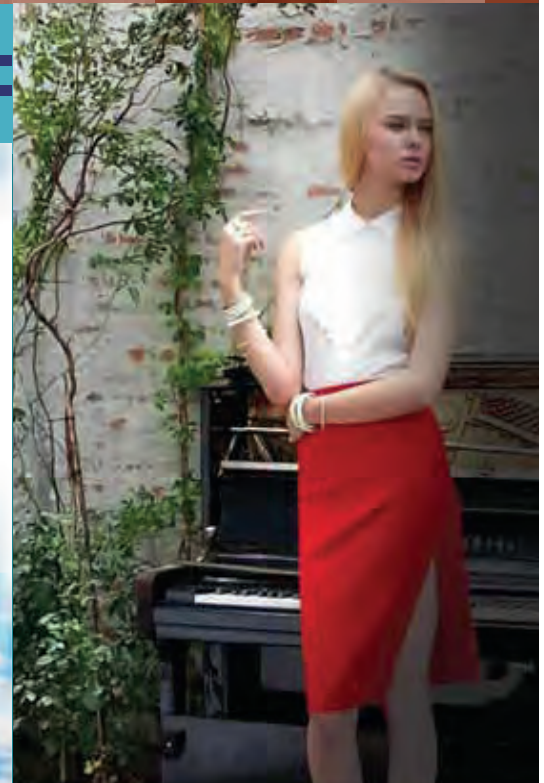
ดำเนินธุรกิจโดยคำนึงถึงผลกระทบต่อทรัพยากรธรรมชาติ และสิ่งแวดล้อม ปลูกฝังจิตสำนึก ความรับผิดชอบต่อสังคม ชุมชนให้เกิดขึ้นในบริษัทอย่างต่อเนื่อง รวมถึงการสนับสนุนกิจกรรมอันเป็นสาธารณประโยชน์

# COMPANY'S PRODUCT MEN'S WEAR



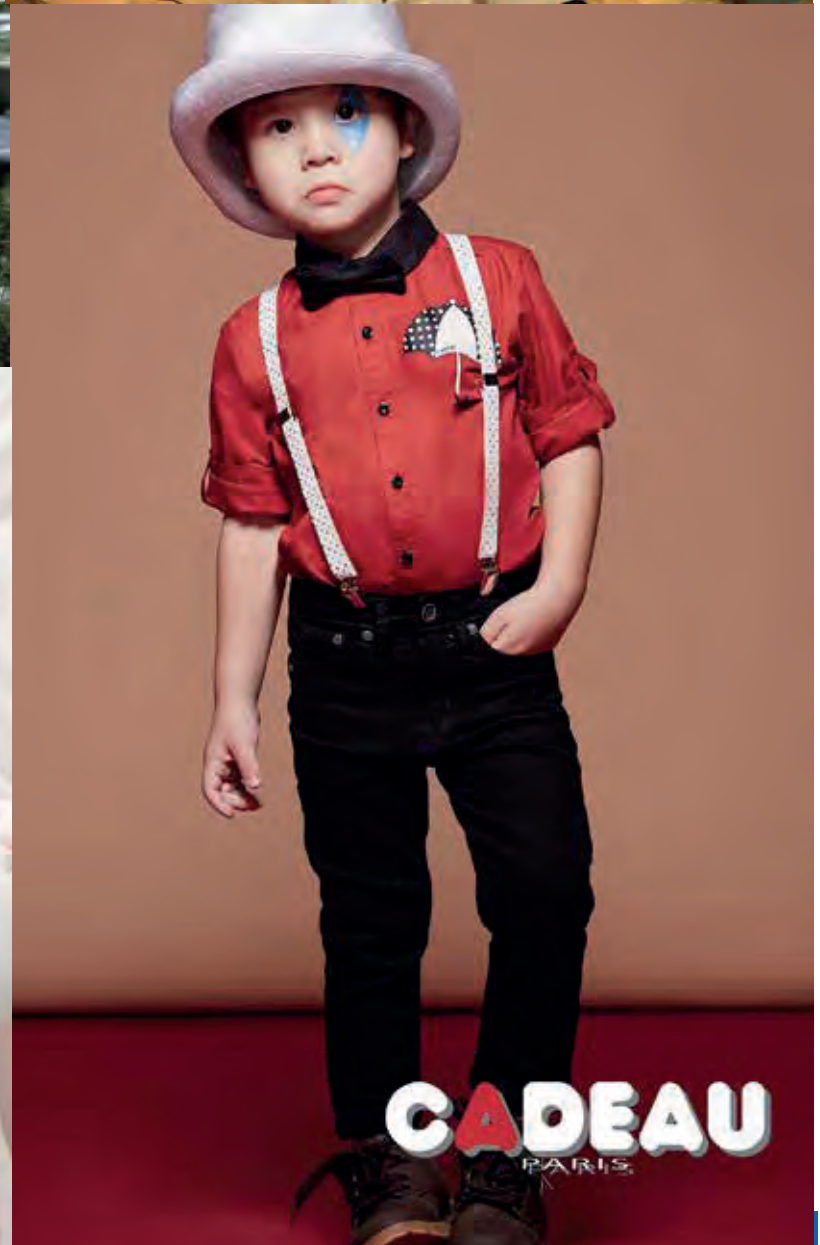


# COMPANY'S PRODUCT WOMEN'S WEAR





# COMPANY'S PRODUCT CHILDREN'S WEAR



# COMPANY'S PRODUCT LEATHER GOODS



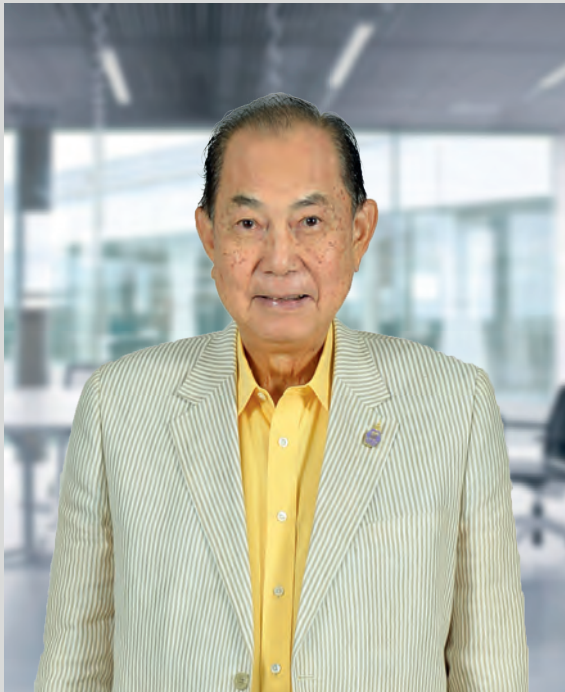


# COMPANY'S PRODUCT





## คณะกรรมการบริษัท Board of Directors



นายบุญยสิทธิ์ โชควัฒนา  
กรรมการที่ปรึกษา  
Mr. Boonsithi Chokwatana  
Advisory Director

นางวารินทร์ ลีลานุวัฒน์  
ประธานกรรมการ และ CEO  
Mrs. Varindr Leelanuwatana  
Chairman and CEO







นายสุพจน์ ปกวรวุฒิ  
กรรมการผู้จัดการ  
Mr. Supotch Pakaworawuth  
Managing Director



นางสาวดุขี้ สุนทรธำรง  
กรรมการรองผู้จัดการ และ CFO  
Ms. Dusadee Soontrontumrong  
Deputy Managing Director and  
CFO



นายวิชัย สุทธิวัฒน์  
กรรมการ  
Mr. Wichai Suthitivanich  
Director



นางสาวมารินทร์ ลีลาณวัฒน์  
กรรมการ  
Ms. Marin Leelanuwatana  
Director

## กรรมการอิสระ Independent Director



นายพดุง เตชะศรีนทร์  
กรรมการอิสระและ  
ประธานกรรมการตรวจสอบ  
Mr. Padoong Techasarintr  
Independent Director and  
Chairman of Audit Committee



นายกฤษ ฟอร์ดเล็ท  
กรรมการอิสระและกรรมการตรวจสอบ  
ประธานกรรมการบริหารความเสี่ยง  
Mr. Krish Follett  
Independent Director and  
Audit Committee Member  
Chairman of Risk Management  
Committee



รศ.นเรศ เกษะประกร  
กรรมการอิสระและกรรมการตรวจสอบ  
Assoc.Prof. Nares Kesaprakorn  
Independent Director and  
Audit Committee Member



พล.ต.ท. อัมรินทร์ นิยมสกุล  
กรรมการอิสระและกรรมการตรวจสอบ  
Pol.Lt.Gen. Amarin Niemskul  
Independent Director and  
Audit Committee Member

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# Highlights of the year

บริษัท ธนูลักษณ์ จำกัด (มหาชน) และบริษัทย่อย  
Thanulux Public Company Limited and Subsidiaries

ข้อมูลสำคัญ	SELECTED DATA	2014	2013	2012
<b>ฐานะการเงินและผลการดำเนินงาน (หน่วย: ล้านบาท)</b>	<b>FINANCIAL POSITION AND OPERATING RESULTS ( Million Baht)</b>			
สินทรัพย์รวม	Total Assets	3,927	3,721	3,923
หนี้สินรวม	Total Liabilities	620	586	673
ส่วนของผู้ถือหุ้นของบริษัทใหญ่	Equity Attributable to Parent Company	3,295	3,140	3,231
รายได้จากการขาย	Sales	2,173	2,305	2,646
รายได้รวม	Total Revenues	2,334	2,463	2,807
กำไรขั้นต้น	Gross Profit	619	621	770
กำไรส่วนที่เป็นของบริษัทใหญ่	Profit Attributable to Owners of The Parent Company	208	207	295
<b>ข้อมูลต่อหุ้น (บาท)</b>	<b>Per Share Data (Baht)</b>			
มูลค่าที่ตราไว้	Par Value	1.00	1.00	1.00
มูลค่าหุ้นตามบัญชี	Book Value	27.46	26.17	26.92
กำไรสุทธิ	Net Earnings	1.73	1.73	2.46
ราคาตลาด	Market Price	28.00	28.00	25.00
เงินปันผล	Dividend	**0.85	0.95	1.20
<b>อัตราส่วนทางการเงิน</b>	<b>Financial Ratios</b>			
<b>ความสามารถในการทำกำไร (%)</b>	<b>Profitability Ratios (%)</b>			
อัตรากำไรสุทธิ	Percentage of Net Profit	8.92	8.42	10.50
อัตราผลตอบแทนผู้ถือหุ้น	Return on Equity	6.47	6.51	9.69
<b>ความเจริญเติบโตของกิจการ (%)</b>	<b>Growth Rates (%)</b>			
อัตราการเพิ่ม (ลด) ของยอดขายสุทธิ	Percentage Increase (Decrease) of Sales	(5.73)	(12.89)	7.68
อัตราการเพิ่ม (ลด) ของกำไรสุทธิ	Percentage Increase (Decrease) of Net Profit	0.41	(29.69)	5.74
อัตราการเพิ่ม (ลด) ของสินทรัพย์รวม	Percentage Increase (Decrease) of Total Assets	5.53	(5.13)	13.26
อัตราการเพิ่ม (ลด) ของส่วนของผู้ถือหุ้นของบริษัทใหญ่	Percentage Increase (Decrease) of Equity- Attributable to The Parent Company	4.94	(2.81)	13.32
<b>สภาพคล่อง (เท่า)</b>	<b>Liquidity Ratios (Times)</b>			
อัตราส่วนสภาพคล่อง	Current Ratio	5.65	6.40	4.86
อัตราส่วนสภาพคล่องหมุนเร็ว	Quick Ratio	4.04	4.30	3.06
อัตราส่วนสภาพคล่องกระแสเงินสด	Liquidity of Cash Flow from Operation	0.84	0.91	0.69
<b>ประสิทธิภาพในการดำเนินงาน (%)</b>	<b>Efficiency Ratios (%)</b>			
อัตราผลตอบแทนจากสินทรัพย์	Return on Total Assets	5.44	5.42	7.98
อัตราผลตอบแทนจากสินทรัพย์ถาวร	Return on Fix Assets	57.87	54.16	69.96
<b>วิเคราะห์นโยบายทางการเงิน (เท่า)</b>	<b>Financial Policy Ratios (Times)</b>			
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt-Equity Ratio	0.19	0.18	0.21
อัตราส่วนความสามารถชำระดอกเบี้ย	Time Interest Earned	26,390.44	10,936.88	19,654.35
อัตราส่วนความสามารถชำระภาระผูกพัน	Leverage Ratio	0.74	0.84	1.06
อัตราการจ่ายเงินปันผล (%)	Payout Ratio (%)	49.01	55.00	48.85

\*\* ที่ประชุมคณะกรรมการบริษัท ครั้งที่ 1/2558 มีมติให้นำเสนอต่อที่ประชุมสามัญผู้ถือหุ้น ซึ่งกำหนดให้มีขึ้นในวันที่ 28 เมษายน 2558 เพื่ออนุมัติการจ่ายเงินปันผลหุ้นละ 0.85 บาท

\*\* The Board of Directors' Meeting No. 1/2558 has resolved to submit the agenda of dividend payment Baht 0.85 per share for approval at the General Shareholders' Meeting to be held on April 28, 2015.

# Report of the Board of Directors



The Thai economy in 2014 was affected by the sluggish revival of the global economy. Exchange rates of important trading partners in the Euro Zone and Japan continued to weaken compared to the Thai baht. The slump in agricultural prices, rising household debts and domestic political conflicts prompted Thai economy to decelerate in almost every sector. Even though the second half of the year signs showed improved political stability in the country as well as rising consumer confidence and accelerated disbursements of budgetary spending, economic revival remained below expectations.

The foregoing impact resulted in the performance of the Company and its subsidiaries generating consolidated revenue of 2,333.58 million baht, a decrease of 5.25 percent from the preceding year. The Company, however, retained its ability to manage the businesses profitably with net earnings of 208.11 million baht, a slight increase from the preceding year, and also to continue to make dividend payouts to shareholders. Overall financial standing and liquidity remain satisfactory and secure.

With the preceding incidents, the company has therefore prescribed a plan for development of its products in accordance with consumer demand. Market research and consumer behavioral studies have been undertaken. Innovative raw materials shared with upstream SAHA GROUP businesses have been developed. Management of shop merchandise have been vigorously revised with distributing companies. The Company has also adopted a more aggressive business strategy by holding trade exhibitions both domestically and internationally in order to reach even more customers. In this connection, the foreign business development division has been expanded in preparation for ASEAN Economic Community market.

The Company has undertaken its business management by administering work and resolving problems with due care and prudence in adherence to good corporate governance principles. Regard has been given to all stakeholders, including communities, the society and environment. The Company has sponsored the Phradabos Foundation in order to extend educational opportunities to those without sufficient financial means and without proper occupation, by giving them an opportunity to engage in work to support themselves, their families, the society and the nation. In addition, the Company, other SAHA GROUP companies and Rajamankala University of Technology Krungthep have signed a Memorandum of Agreement on Technical Cooperation with the objective of enhancing the competitiveness of the textile industry in a sustainable manner. Consolidated development projects and industrial clusters were formed. Educational scholarships were granted. Internships to provide professional experience were offered. Qualified individuals were supported and invited as speakers. Business operators were searched to serve as internship hosts, and cooperation was extended to other related educational activities.

The Board of Directors would like to express its sincere gratitude to the shareholders and all other related persons for their robust and continuing supports of the Company operations, including the Executive Officers and all employees for their devoted cooperation and support. As a consequence, the Company has successfully overcome obstacles, challenges and achieve long-term sustainable growth and security.



# Audit Committee's Report

The Audit Committee of the Thanulux (Public) Co., Ltd. consisted of four independent directors who had qualifications, capabilities and independency according to the Audit Committee Charter and in compliance with the regulations set by the Stock Exchange of Thailand (SET)

During the year 2014 the Audit Committee carried out their duty according to the scope of works as stated in the Charter as well as assigned by the Company's Board of Directors. There were meetings every month, 12 times in total. The attendance of each committee was as follow;

		Attendance / Meetings
Mr. Padoong Techasarintr	Chairman of the Audit Committee	12/12
Assoc.Prof. Nares Kesaparakorn	Audit Committee Member	12/12
Mr.Krish Follett	Audit Committee Member	12/12
Pol.Lt.Gen. Amarin Niemsukul	Audit Committee Member	11/12

Moreover there was a meeting every quarter with the Management, 4 times in total, in order to discuss and exchange ideas pertaining to the businesses. Additionally the operating results of the Audit Committee were reported to the Company's Board of Directors every quarter. The key points could be summarized as follows:

1. Reviewed the quarterly and annually financial statements for the year 2014 to ensure that the above mentioned statements of the Company and its subsidiaries were duly prepared in conformity with the generally accepted accounting standards with sufficient disclosure of information, complete, transparent and reliable. Additionally there were meetings with the external auditors without the participation of the Management in order to discuss about the key issues pertaining to the preparation of the financial statements, the internal control system for Accounting and Finance as well as the independency in auditing and reviewing.
2. As a result of the review of information, operation and findings of the internal audit reports to assess the sufficiency, appropriateness and effectiveness of Company's internal control system, the Audit Committee had an opinion that the current internal control system was efficient and appropriate for the business and its environmental factors. Furthermore to enhance the efficiency of the internal control system the Company has implemented the Control Self-Assessment (CSA) during the year 2014.
3. Reviewed the related transactions or the transactions which might cause conflict of interests to ascertain that all deals were reasonable and adherence to the best interest of the Company as well as in accordance with the regulations stipulated by the Securities Exchange Commission.
4. The Company's Board of Directors and its Management have been emphasizing on the risk management under the supervision of the Risk Management Committee with the scope and plan to keep the risks at the acceptable level. The results of the works of the Risk Management Committee were reported to the Company's Board of Directors every quarter.
5. The Company's Board of Directors obtained reports from the Internal Audit Office pertaining to the works in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities Exchange Committee and all other laws which are relevant to the Company's business.
6. The Company support the good corporate governance principles. There was a channel for the staff and external parties to file information relating to their complaints, any works against the law or business ethic, any doubt about finance accounting or internal control system via a specified e-mail address. Additionally there was also a complaint handling system (Whistle Blower) through a designated postbox.
7. Considered the selection and propose the appointment and the fees of the external auditors for the year 2015 to the Company's Board of Directors for further approval at the General Meeting of the shareholders by taking into account the performance, the independency and the appropriateness of the fees, the Audit Committee agreed to propose the appointment of Mrs. Kwunjai Kiatgungwalgri, a certified public accountant number 5875 or Mr. Anusorn Kiatgungwalgri, a certified public accountant number 2109 or Ms. Susan Eiamvanicha, a certified public accountant number 4306 of the ASV & Associates Limited as the external auditors for the year 2015 at the fee of 909,000 Baht which was the same as last year and still considered reasonable.

On behalf of the Audit Committee



(Mr.Padoong Techasarintr)  
Chairman of the Audit Committee

# Nominating Committee's Report

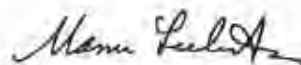
Thanulux Public Company Limited has appointed a Nominating Committee in accordance with good governance principles to assist the Board of Directors in the nomination of Company Directors. The Nominating Committee consists of 3 Members, as follows:

1. Mr. Manu Leelanuwatana, Chairman of the Nominating Committee
2. Mr. Boonsithi Chokwatana, Nominating Committee Member
3. Mrs. Varindr Leelanuwatana, Nominating Committee Member

In the year 2014, the Nominating Committee held 2 meetings. Duties entrusted by the Board of Directors were fully performed. Under the Nominating Committee Charter, the Nominating Committee has the duty of nominating suitably qualified persons from several professions pursuant to the nominating rules, Company Articles and applicable laws for appointment as Company Directors. The Company also provided shareholders with an opportunity to make advance nominations of persons for election as Company Directors in the Ordinary Shareholders' Meeting for 2014. However, no shareholder has made any nomination for election as a Company Director.

In the Ordinary Shareholders' Meeting for 2014, the terms of 3 Directors expired, namely Miss Dusadee Soontrontumrong, Mr. Padoong Techasarintr and Mr. Krish Follett. The Nominating Committee had reviewed the qualifications of the Directors retiring at the expiration of terms and reached the opinion that they should be nominated for reappointment as Company Directors for another term. In addition, in the submission to the Board of Directors, the Nominating Committee had considered the structure of the Board of Directors, assignment of positions to the Directors and company committees in view of promoting good governance and efficient management in line with the changing environment. Hence, the Nominating Committee had fulfilled its entrusted tasks in a prudent and reasonable manner.

On behalf of the Nominating Committee



(Mr. Manu Leelanuwatana)

Chairman of the Nominating Committee

# Remuneration Committee's Report

Thanulux Public Company Limited has appointed a Remuneration Committee in accordance with good governance principles to assist the Board of Directors in the determination of limits and rules for allocating remuneration to Company Directors. The Remuneration Committee consists of 3 Members, as follows:

1. Mr. Boonsithi Chokwatana, Chairman of the Remuneration Committee
2. Mrs. Varindr Leelanuwatana, Remuneration Committee Member
3. Miss Dusadee Soontrontumrong, Remuneration Committee Member

In the year 2014, the Remuneration Committee held 2 meetings. Duties entrusted by the Board of Directors were fulfilled. Under the Remuneration Committee Charter, the Remuneration Committee has the duty of determining the remuneration limit and rules for allocating remuneration to Company Directors with a view to achieving an appropriate distribution capable of creating an incentive for working efficiency and to retain knowledgeable and proficient personnel in the Company.

The Remuneration Committee has determined the remuneration limit for Company Directors based on comparisons with other companies in the same industry, the growth rate and performance of the Company, the remuneration limit approved by the shareholders' meeting in the preceding year and the amount of remuneration paid. As for the allocation of remuneration to Company Directors and members of company committees, due consideration was given to the powers and duties, responsibilities and performance, within the limit approved by the shareholders.

The remunerations of Company Directors and members of company committees have been disclosed in the Annual Report. The Remuneration Committee finds the remunerations appropriate and commensurate with duties, responsibilities and Company policies.

On behalf of the Remuneration Committee



(Mr. Boonsithi Chokwatana)

Chairman of the Remuneration Committee



# Risk Management Committee's Report

On 8<sup>th</sup> May 2014, the Board of directors of Thanlux Public Company Limited appointed the Risk Management Committee ("The Committee") comprising 5 members namely,

1. Mr.Krish Follett, Independent director as Chairman of Risk Management Committee
2. Mr. Supotch Pakaworawuth, Risk Management Committee member
3. Mr. Suchart Layluxsiri, Risk Management Committee member
4. Dr. M.L. Sirapirom Teeraprasert, Risk Management Committee member
5. Ms. Sunee Kongsong, member and secretary of the Risk Management Committee

The Risk Management Charter and the performance of risk management functions were drafted and approved by the Board of directors. A meeting of the Committee was held every quarter. The Management of business functions were invited to the meeting.

The Committee was opined on essential factor in processes of business functions. The establishment of the strategic plannings was to set the risk management framework. Control Self-assessment (CSA) also employed to assess their own internal control. The action plan of each business function was initiated, as well as collaboration among all levels of working units.

Hence, the consequences on strategic objectives of the organization, the work processes and the internal control are all key concerned to mitigate risks, improvement of processes and internal control. As aforesaid measures employed, all risks are lower and at an acceptable level.

On behalf of the Risk Management Committee



( Mr.Krish Follett )

Chairman of the Risk Management Committee

# Thanulux History

Thanulux Public Company Limited registered its incorporation as a company on 23 June 1975 with a registered capital of Baht 3 million. At present, the Company carries out the business of manufacturing finished garments and leather products and has a paid-up capital in the amount of Baht 120 million. The Company was listed in the Stock Exchange of Thailand on 21 July 1987 and registered its conversion into a public limited company on 9 May 1994.

- 1975 - Company registration on 23 June 1975 in pursuit of Chairman Mr. Boonsithi Chokwatana's intention to develop Thai men's fashion with a registered capital of Baht 3 Million. The Company commenced its operations with only 75 employees and its place of business was situated in the vicinity of Wat Dok Mai.
- 1983 - Registered share capital increased to Baht 6 million.
- 1984 - Registered share capital increased to Baht 12 million.
- 1987 - Registered share capital increased to Baht 24 million and Baht 30 million respectively.
  - Approval of listing in the Stock Exchange of Thailand on 21 July 1987.
- 1988 - Registered share capital increased to Baht 45 million and issued shares were revalued to Baht 10 per share.
- 1989 - Registered share capital increased to Baht 60 million.
- 1994 - Conversion from a limited company to a public limited company.
- 1996 - Registered share capital increased to Baht 120 million.
- 2003 - The par value was changed from Baht 10 per share to Baht 1 per share on 9 May 2003.

## Issue of Debentures

- 1999 - The Company issued unsecured, unsubordinated and unrepresented debentures with the holder's name having a maturity period of 3 years. The debentures were offered in a private placement in the amount of 300,000 units, at Baht 1,000 per unit, or a total sum of Baht 300.0 million.

## Company's Development

- 1975 - Received an exclusive license from Cluett, Peabody & Co., Inc., the United States of America, to manufacture and distribute woven textile garments (finished garments) under the "ARROW" trademark in Thailand.
- 1977 - Products were exported to European and Asian markets.
  - The product range was expanded to include slacks, knitted shirts and nightwear under the "ARROW" trademark.
- 1983 - Production of leather goods under the trademark "ARROW".
  - Received consent from Thai Wacoal Public Company Limited to use the trademark "LOUIS FONTAINE" in the manufacture and distribution of leather goods.
- 1984 - Acquired a license to produce and distribute menswear fashion products under the trademark "Guy Laroche" and children's wear fashion products under the trademark "absorba" from France.
- 1986 - Production of maternity wear fashion products under the trademark "la femme".
- 1987 - Production of ladies wear fashion products under the trademark "MIX-SELF".
- 1988 - Production of swimwear, underwear and slacks under the trademark "Guy Laroche".
- 1990 - Acquired a license to produce and distribute menswear products under the trademark "ZAZCH".
- 1995 - Acquired a license to produce and distribute premium quality ladies wear and leather goods under the trademark "JEAN-LOUIS SCHERRER" from France.
- 1997 - Acquired a license to produce and distribute premium quality menswear and ladies wear fashion products under the trademark "DAKS" from England and fashion products under the trademark "St. Andrews".
- 1999 - Acquired a license to produce and distribute menswear fashion products under the trademark "bsc", which is a Total Coordinated Brand, as well as a license to produce and distribute men's underwear under the trademark "ELLE HOMME" from France.
- 2000 - Manufacture of children's wear fashion products under the trademark "CADEAU".
- 2001 - Undertaken studies, discoveries, researches and development of raw materials under the trademark "Cottazilk", which is an innovation of textile fibers incorporating a mix between silk and cotton fibers.
- 2002 - Received the transfer of the trademark "LOUIS FONTAINE" from Thai Wacoal Public Company Limited.
- 2004 - Formal opening of Cottazilk products in an exhibition entitled "A World Novel Phenomenon Created by Thai Local Wisdom through the Invention of Cottazilk, a New Breed of Thai Silk".
- 2006 - Rebranding of "ZAZCH" to "HORNBILL" in order to appeal to a wider customer group.
  - Manufacture of menswear fashion products under the trademark "Itch".

- 2007 - Received an outstanding product innovation award for "COTTAZILK" in the Saha Group Innovation Contest 2007. This innovation was realized through the integration of cotton and Thai silk fibers, in which the Company had played a collaborative role from its development in upstream industries, i.e. silk spinning, weaving and adornment into textiles, and finishing into garments.
- 2010 - Production of goods carrying the brand "SIDA", a product which focuses on environmental friendliness by the use of natural cotton fibres synthesized with fibres processed from used PET (Polyethylene Terephthalate) bottles. This is a truly modern technological innovation in the production process.
- 2011 - Production of ladies wear fashion products under the trademark "cami cetta".
  - Manufacture of ladies fashion clothing under the trademark "BARONESS".
  - Registration of change of trademark from "SIDA" to "SRIDA".
- 2013 - Set up PT. Trinity Luxtro Apparel, joint venture company in Indonesia to facilitate businesses in AEC.
  - Production of menswear fashion products and leather goods carrying the brand "MORGAN HOMME"
- 2014 - Manufacture of leather goods carrying the trademark "DAZZ" under the concept "Be happy Be bubbly", distributed on website and Facebook.

#### Expansion of production base

- 1982 - Bangkok celebrated its 200<sup>th</sup> anniversary this year, an auspicious time for the Company to relocate its office to a plot of land on Chongnonthri Road, initially an area of 7 rai and subsequently expanded to the present day site which exceeds 20 rai.
- 1989 - Secured the confidence of foreign investors in establishing a group of companies with a production facilities based in Saha Group Industrial Park – Sriracha.
- 1993 - Expansion of production base at the Saha Group Industrial Park in Lamphun Province and Prachinburi Province in order to produce leather products and garments respectively. BOI promotion was granted for these investments.
- 2012 - Opening of a second factory building at the Lamphun Branch to expand manufacturing capacity for leather goods.
  - Opening of Thanulux Public Company Limited, Bang Phli Branch, Samut Prakarn Province, along with investments in modern machinery to expand the laundry business.

#### Social Awards

##### Ministry of Labor and Social Welfare

- 2000 - Awarded a certificate for participation in the project for protection of women and child labour in order to promote exports and practices in compliance with women and child labour protection standards.
- 2001 - Awarded a distinction for the "White Factory Project".
  - Awarded a distinction for "Promotion of Advisors for Women Labour at the Workplace".
- 2002 - Accredited Thai labour standards, Mor Ror Thor 8001.
- 2003 - Awarded a distinction as a workplace which has cooperated in the appointment and training of women labour advisors.
- 2004 - Awarded a trophy of outstanding distinction for women labour on the occasion of the international women's day of 2004.
  - Awarded a distinction for "Outstanding Workplace for Women Labour".
- 2005 - Awarded a distinction for health promotion activities at the workplace.
- 2007 - Certified Silver Standard for Management of AIDS at workplace from the department of labour welfare and protection, Ministry of Labour and the Department of Disease Control, Ministry of Public Health.
- 2008 - Received a commendation for "Passing the Criteria of Workplace Status Systemization for the Maintenance of Strength in Narcotic Drugs Prevention and Remedy" from the Prachinburi Provincial Office of Labour Protection and Welfare in collaboration with the Operational Center for Combat against Narcotic Drugs, Prachinburi Province.
  - Awarded a Certificate of Thai Labour Standard (TLS 8001-2003), Completion Level.
- 2009 - Awarded an ASO-T Thailand Platinum and ASO Thailand standards certificate for management and administration of AIDS and tuberculosis at the workplace from the Department of Labour Protection and Welfare, Ministry of Labour, and the Department of Disease Control, Ministry of Public Health.
  - Certified as a breast-feeding workplace.
  - Awarded with an accreditation and symbol (flag) by the Workplace Safety Center Area 1 and Area 4 for undertaking a campaign to reduce accident statistics at the workplace where risks are prevalent in the operations.
- 2010 - Received a "Platinum Level" ASO-T Thailand Award for management of AIDS and Tuberculosis at the workplace for the Company's Head Office from the Department of Labour Protection and Welfare, Ministry of Labour, and Department of Disease Control, Ministry of Public Health.



- 2011 - Received a certificate of distinction and “White Factory” award (Thanulux Pcl. Kabinburi Branch) as a consequence of actions taken to prevent and tackle narcotic drug problems in collaboration with other companies in the Saha Group Industrial Park (Kabinburi).
- 2012 - The Lamphun Branch of Thanulux Public Company Limited also received a certificate of distinction as the “White Factory Scheme” for actions to prevent and combat problems pertaining to the use of narcotic drugs at the workplace.
- 2013 - Awarded the “Outstanding Workplace on Labour Relations and Labour Welfare (National)”.
- Received a standard accreditation for prevention and remedy of narcotic drug problems at the workplace of Thanulux Public Company Limited Head Office and Kabinburi Branch.
- 2014 - Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for the Head Office for the second consecutive year.
- Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (Provincial Level)” for Lamphun Branch.

#### Ministry of Industry

- 2006 - Awarded a distinction for “Hospitable Factory in Harmonious Tribute to His Majesty” in modifying the factory's landscape to enhance habitability and friendliness to the environment on the occasion of the 60<sup>th</sup> Anniversary Celebration of His Majesty's Accession.
- 2012 - The Lamphun Branch of Thanulux Public Company Limited was certified by the Ministry of Industry as a Green Factory, First Level Green Industry, after committed efforts to minimize environmental impact and ensure comprehensive communications within the organization.
- 2013 - Awarded an honorary shield as a workplace that is compliant with good governance principles on the environment.

#### Bangkok Metropolitan Administration

- 2003 - Awarded a certificate of distinction as a “Strong Workplace” for its strict compliance with anti-drug policies.
- 2004 - Awarded a certificate of distinction for “Clean, Safe and Pollution-Free Workplace”.
- 2005 - Awarded a distinction trophy for the promotion of publicly beneficial activities from the senior citizen's club, Yannawa District.

#### Products Award

- 2013 - Awarded the “Smart Fabric” standard accreditation from the Thailand Textile Institute for good ventilation of moisture and sweat as well as greater comfort. The product accredited was shirt (cool innovation) under brand Guy Laroche.
- 2014 - First operator to receive accreditation for the use of the “Smart Fabric” mark under the “Anti Bacteria” category, after having undergone inspection and standard accreditation procedures applied by the Thailand Textile Institute for the men's shirt category. This proves the goods' efficiency in eliminating more than 99.9% of odor-releasing bacteria.
- Awarded a carbon footprint label for the white long-sleeved shirt, Brand ARROW Style AY 630, from the Thailand Textile Institute.

#### Management Standardisation

- 2002 - Accredited international standard, ISO 9001:2000, by the quality accreditation institute, BVQI (Bureau Veritas Quality).
- 2010 - Accredited international standard, ISO 9001:2008, by the quality accreditation institute, BVQI (Bureau Veritas Quality).

# Business Description

## Background

Thanulux Public Company Limited was founded on 23<sup>rd</sup> June 1975 with an initial registered capital of 3 million baht and 75 employees. The Company was situated in the vicinity of Wat Dokmai. All shareholders were Thai nationals, consisting of natural persons and juristic persons, namely Saha Pathana Investment Company Limited (former name of Saha Pathana Inter-holding Public Company Limited) and Ruam Pathana Investment Company Limited (former name of IDF Company Limited). The Company was founded on the philosophy of Chairman Boonsithi Chokwatana who wished to modernize Thai men's contemporary fashion. An exclusive licence was obtained for use of the trademark ARROW from Cluett Peabody Inc. from the United States of America for the manufacture and distribution of garment products in Thailand under the slogan "ARROW is shirt. Shirt is ARROW".

On 21<sup>st</sup> July 1987, the Company's securities were listed in the Stock Exchange of Thailand. The existing shareholders reduced their proportion of shareholding and distributed shareholding to the general public. On 9<sup>th</sup> May 1994, the Company converted into a public limited company. At present, the Company has a paid-up registered capital of 120 million baht at a par value of 1 baht per share. The Company undertakes the business of manufacturing finished garments and leather goods for men, women and children under international brands licensed to the Company and under house brands.

## Business Overview

The Company is a producer and distributes of finished garments and leather products under licensed international trademarks and Company own-brands that are renowned domestically and Export. The proportion of domestic to foreign distributions is 66:34.

Domestic distribution is undertaken through I.C.C. International Public Company Limited, being the major distributor to departmental stores, while international distributions are made through distributors and/or trademark owners, such as in the United States of America, Europe, Asia, ASEAN and Japan.

The Company has 3 subsidiaries, namely

### 1. S. Apparel Company Limited

- Undertakes the business of producing finished garments under customer' trademarks for export to Japan, United States of America and Europe.

- The office and factory are situated at no. 4/2, Moo 8, Bangna-Trad Road, Km.18, Tambon Bangchalong, Amphoe Bangplee, Samut Prakarn Province.

### 2. Celebrate Wealth Company Limited

- Undertakes the business of distributing fashion goods, manufactured by Thanulux Public Company Limited ,such as leather goods lollipops men's wear Itch children wear CADEAU men's wear "Erawon" ladies wear "cami cetta" , "Baroness" and Green Living Products "SRIDA" In addition, "cache cache" women's clothing and accessories are also imported.

- The office is situated at no. 129/1, Chongnonthri Road, Chongnonthri Sub-district, yannawa district, Bangkok.

### 3. T-Chamber Company Limited

- Undertakes the business of distributing the religious robe "Thammarat" and dharma practice kit "Thammasorn", manufactured by Thanulux Public Company Limited.

- The office is situated at no. 129/1, Chongnonthri Road, Chongnonthri Sub-district, yannawa district, Bangkok.

## Group Task Allocation Policy

The Company and subsidiaries have collaborated in the development of products. Procurement of raw materials, production planning and manufacturing orders are undertaken by the Company.

### Shareholding structure of Company's group

Subsidiary Companies		% of Shareholding	Type of business
1	S. Apparel Co. Ltd.	80.00	Garment Manufacturing
2	Celebrate wealth Co. Ltd.	86.00	Distributing Fashion Goods
3	T-Chamber Co. Ltd.	99.99	Distributing religious robe and dharma practice kit

### Cross-Shareholding

The Company has a cross-shareholding structure but such cross-shareholding does not create any conflict or inconsistency with the rules provided under the Notification of the Capital Market Supervisory Board No. TorChor 28/2551 Re: “Application for and Approval of Offer for Sale of Newly Issued Shares”, clause 14.

Cross-Shareholding as at December 31, 2014

Name of Company	Proportion of Shareholding (%)	
	The Company's Shareholding in Other Company	Other Company's Shareholding in the Company
1. Shareholdings exceeding 50%		
a) Other company holding more than 50% of the Company's shares; the Company must not have cross-shareholding in the other company.	-	-
b) The Company holding more than 50% of shares in other companies; the other company must not have cross-shareholding in the Company.	-	-
1. S. Apparel Company Limited	80.00	
2. Celebrate Wealth Co., Ltd.	86.00	
3. T-Chamber Company Limited	99.99	
c) The Company holding more than 50% of shares in 2 or more other companies; such other companies must not have cross-shareholdings amongst themselves.	-	-
The three subsidiary companies as (b) do not have cross-shareholding amongst themselves.		
2. Shareholdings exceeding 25% but not exceeding 50%		
a) Other company holding more than 25% but not more than 50% of the Company's shares; the Company's cross-shareholding in the other company must not exceed 10%.	-	-
b) The Company holding more than 25% but not more 50% of other company's shares; the other company's cross-shareholding in the Company must not exceed 10%.	-	-
3. Shareholdings not exceeding 25% *		
a) Other company holding not more than 25% of the Company's shares; the Company's cross-shareholding in the other company must not exceed 25%.	-	-
1. Saha Pathana Inter-Holding Public Company Limited	0.72	23.517
2. I.C.C. International Public Company Limited	3.44	11.089
b) The Company holding not more than 25% of other company's shares; the other company's cross-shareholding in the Company must not exceed 25%.	-	-
1. Thai Monster Company Limited	19.00	0.03

Remark: \* Data only shown for companies with cross-shareholding



### Group Revenue Structure

Divided by the Company and Subsidiary Companies							(Unit: Million Baht)	
Product	Operated By	% of Shareholding	2014	%	2013	%	2012	%
Fashion Goods	Thanulux Pcl.	-	1,906.04	87.73	2,035.94	88.33	2,324.66	87.86
Fashion Goods	S. Apparel Co. Ltd.	80.00	77.32	3.56	69.89	3.03	134.33	5.08
Fashion Goods	Celebrate wealth Co. Ltd.	86.00	160.13	7.37	166.32	7.22	154.62	5.85
Fashion Goods	T-Chamber Co. Ltd.	99.99	29.18	1.34	32.65	1.42	32.14	1.21
Total Sales Revenue			2,172.67	100.00	2,304.80	100.00	2,645.75	100.00
Divided into Sources of Revenue							(Unit: Million Baht)	
Product	Sales Revenue		2014	%	2013	%	2012	%
Fashion Goods	Domestic		1,425.74	65.62	1,525.11	66.17	1,807.33	68.31
Fashion Goods	Export		746.93	34.38	779.69	33.83	838.42	31.69
Total Sales Revenue			2,172.67	100.00	2,304.80	100.00	2,645.75	100.00

### Company Revenue Structure

Thanulux Public Company Limited					(Unit : Million Baht)		
Sales Revenue		2014	%	2013	%	2012	%
-Finished garments		1,223.39	61.82	1,301.43	61.71	1,536.78	64.16
- Leather goods		755.61	38.18	807.61	38.29	858.55	35.84
Total		1,979.00	100.00	2,109.04	100.00	2,395.33	100.00

### Nature of Products

The Company's products may be classified into two categories, as follows:

#### Finished Garments

The Company's finished garments incorporate men, women and children customer groups, consisting of shirts, t-shirts, trousers, jeans, suits, jackets, pajamas, underwear, neckties, handkerchiefs, scarves, maternity wear, swimsuits, sportswear and socks under the trademarks ARROW, EXCELLENCY, GETAWAY, COOL, Guy Laroche, Guy Guy Laroche, DAKS, ELLE HOMME, bsc ex, HORNBILL, ICON, itch, positif, MIX-SELF, la femme, MORGAN, cami cetta and BARONESS for men and women. As for children products, the Company manufactures and distributes garments for infants to 8-year olds. In addition, there are also diapers, bedding, shoes, socks, dolls and accessories for toddlers under the trademarks absorba and CADEAU.

#### Leather Goods

These products are manufactured for men and women, consisting of wallets, handbags and belts under the trademarks ARROW, EXCELLENCY, GETAWAY, Guy Laroche, Guy Guy Laroche, JEAN-LOUIS SCHERRER, DAKS, LOUIS FONTAINE, bsc, MORGAN and lollipops.

In addition to the manufacture and distribution of products under the abovementioned trademarks, the Company also manufactures various other products under trademarks of foreign customers for exports, and manufacture uniforms, Buddhist monk triple robes, white robes for practice of dharma as well as Green Living Products under the SRIDA brand.

## Marketing and Competition

### Marketing Strategy

#### Domestic Market

The Company has a marketing policy which focuses on building satisfaction for target customers, as follows:

1. **Product Aspect.** There is an emphasis on research and development of product quality, from the selection of raw materials to product design and up-to-standard meticulous tailoring in order to building satisfaction and best responding to customer needs. Products regularly undergo market tests and consumer researches. In the past year, the Company developed raw materials used in CADEAU children's wear to create more comfort and better heat ventilation. There was a satisfactory response from customer groups, and the Company was accepted as a business partner of Cotton USA on account of the product quality of CADEAU matching target customer groups.

2. **Price Aspect.** The Company applies a pricing policy which is consistent with the products' qualities and values. The Company also endeavors to expand product price bases to cover several customer groups, i.e. from premium priced goods for international brands to medium-low priced goods for House or Private Label brands in order to ensure customer satisfaction in products and services that are commensurate to the prices paid.

3. **Distribution Aspects.** The Company and distributors have cooperated in increasing the knowledge of sales assistants on products and services to ensure customer satisfaction of the advice given by them. Visual merchandising displays have also been developed to offer an attractive display of products and to clearly communicate product concepts to customers. Furthermore, the Company has applied the QRMS (Quick Response Marketing/Merchandising System) to market planning of goods in order to meet the demands of consumers.

4. **Sales Promotion Aspects.** There is a focus on advertising to promote the image of product logos. New products are also introduced by various media, e.g. advertisings on television, magazines, newspapers, internet, catalogues, brochures, online and fashion shows. As for children's wear, "absorba" held a CAMPAIGN STAR Talent to promote and support customers using "absorba" products who possess a special talent from their youth. This event was organized at "Siam Paragon".

**Target Customer Group.** The Company manufactures products for distribution to several consumer groups. Product concepts for brands vary according to the consumer group, e.g. business men, teenagers, etc.

#### Distribution and Distribution Channels

1. The Company has appointed distributors to distribute goods in departmental stores or modern trade stores.
2. Online distributions.
3. Factory Outlet distributions.
4. Direct sales to customers making uniform tailoring orders, i.e. private companies, financial institutions, government agencies and state enterprises.

#### Foreign Markets

1. **Product Aspect.** Focus is on high quality products and the development of products with aesthetic qualities in trend with the rapidly changing fashion in order to meet the demands of customers.

2. **Price Aspects.** The Company applies a pricing policy which is competitive in the same market level and appropriate for the product quality.

3. **Sales Promotion Aspects.** The Company engages in a proactive marketing strategy by collaborating with companies in the Saha Group in holding the Saha Group Fair Trade Export Exhibition annually. In the past year, the event was visited by a large number of domestic and foreign business partners. Furthermore, the Company also participated in trade exhibitions held by the Department of Export Promotion, e.g. BIFF & BILF (Bangkok International Fashion Fair & Bangkok International Leather Fair).

The Company has organised "IN HOUSE EXHIBITIONS" twice annually and held trade exhibitions in other countries in the form of "BUSINESS MATCHING", e.g. in Japan. The purpose of these events were to show the Company's potential as a leading manufacturer of garment and leather products. The Company has cooperated with upstream businesses in the Saha Group to develop goods in accordance with market needs. Moreover, foreign countries have been regularly visited to conduct market surveys, meet with customers and search for new customers.

**Customer Profile.** Customers are distributing companies and/or trademark owners in the United States of America, Europe, Asia, ASEAN and Japan.

### Industrial and Competition Trends

In 2015, it is predicted that textile and garment manufacturing will continue to grow. Growth in the textile group, in particular, would be attributed to the demand of raw materials in principal garment manufacturing countries, such as Vietnam, Cambodia, China and Bangladesh, hence spurring a demand for threads and fabric from Thailand. In any event, there is still a need to develop more added values for goods in order to prepare for the influx of textile raw materials from China, especially fabric.

In regard to the manufacturing of garments, new manufacturing bases have been established in neighbouring countries, e.g. Cambodia, Laos, Vietnam and Myanmar, as exports from those countries are granted tax concessions by the United States and Europe. As for domestic manufacturing, there is a tendency to expand in the Bangkok and surrounding areas due to higher labour quality and lower logistical and administrative costs. Regional bases still face a shortage of skilled labour.

### Competitiveness

The Company is confident that it remains competitive after taking into account the following factors:

1. The Company has a distributor which has strengths in regard to sales, marketing and good relations with departmental stores.
2. The Company has products which are brand leaders in both the domestic and foreign markets, e.g. ARROW, Guy Laroche, DAKS, ELLE HOMME and absorba.
3. The Company has domestic and foreign business allies who will support the principal business of the Company, in regard to raw materials, manufacturing techniques and technology, information and the changing fashion trends.
4. The Company has a unit for the research and development of raw material quality and products, which enables to regular modernization and quality upgrades of products and raw materials pursuant to market needs.
5. The Company has installed the International Quality Standard ISO9000 along with an internal monitoring group to secure confidence of the Company's product quality.
6. The Company has complied with Thai labour standards, thus maintaining the workers' high morale.



# Risk Factors

The Board of Directors of Thanulux Public Company Limited appreciates the significance of risk management under dynamic circumstances which could have an impact on the business. With this consideration in mind, the Board of Directors tasked the Risk Management Committee with the duty of exercising efficient and effective oversight of the organisation's risk management within the risk factor framework. The Risk Management Committee has held a meeting every quarter. A Risk Management Policy has also been formulated under which assessments and analyses of internal and external risk factors affecting the Company are conducted. Risk management protocols and a Risk Management Action Plan have been established. The Risk Management Committee also continually monitors risk management performances and regularly files progress reports to the Board of Directors every quarter. Risk factors which could have an impact on the Company operations may be summarised, as follows.

## 1. Exchange Rate Risks

Due to exchange rate fluctuations, the Company has appointed an Exchange Rate Risk Management Committee and implemented an exchange rate fluctuation risk policy, as follows:

1.1 The Company transacts international sales in several different foreign currencies in order to diversify risks. In the event of the Company's overseas purchase of raw materials and sales of goods in the same currency, a balance would be managed between receipts and expenditures as a natural hedge against risks.

1.2 The Company employs financial instruments to hedge against risks. Forward contracts of foreign currencies are transacted as appropriate at each time period. News and information on currency valuations are closely monitored in order to maintain awareness of trends and control such risks.

## 2. Customer Credit Risks

The Company may face certain risks pertaining to the collection of debts from or repayment of debts by trade debtors as a consequence of the economy slowdown which could hinder debtors' ability to satisfy debt obligations. Any default would have an impact on the working capital and the maintenance of the Company's business liquidity. Thus, the Company manages these risks by:

2.1 Analysis of financial standing and application of customer quality assessment system to determine and revise credit line as well as the payment term of each customer. In this regard, the credit management system serves as a measure for controlling credit in the interest of prudence and efficiency.

2.2 Regular monthly meetings are held between the accounting division and business division to continually monitor the creditworthiness of customers.

2.3 Regular monitoring and expediting of debt repayments conducted jointly by accounting and business staff.

2.4 Policy of setting allowances for bad debts for customers expected to default on their debts. Such allowances are disclosed in the Company's financial statement.

2.5 Financial hedging tools are used, e.g. bank guarantees or letters of credits, including deposit requirements for new customers before commencement of production.

## 3. Political Risks

Due to political conflicts in the period towards the end of 2013 to mid-2014, there was a slowdown in private investments and tourism. Consumers are exercising more care in spending causing a slump in domestic sales.

The Company has managed these risks by securing new distribution channels and foreign market expansions, such as in Japan and ASEAN.

## 4. Financial Market Investment Risk

The Company invests in financial market, e.g. government bonds, state enterprise bonds, deposits with commercial banks and specialized financial institutions, debentures and debt instruments, including mutual funds, in order to achieve a target risk-return profile for the Company's investments. The Company has appointed an Asset-Liability Management Committee to formulate an investment policy and to perform the duties of managing investments, as well as to maintain the Company's liquidity to ensure efficiency and effectiveness within acceptable risk parameters of the organisation.

## 5. Human Resource Competitive Competency Management Risks

The Company stresses the importance of managing and developing human resources in line with organizational growth and readiness for both internal and external changes. For these reasons, a human resource risk management plan has been formulated for

each dimension, consisting of the recruitment of high potential personnel in preparation for the organisation's growth trends and modernization of personnel recruitment processes. These changes have brought about efficiency and effectiveness corresponding to current social conditions. The competencies of personnel in each group are developed in line with the organisation's growth, e.g. executive officers training, high potential employees training, key personnel training, business group staff training and production personnel training. A training roadmap has been devised and training results are continually monitored. Competent employees are successfully retained in the organisation leading to sustainable business growth.

#### **6. Licensed Trademark Risks**

The Company operates the business of manufacturing finished garments and leather goods carrying foreign trademarks, also known as international brands, licensed by trademark owners. These trademarks are renowned both domestically and internationally. The Company generates a significant proportion of its revenues from the sale of goods under these licensed trademarks. Any contractual termination could have an impact on the organisation's strategic goals.

The Company has always fostered good relations with holders of trademark rights through continual cooperation in the improvement of product quality. Developments in production techniques and raw materials have earned the good confidence and trust of holders of trademark rights. As a consequence, goods have acquired international quality standards; brand image is preserved along with the Company's reputation. Moreover, the Company has strictly complied with trade agreements and adhered to business ethics. It is thus believed that the chances of contractual termination are minimal. At the same time, the Company also produces goods "House Brand" goods which are sold directly to consumers through its own stores and distributions through factory outlets, including exclusive design and tailoring services for uniforms. These sales serve to add to the existing distribution channels and mitigate the risks associated with the use of licensed trademarks.

#### **7. ASEAN Economic Community Trade Liberalization Policy Risks**

The ASEAN Economic Community trade liberalization policy has promoted movements of labour, incorporation of companies as well as transfers of capital in to Thailand as investments. As a consequence, price competition has intensified with countries enjoying lower production costs.

The Company is a manufacturer which has a longstanding experience and determination to become an expert in the field of finished garments and leather goods manufacture. Trade liberalization in 2015 therefore presents an opportunity for the Company to expand its market for the Company's reputable brands to other countries in the ASEAN region. The Company also plans to expand its manufacturing base to neighbouring countries where base labour costs are lower. Nevertheless, importance is still given to goods quality control, continual inventions and innovations of raw materials and goods, raising the quality of goods and services to customers, development and enhancement of skills, knowledge and competencies of personnel in the organisation, including tax benefits from the import of raw materials from ASEAN countries.

#### **8. Distribution Channel Risks**

The Company operates the business of manufacturing finished garments and leather goods. Principal distribution channels mainly consist of department stores. Competitions in these department stores are fierce and there is a decline in sale growths. In response thereto, the Company finds it necessary to manage this risk by:

8.1 Collaboration with trading partners in the development and management of display goods to ensure sufficiency, speed, suitability and compatibility with customer needs (Inventory Management).

8.2 The Company has a policy of diversifying distribution channels for its goods (Multiple Selling Distribution), e.g. shop outlets and online sales. Emphasis is given to the development of goods, forms, quality and price in accordance with the needs of target groups in each distribution channel.

# General Information

## General Information

Thanulux Public Company Limited Registered No. Bor Mor Jor. 0107537001358

Type of Business : Manufacturer of garment and leather goods

Head Office : 129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok 10120

Homepage : [www.thanulux.com](http://www.thanulux.com)

TEL. : 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50

FAX : 0-2294-5101, 0-2294-5918, 0-2294-0794

Customer Relation Center : 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50 Ext. 101

E-mail : Company Secretary and Investor Relations : [supachoke@thanulux.com](mailto:supachoke@thanulux.com)

Internal Audit Department : [audit@thanulux.com](mailto:audit@thanulux.com)

Customer Relation Center : [crcenter@thanulux.com](mailto:crcenter@thanulux.com)

Registered capital : Baht 120 Million divided into 120 Million shares, fully paid

## Reference

### Share Registrar

Thailand Securities Depository Company Limited

7 Floor the Stock Exchange of Thailand Building No.62,

Rachadapisek Road, Klongtoey, Bangkok 10110

TEL. : 0-2229-2800

FAX : 0-2359-1259

Call center : 0-2229-2888

Website : <http://www.tsd.co.th>

E-mail : [tsdcallcenter@set.or.th](mailto:tsdcallcenter@set.or.th)

### Auditor

ASV & Associates Limited

47 Soi 53, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120

TEL. : 0-2294-8504, 02294-8587

FAX : 0-2294-2345

By Mr. Anusorn Kiatgungwalgri

Certified Public Accountant registration no. 2109, and/or

Mrs. Kwunjai Kiatgungwalgri

Certified Public Accountant registration no. 5875



# Investments in other companies

Investments in companies which Thanulux Public Company Limited holds at 10% and over of the issued shares as follows :

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b><u>DISTRIBUTING COMPANIES</u></b>						
1. T-Chamber Co., Ltd. 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Apparel	Ordinary	100,000	99,998	99.99	9,999,391.55
2. Celebrate Wealth Co., Ltd. 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2294-9505 Fax : 0-2294-9506	Apparel	Ordinary	400,000	344,000	86.00	29,035,995.20
3. Miwaki SDN. BHD. 37B, Jalan SS22/23, Damansara Jaya, 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel : (03) 719-4381 Fax : (03) 719-5399	Apparel	Ordinary	1,000,000	190,000	19.00	2,481,039.21
4. Miwaki Philippines, Inc. 25/F Yuchengco Tower, RCBC Plaza, 6819 cor. Ayala & Sen. Gil Puyat Avenues, Makati City, Philippines 1200 Tel : (632) 753-4791-2 Fax : (632) 753-4794	Apparel	Ordinary	20,800,000	3,952,000	19.00	3,317,590.00
5. International Commercial Coordination (Hong Kong) Limited Room 408, 4/F., Hope Sea Industrial Centre, 26 Lam Hing Street, Kowloon Bay, Kowloon, Hong Kong Tel : (852) 2756-5622 Fax : (852) 2753-8631	Apparel	Ordinary	20,000	3,600	18.00	2,290,638.85
6. Wise Winner Co., Ltd. 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Clothing and Sporting Goods	Ordinary	100,000	18,000	18.00	1,800,000.00

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>7. Morgan De Toi (Thailand) Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-1737, 0-2295-1730 Fax : 0-2294-1757	Apparel	Ordinary	400,000	64,000	16.00	6,400,597.59
<b>8. Paknumpo Wattana Co., Ltd.</b> 310/47-50 Sawanvithi Road, Paknumpo, Muang, Nakornsawan Tel : (056) 222-354, 223-683 Fax : (056) 223-683	Apparel	Ordinary	10,000	1,400	14.00	1,037,442.00
<b>9. Intanin Chiangmai Co., Ltd.</b> 162/2 Changklan Road, Changklan Muang, Chiangmai Tel : (053) 274-514-15, 282-598-9 Fax : (053) 282-358	Apparel	Ordinary	5,000	625	12.50	2,781,362.50
<b>10. Koraj Wattana Co., Ltd.</b> 3/44-47 Troksoathong, Mukamontree Road, Muang, Nakhonratsima Tel : (044) 253-772 Fax : (044) 261-556-9	Apparel	Ordinary	10,000	1,250	12.50	1,527,575.00
<b>11. Sun &amp; Sand Co., Ltd.</b> 74/220-224 Phoon-pon Road, Muang, Phuket Tel : (076) 213-137, 223-984-5 Fax : (076) 213-137	Apparel	Ordinary	10,000	1,250	12.50	1,498,637.50
<b>12. Intersouth Co., Ltd.</b> 229-231 Dhamnoonvithi Road, hadyai Songkhla Tel : (074) 243-850, 245-019 Fax : (074) 356-339	Apparel	Ordinary	10,000	1,250	12.50	4,285,612.50
<b>13. Eastern I.C.C. Co., Ltd.</b> 90/5-6, 8 Moo 4, Pipit Road, Bangsai, Muang, Choburi Tel : (038) 285-194 Fax : (038) 285-194	Apparel	Ordinary	10,000	1,250	12.50	2,938,062.50

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>14. Maharachapreuk Co., Ltd.</b> 470/7 Praaongdam Road, Muang, Phitsanulok Tel : (055) 212-288-90 Fax : (055) 212-288	Apparel	Ordinary	10,000	1,200	12.00	415,584.00
<b>15. Bulton (Thailand) Co., Ltd.</b> 42 3/f, Songsermprakanpai Bldg., Surawong Rd., Si-Phraya, Bangrak, Bangkok Tel : 0-2266-4630 Fax : 0-2266-4631	Apparel	Ordinary	4,000	400	10.00	250,000.00
<b><u>SERVICE COMPANIES</u></b>						
<b>1. SSDC (Tigertex) Co., Ltd.</b> 111 Moo 5, Nonthri, Kabinburi, Prachinburi Tel : (037) 281-930, 281-932 Fax : (037) 281-937	Bleaching, Dyeing Fabric and Yarn	Ordinary	32,400,000	6,144,600	18.96	68,634,718.97
<b>2. S.T.G.C. Co., Ltd.</b> 930/1 Soi Pradoo 1, Sathupradit Rd., Bangklo, Bangkorleam, Bangkok Tel : 0-2289-3100, 0-2291-0851 Fax : 0-2291-1788	Research and Develop Business	Ordinary	25,000	3,250	13.00	325,000.00
<b><u>MANUFACTURING COMPANIES</u></b>						
<b>1. S. Apparel Co., Ltd.</b> 4/2 Moo 8, Bangna-Trad Rd., KM.18 Bangchalong, Bangplee, Samutprakarn Tel : 0-2337-1657-8 Fax : 0-2337-1659	Garment	Ordinary	360,000	287,999	80.00	27,729,894.75
<b>2. Total Way Image Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	200,000	38,000	19.00	7,132,316.93

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>3. Thai Monster Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Garment	Ordinary	200,000	38,000	19.00	5,548,942.47
<b>4. Thai Naxis Co., Ltd.</b> 222 Moo 5, Suwannasorn Rd., Nonthri, Kabinburi, Prachinburi Tel : (037) 205-145-7 Fax : (037) 205-229	Label	Ordinary	200,000	38,000	19.00	4,700,000.00
<b>5. International Leather Fashion Corp., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	500,000	90,000	18.00	8,810,100.00
<b>6. Erawan Textile Co., Ltd.</b> 49 Moo 3 Poochaosamingprai Rd., Samrongtai,Prapradaeng, Samutprakam Tel : 0-2183-3898-9 Fax : 0-2183-3916	Spun yarn and fabrics manufacturing	Ordinary	4,650,938	745,124	16.02	110,768,762.91
<b>7. Champ Ace Co., Ltd.</b> 3885/2 Bangklo, Bangkorleam, Bangkok Tel : 0-2291-2533-4 Fax : 0-2291-2537	Garment	Ordinary	400,000	60,000	15.00	6,000,000.00
<b>8. People's Garment Public Co., Ltd.</b> 666 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok Tel : 0-2685-6500 Fax : 0-2294-5159	Garment	Ordinary	96,000,000	13,484,000	14.05	52,683,587.15
<b>9. Thai Takaya Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Jeans	Ordinary	300,000	33,000	11.00	3,300,000.00



# Shareholding and Management Structures

## Registered and Paid-Up Capital

1. As of 30<sup>th</sup> December 2014, Thanulux Public Company Limited had a registered capital of 120 million baht, of which 120 million baht had been fully paid-up. The capital is divided into 120 million shares at a par value of 1 baht per share.

2. Other types of share issue with rights or conditions differing from ordinary shares, e.g. preference shares: - none –

### Largest 10 Major Shareholders as of 30<sup>th</sup> December 2014

Name of shareholder	Number of shares	%
1. Saha Pathana Inter-Holding Plc.	28,220,820	23.517
2. I.D.F. Co., Ltd.	16,000,000	13.333
3. Ramasorn Thaveekarn Co., Ltd.	14,895,440	12.413
4. I.C.C. International Plc.	13,307,040	11.089
5. Mr. Samrerng Manoonpol	11,142,880	9.286
6. Mr. Boonsithi Chokwatana	4,655,220	3.879
7. Watsadoramai Co., Ltd.	2,800,000	2.333
8. Miss Sirikul Dhanasarnsilp	2,272,580	1.894
9. Mrs. Sirina Pavarolarvidya	1,930,540	1.609
10. Universe Beauty Co., Ltd.	1,738,000	1.448

Note:- Investors may consult to the updated shareholders' information from the Company website, [www.thanulux.com](http://www.thanulux.com), prior to the 41<sup>st</sup> General Meeting of Shareholders.

### Distribution of Shareholding as at the Book Closing Date on 30<sup>th</sup> December 2014, Categorized According to Type of Shareholder

Type of Shareholders	No. of Shareholders	No. of Shares	%
<b>Legal entity</b>			
Thai nationality	35	81,647,840	68.04
Foreign nationality	0	0	0.00
<b>Total legal entity</b>	<b>35</b>	<b>81,647,840</b>	<b>68.04</b>
<b>Ordinary person</b>			
Thai nationality	629	38,310,500	31.93
Foreign nationality	4	41,660	0.03
<b>Total ordinary person</b>	<b>633</b>	<b>38,352,160</b>	<b>31.96</b>
<b>Total</b>	<b>668</b>	<b>120,000,000</b>	<b>100.00</b>

### Distribution of Shareholding as at the Book Closing Date on 30<sup>th</sup> December 2014, Categorized According to Amount of Shareholding

Range of shareholding	No. of Shareholders	%	No. of Shares	%
1 - 100	127	19.01	4,794	0.0040
101 - 1,000	115	17.22	52,526	0.0438
1,001 – 5,000	160	23.95	470,970	0.3925
> 5,000	266	39.82	119,471,710	99.5598
<b>Total</b>	<b>668</b>	<b>100.00</b>	<b>120,000,000</b>	<b>100.0000</b>

3. There is no agreement between major shareholders on matters affecting the issue and offer of securities or management of the Company

4. Issue of other securities, e.g. debentures or convertible securities: - none -

#### Dividend Policy

**Company** has a policy of paying dividends to shareholders at the rate of 0.20 baht per share, which is equivalent to 20 percent of the par value. However, payment is principally subject to the Company's operating results and economic conditions. Dividend payments would be made from net earnings and retained earnings. Dividends would be calculated in proportion to the earnings in the Company operating results (unconsolidated statement). Details of dividend payouts are shown below:

Thanulux Plc.	2014	2013	2012	2011	2010
Earnings per share (Baht)	1.79	1.88	2.50	2.25	1.56
Dividend per share (Baht)	**0.85	0.95	1.20	1.10	0.85
Payout ratio (%)	47.45	50.47	47.92	48.93	54.63

**Note** \*\* Meeting of the Board of Directors No. 1/2558 adopted a resolution to propose to the General Meeting of shareholders, which is to be held on 28<sup>th</sup> April 2015, the approval of dividend payment at the rate of 0.85 baht per share.

**Subsidiary Companies.** The Company has a policy whereby subsidiary companies shall pay dividends from net earnings and retained earnings with due regard to the excess cash remaining from normal operations or surplus of capital investments, subject principally to forecasts of future operating results and economic conditions.

#### Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of 31<sup>st</sup> December

Name		Number of shares			
		<u>2013</u>	<u>2014</u>	<u>Increase</u> <u>(Decrease)</u>	<u>% of</u> <u>shares hold</u>
1. Mr. Boonsithi	Chokwatana	4,655,220	4,655,220	-	3.879
2. Mrs.Varindr	Leelanuwatana*	968,000	968,000	-	0.806
3. Mr. Supotch	Pakaworawuth	13,420	13,420	-	0.011
4. Ms. Dusadee	Soontrontumrong	433,240	433,240	-	0.361
5. Mr. Wichai	Suthitivanich	88,940	88,940	-	0.074
6. Ms. Marin	Leelanuwatana	1,117,960	1,117,960	-	0.932
7. Mr. Padoong	Techasarintr	-	-	-	-
8. Assoc.Prof. Nares	Kesaparakorn	-	-	-	-
9. Mr. Krish	Follett	-	-	-	-
10.Pol.Lt.Gen. Amarin	Niemskul	-	-	-	-
11.Mr. Somphol	Chaisiroj	70,660	70,660	-	0.059
12.Mr. Suchart	Layluxsiri	5,000	5,000	-	0.004
13.Ms.Kochakorn	Peungsiricharoen	4,000	4,000	-	0.003
14.Ms.Siriporn	Hanudomlap	55,520	55,520	-	0.046
15.Dr.M.L.Sirapirom	Teeraprasert*	27,080	27,080	-	0.023
<b>Total</b>		<b>7,439,040</b>	<b>7,439,040</b>	<b>-</b>	<b>6.199</b>

\* Inclusive of shares held by spouse and children who have not reached legal age.

In 2014, the total shareholdings of the Board of Directors and Executive Officers were equivalent to 6.199%, which is less than 25% of the Company's issued shares. There were a total of 565 minor shareholders, a proportion of 18.80% of the total amount of issued shares, greater than the criteria set by the Stock Exchange of Thailand (> 150 persons + shareholding > 15% of registered capital)

# Management structure

The Company has a clear management structure which ensures accountability as well as sufficient checks and balances. The Board of Directors has appointed 5 Company Committees to scrutinize various aspects of the operation and has appointed Executive Officers to take charge of the Company's operational management. The powers, duties and responsibilities of each Company Committee and Managing Director are clearly stated in writing in the Charters. The Company Secretary performs functions prescribed by law and as assigned by the Board of Directors.

## 1. The Board of Directors

There are 10 members of the board of directors who named in the certificate letter of Ministry of Commerce as follows;

- 3 non-executive directors constituting 30%
- 3 executive directors constituting 30%
- 4 independent directors constituting 40%

The Board of Directors oversees operations for the greatest benefit of the Company and shareholders and ensures compliance with law, objects, articles and shareholders' meeting resolutions. The Board of Directors is under an obligation to perform duties responsibly, prudently, honestly and in good faith as a reasonable operator of such business would perform under the same circumstances.

In 2014, the list of Company Directors and positions held in Company Committees may be summarised as follows:

Name		The Board of Directors	The Audit Committee	The Nominating Committee	The Remuneration Committee	The Risk Management Committee	The Executive Board
1. Mr. Boonsithi	Chokwatana	Advisory Director		Member	Chairman		
2. Mrs.Varindr	Leelanuwatana	Chairman		Member	Member		Chairman
3. Mr. Supotch	Pakaworawuth	Director				Member	Member
4. Ms. Dusadee	Soontrontumrong	Director			Member		Member
5. Mr. Wichai	Suthitivanich	Director					Member
6. Ms. Marin	Leelanuwatana	Director					
7. Mr. Padoong	Techasarintr	Independent Director	Chairman				
8. Assoc.Prof. Nares	Kesaprakorn	Independent Director	Member				
9. Mr.Krish	Follett	Independent Director	Member			Chairman	
10. Pol.Lt.Gen. Amarin	Niemskul	Independent Director	Member				

**Directors representing the Company** 2 directors out of the following 5 directors must jointly sign their names, together with the affixing of Company seal, namely

1. Mr.Boonsithi Chokwatana
2. Mrs.Varindr Leelanuwatana
3. Mr.Supotch Pakaworawuth
4. Ms.Dusadee Soontrontumrong
5. Mr.Wichai Suthitivanich

## Curriculum Vitae of Company Directors

Details on the curriculum vitae of Directors may be found under the heading "Curriculum Vitae of Company Directors and Executive Officers".

## Board and Committee Meetings

The Board of Directors, Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Executive Committee have arranged a schedule of regular meetings for each respective committee one year in advance. Additional notices may be issued for special meetings, as required. Each meeting is accompanied by a clear agenda which separates items for acknowledgement and items for consideration, as well as a regular report on the Company operations. The secretary of each committee would send out notices of meetings together with the agenda and supplemental meeting documents to the directors for acknowledgement in advance in order to enable the directors to carry out adequate studies of the information prior to the meeting. In each meeting, the chairman would give opportunities to all directors to fully debate and express opinions, and to the executives to give explanations and responses to questions. Minutes are recorded in writing. Minutes which have been approved by the committees are systematically archived as evidence for references and ready for inspection.

## Records of directors attending the meeting

In 2014, attendance in each Company Committee may be summarised as follows:

Unit : Time / Year

List of Directors		Attendance						
		General	Directors	Audit	Nominating	Remuneration	Risk	Executive
		Meeting of Shareholders No.40		Committee Member	Committee Member	Committee Member	Management Committee Member	Committee Member
1. Mr. Boonsithi	Chokwatana	1/1	4/5 <sup>1</sup>		2/2	2/2		
2. Mrs. Varindr	Leelanuwatana	1/1	5/5		2/2	2/2		12/12
3. Mr. Supotch	Pakaworawuth	1/1	5/5				4/4	12/12
4. Ms. Dusadee	Soontrontumrong	1/1	5/5			2/2		12/12
5. Mr. Wichai	Suthitivanich	1/1	5/5					12/12
6. Mr. Manu	Leelanuwatana	1/1	-		2/2			
7. Ms. Marin	Leelanuwatana	1/1	5/5					
8. Mr. Padoong	Techasarintr	1/1	5/5	12/12				
9. Assoc.Prof. Nares	Kesaprakorn	1/1	5/5	12/12				
10. Mr.Krish	Follett	1/1	5/5	12/12			4/4	
11. Pol.Lt.Gen. Amarin	Niemskul	1/1	4/5	11/12				
12. Mr. Somphol	Chaisiroj	1/1						6/12 <sup>1</sup>
13. Mr.Suchart	Layluxsiri	1/1					4/4	9/12 <sup>1</sup>
14. Kochakorn	Peungsiricharoen	1/1						12/12
15. Ms.Siriporn	Hanudomlap	1/1						10/12 <sup>2</sup>
16. Dr.M.L.Sirapirom	Teeraprasert	1/1					2/2 <sup>3</sup>	12/12
17.Ms.Sunee	kongsong	1/1					4/4	

### Notes :

<sup>1</sup> Personal leave and absence due to an unavoidable necessity

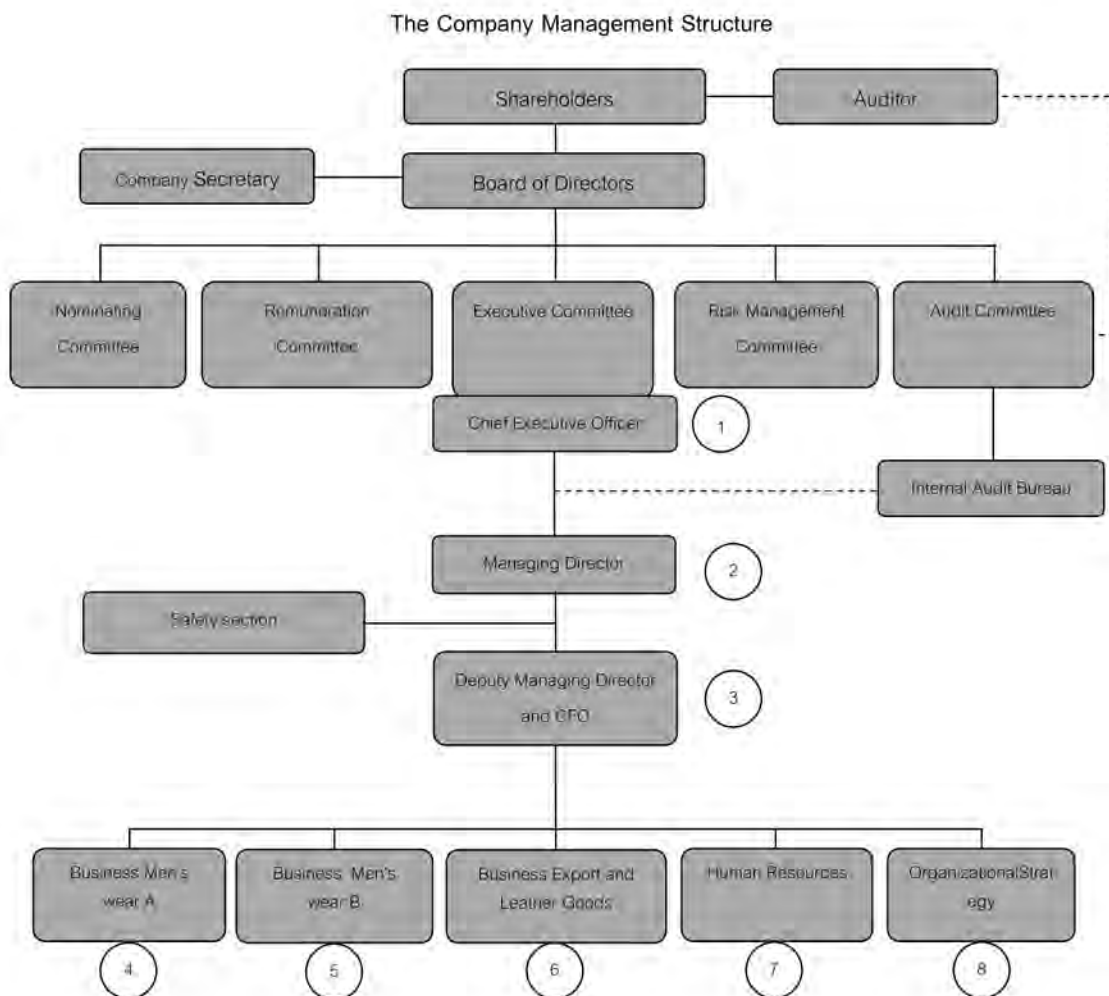
<sup>2</sup> Sick leave

<sup>3</sup> Dr. M.L. Sirapirom Teeraprasert was appointed as a Member of the Risk Management Committee by Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014.

### Controlling Person

The Company does not have a controlling person who exercises a significant influence on the formulation of management or operational policies of the Company.





## 2. Executives

As of 31<sup>st</sup> December 2014, the Company had 8 Executive Officers, as follows.

Name		Position
1. Mrs. Varindr	Leelanuwatana	Chief Executive Office
2. Mr. Supotch	Pakaworawuth	Managing Director
3. Ms. Dusadee	Soontrontumrong	Deputy Managing Director and CFO
4. Mr. Somphol	Chaisiriroj	Senior Director, Business Men's wear A
5. Mr. Suchart	Layluxsiri	Deputy Vice president of Men's Wear department B
6. Ms. Kochakorn	Peungsiricharoen	Deputy Vice president of Export and Leather Goods
7. MS. Siriporn	Hanudomlap	Deputy Vice president of Human Resources
8. Dr.M.L.Sirapirom	Teeraprasert	Deputy Vice president of Organizational Strategy

The abovementioned office holders are regarded as Executive Officers under the definition of the Office of the Stock Exchange Commission.

### Curriculum Vitae of Executive Officers

The curriculum vitae of Executive Officers may be found under the heading "Information on the Board of Directors, Executives, Controller, Company Secretary".

### 3. Company Secretary

The Board of Directors adopted a resolution to appoint Mr. Supachoke Sirichantaradilok, Deputy Manager for Finance and Overseas Operations, whose qualifications are stated in "Curriculum Vitae of Company Directors and Executive Officers", as the Company Secretary from 8<sup>th</sup> May 2008. The Company Secretary is under an obligation to perform duties prescribed under section 89/15 and section 89/16 of the Securities and Exchange Act (No. 4) 2008, which came into force on 31<sup>st</sup> August 2008. Those duties must be performed responsibly, prudently and in good faith, and also in accordance with laws, objects, Company Articles, Board of Directors resolutions, including shareholders' meeting resolutions, as follows:

1. To provide preliminary advice to the directors on laws, regulations and articles of the Company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the Company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize meetings of shareholders and meetings of the Board of Directors in accordance with laws, Company Articles and other directives.
4. To record minutes of meetings of shareholders and meetings of the Board of Directors as well as to monitor compliance with resolutions of meetings of shareholders and meetings of the Board of Directors.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
  - (a) Directors' Register;
  - (b) notice of Board of Directors meeting, minutes of Board of Directors meeting and Annual Report of the Company;
  - (c) notice of shareholders meeting and minutes of shareholders meeting.
7. To maintain reports of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

### 4. Remuneration of Directors and Executive Officers

#### Criteria for remuneration of directors and executives.

Payment of remuneration to Company Directors is subject to the limits and rules set by the Remunerations Committee. Due regard is given to other companies in the same industry, the Company's expansion, growth of the Company's operating results, and the powers, duties, responsibilities and performance of Company Directors. Remuneration is determined as meeting allowances and an annual fee. A proposal would be made to the Board of Directors for consideration before submission to the General Meeting of Shareholders for approval of the remuneration limit.

Payment of remuneration to Executive Officers is made in accordance with the principles prescribed by the Company after having due regard to the Company's operating result, level of responsibility assigned and performance of the Executive Officer.

#### 1. Monetary Remuneration

##### (a) Directors Remuneration

Shareholders' Meeting No. 40 on 22<sup>nd</sup> April 2014 passed a resolution approving the remuneration limit in an amount not exceeding 10 million baht per annum for Company Directors. This remuneration does not include compensation or welfare benefits payable to Company Directors in their capacities as officers or employees of the Company. The following compensation has been determined for performance of duties.

1. Company Director

1.1 Meeting allowance payable only to Directors present at the meeting

Chairman 10,000.-baht/meeting

Each Company Director 8,000.- baht/meeting

1.2 Annual fee (remuneration) payable to all Company Directors. The Remunerations Committee considers allocation of this amount and proposes to the Board of Directors for approval.

2. Audit Committee. Meeting allowances are paid only to Members present at a meeting

2.1 Monthly meeting allowance Chairman of the Audit Committee 10,000.- baht/meeting

Each Audit Committee Member 8,000.- baht/meeting

2.2 Quarterly meeting allowance Chairman of the Audit Committee 60,000.-baht/meeting

Each Audit Committee Member 30,000.-baht/meeting

3. Nominating Committee and Remuneration Committee. Meeting allowances are paid only to Members present at a meeting.

Chairman 10,000.-baht/meeting

Each Member 8,000.- baht/meeting

4. Risk Management Committee. Meeting allowances are paid only to Members present at a meeting.

Chairman 6,000.-baht/meeting

Each Member 5,000.- baht/meeting

In 2014, the Company paid a total amount of 1,364,000 baht in meeting allowances and 5,900,000 baht in annual fees, a total amount of 7,264,000 baht.

Monetary remuneration detail for Board of Directors and Sub-Committee in 2014-2012

Detail	2014		2013		2012	
	Meeting allowance	Annual Remuneration	Meeting allowance	Annual Remuneration	Meeting allowance	Annual Remuneration
Board of Directors	394,000	5,900,000	328,000	7,440,000	328,000	6,850,000
The Audit Committee	842,000	-	872,000	-	856,000	-
Nominating Committee	32,000	-	52,000	-	52,000	-
Remuneration Committee	52,000	-	52,000	-	52,000	-
Risk Management Committee	44,000	-	44,000	-	39,000	-
<b>Total</b>	<b>1,364,000</b>	<b>5,900,000</b>	<b>1,348,000</b>	<b>7,440,000</b>	<b>1,327,000</b>	<b>6,850,000</b>

(b) Executive Remuneration

Executive remuneration means remuneration of Executive Committee Members and the first four Executive Officers subordinate from the manager and all Executive Officers having an equivalent level to the fourth Officer, adding up to a total of 8 persons. Remuneration is paid as salaries, sponsorship, stipend, allowances and retirement fees, paid in their capacities as employees.

Remunerations	2014		2013		2012	
	Persons	Amount (Baht)	Persons	Amount (Baht)	Persons	Amount (Baht)
Salaries and others except Meeting allowance	8	29,354,439	8	34,446,576	8	34,454,197
Meeting allowance	8	425,000	8	515,000	8	475,000
<b>Total</b>		<b>29,779,439</b>		<b>34,961,576</b>		<b>34,929,197</b>

## 2. Other Remuneration

The Company does not have a policy of paying other remuneration apart from remuneration paid by the Company to Directors or employees in the ordinary course of business. There is no grant of shares, debentures or other securities, except for contributions to the registered provident fund. Executive Officers who are members of the fund will receive a monthly fund contribution at the rate of 3 – 5 percent of wages. The member must also make a contribution to the fund at the same rate. Upon termination of membership, the member would receive the accumulated sum and contributions, as well as the average net benefits accrued in accordance with the fund's terms and conditions.

(A) Other remuneration of Company Directors - none –

(B) Other remuneration of Executive Officers:

Executive Committee Members and the first four Executive Officers subordinate to the manager and all Executive Officers holding positions equivalent to the fourth level received remuneration in the form of cash contributions to the provident fund.

Year 2014	8 persons	in the amount	0.29 million baht
Year 2013	8 persons	in the amount	0.29 million baht
Year 2012	8 persons	in the amount	0.22 million baht

## 5. Personnel

### 1. Total employees of the Company as of December 31,

	2014			2013			2012		
	Administration	Production	Total	Administration	Production	Total	Administration	Production	Total
Bangkok-Head Office	326	791	1,117	351	806	1,157	329	946	1,275
Bangplee	29	--	29	30	--	30	27	--	27
Lamphun	23	701	724	24	763	787	24	989	1,013
Kabinburi	21	605	626	22	650	672	23	799	822
Total	399	2,097	2,496	427	2,219	2,646	403	2,734	3,137

Labour disputes over the previous 3 year period: none.

### Consolidated Remuneration of all Employees

Consolidated remuneration consists of salaries, overtime pay, bonuses, provident fund contributions, retirement fees and other incomes.

Year	2014	2013	2012
Consolidated Returns (million baht)	581.26	608.24	644.91

### Employee Development Policies

Details on employee development may be found in the **Social Responsibility Report** under the heading "Fair Labour Treatment", sub-heading "Personnel Development".

# Information on the Board of Directors, Executives, controller, company secretary

Thanulux Public Company limited has 10 members of the Board of Directors (No. 1 to No.10) has 5 Executive (No.11 to No.15) and company secretary (no.16) as follows:

## 1) Mr. Boonsithi Chokwatana (Age 77 years) as Director started June 6, 1975

Advising Director, Nominating Committee Member, Chairman of the Remuneration Committee and Authorized Director

% Share hold 3.88%

Family relationship between directors None

Education

Honoraris Doctor Degrees

Business Administration - Burapha University  
- Thammasat University  
- The National Institute of Development Administration  
- University of the Thai Chamber of Commerce

Engineering - Khon Kaen University

Law - Waseda University

Science (Textiles and Garment)

- Rajamangala University of Technology Krungthep

Experiences

Listed Companies	1972 – Present	Chairman	Thai President Foods Plc. – food & beverage
	1973 – Present	Director	Saha Pathana Inter-Holding Plc. - commerce
	1991 – Present	Vice Chairman	I.C.C. International Plc. – fashion
	2002 – Present	Director	Sahacogen (Chonburi) Plc. – energy & utilities
	2010 - Present	Honorary Chairman	Saha Pathanapibul Plc. – commerce
	1980 – Apr.,2010	Advising Director	Textile Prestige Plc. – fashion
	1990 - Apr.,2010	Advising Director	Thai Wacoal Plc. - fashion

Non Listed Companies Being directors of 34 companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003

- Director Certification Program (DCP) 68/2005



**2) Mrs.Varindr Leelanuwatana (Age 68 years) as Director started June 6, 1975**

Chairman, Chief Executive Officer, Nominating Committee Member, Remuneration Committee Member and Authorized Director

% Share hold 0.81% (included the shareheld by spouse)

Family relationship between directors Ms.Marin Leelanuwatana's mother.

Education Bachelor of Economics-Money and Banking, Thammasat University

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 10 companies

Competitive Business related to Company's Business 5 of 10 companies

1980 – Present Director Champ Ace Co.,Ltd. Garment manufacturing

1988 – Present Chairman Thai Monster Co.,Ltd. Garment manufacturing

1990 – Present Director Thai Takaya Co.,Ltd. Garment manufacturing

2004 – Present Chairman Total Way Image Co., Ltd. Leatherware manufacturing

2005 – Present Chairman S.Apparel Co.,Ltd. Garment manufacturing

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003

- Director Certification Program (DCP) 68/2005

- Board and CEO Assessment 2/2003

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**3) Mr. Supotch Pakaworawuth (Age 57 years) as Director started April 23, 1990**

Managing Director, Risk Management Committee Member and Authorized Director

% Share hold 0.01%

Family relationship between directors None

Education Master of Business Administration,  
The National Institute of Development Administration

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 4 companies

Competitive Business related to Company's Business 2 of 4 companies

2005 – Present Director S.Apparel Co.,Ltd. Garment manufacturing

2010 – Present Director Thai Takaya Co.,Ltd. Garment manufacturing

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003

- Director Certification Program (DCP) 46/2004

- Finance for Non-Finance Directors 12/2004

4) Ms. Dusadee Soontrontumrong (Age 66 years) as Director started July 11, 1984

Deputy Managing Director and CFO, Remuneration Committee Member and Authorized Director

% Share hold 0.36%

Family relationship between directors None

Education - Higher Education Certificate in Accounting Kerk College  
- Mini MBA of Economic, Chulalongkorn University

Experiences

Listed Companies At the moment, not being Director of any other listed companies

Non Listed Companies Being directors of 5 companies

Competitive Business related to Company's Business 1 of 5 companies

2005 – Present Director S.Apparel Co.,Ltd. Garment manufacturing

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 8/2004

- Director Certification Program (DCP) 42/2004

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5) Mr. Wichai Suthitivanich (Age 63 years) as Director started April 24, 1989

Advisory Director on Foreign Affairs and Authorized Director

% Share hold 0.07%

Family relationship between directors None

Education Master of Business Administration, Conferred University of  
West Los Angeles School of Business, U.S.A.

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 2 companies

Competitive Business related to Company's Business 1 of 2 companies

2012 – Present Vice Chairman Total Way Image Co.,Ltd., Leatherware manufacturing

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 8/2004

- Director Certification Program (DCP) 42/2004

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6) Ms. Marin Leelanuwatana (Age 41 years) as Director started April 23, 2013

Director

% Share hold 0.93%

Family relationship between directors Mrs.Varindr Leelanuwatana's daughter

Education Master of Business Administration, Loyola University, Chicago, U.S.A.

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 2 companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 180/2013

**7) Mr. Padoong Techasarintr (Age 74 years) as Director started April 18, 1994**

Independent Director and Chairman of Audit Committee

% Share hold None

Family relationship between directors None

Education B.A. (Accounting), B.A. (Commerce), Thammasat University

Experiences

Listed Companies 1993 - Present Independent Director and Chairman of Audit committee  
Lanna Resources Plc. – energy & utilities

1999 - Present Independent Director and Chairman of Audit committee  
Textile Prestige Plc. – fashion

1999 - Present Independent Director and Audit Committee member  
CP All Plc. – commerce

2003 - Present Independent Director and Audit Committee member  
Kulthorn Kirby Plc. – industrial materials & machinery

Non Listed Companies At the moment, not being director of any other non listed companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 4/2003
- Director Certification Program (DCP) 55/2005
- The Role of Chairman Program (RCP) 6/2001
- Audit Committee Program (ACP) 22/2008
- Monitoring the System of Internal Control & Risk Management (MIR) 2009

**8) Assoc.Prof. Nares Kesaparakorn (Age 56 years) as Director started April 23, 2007**

Independent Director and Audit Committee Member

% Share hold None

Family relationship between directors None

Education Master of Laws (Securities Regulation) University of Georgia, U.S.A.

Experiences 2010 – Present Associate Dean for Administrative affairs, School of Law, NIDA

2010 – Present Advisory Board, the Attellate Committee's Rule of Practice on  
Procedure for Consideration and Adjudication of Appeal on the  
Administrative Order of the SEC Office

2013 – Present Subcommittee of The Office of Law Reform Commission of Thailand

Listed Companies 2006 - Present Independent Director Thai Wacoal Plc. – fashion

Non Listed Companies Audit Committee Member of one non listed companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 52/2006
- Director Certification Program (DCP) 77/2006
- Audit Committee Program (ACP) 12/2006
- Understanding the Fundamental of Financial Statements (UFS) 1/2006
- Finance for Non-Finance Director 28/2006
- Monitoring the system of Internal Control and Risk Management (MIR) 5/2009
- Chartered Director Class (CDC) 5/2009
- The Board's Role on Fraud Prevention and Detection 1/2010

**9) Mr. Krish Follett (Age 65 years) as Director started April 26, 2011**

Independent Director, Audit Committee Member and Chairman of Risk Management Committee

% Share hold None

Family relationship between directors None

Education - Master of Commerce (Business Administration), Thammasat University  
- Advanced Management Program, Harvard Business School, Boston, U.S.A.

Experiences 2008 - 2009 Assistant Governor of operation, Bank of Thailand  
2004 - 2008 Senior Director of Internal Audit Department, Bank of Thailand  
2009 - 2012 Advising to managing director - Boonrawd Brewery Co., Ltd.

Listed Companies 2010 – 2013 Independent Director, Chairman of Audit Committee  
Amanah Leasing Plc. – Finance and Securities  
2010 – Present Independent Director and Chairman of the Audit Committee  
Property Perfect Plc. – property development  
2012– Present Independent Director and Chairman of Risk Management Committee  
Thai Wacoal Plc. – fashion  
2012– Present Independent Director and Chairman of Audit Committee  
Thorecen Thai Agencies – transportation & logistics  
Saha Pathana Interholding Plc. – commerce

Non Listed Companies At the moment, not being director of any other non listed companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)  
- Director Certification Program (DCP) 149/2011

**10) Pol.Lt.Gen. Amarin Niemskul (Age 67 years) as Director started April 23, 2013**

Independent Director and Audit Committee Member

% Share hold None

Family relationship between directors None

Education - Master of Public Administration, The National Institute of Development Administration  
- Master of Art, University of Kansas, U.S.A.  
- Bachelor of Public Administration, Royal Police Cadet Academy

Experiences

Listed Companies 2006 – 2011 Independent Director and Audit Committee Member  
I.C.C. International Plc. – Fashion  
2007 – April 2013 Independent Director and Audit Committee Member  
Saha Pathanapibul Plc.- Commerce  
2010 – Present Independent Director and Chairman of Audit Committee  
Teera – Mongkol Industry Plc. – electric lighting equipments  
2006 – Present Independent Director and Audit Committee Member  
Saha Pathana Inter-Holding Plc. – commerce

Non Listed Companies Being director of 1 company

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)  
- Director Accreditation Program (DAP) 60/2006

**11) Mr. Somphol Chaisiriroj (Age 57 years) as Executive committee member started May 10, 2007**

Executive committee member and Senior Vice president of Men's Wear department A

% Share hold 0.06%

Family relationship between directors None

Education Master of art, Ohio University, U.S.A.

Experiences

Listed Companies 2009 – Present Director, Vice President Division W  
I.C.C.International Plc.- fashion

Non Listed Companies Being directors of 6 companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003

- Director Certification Program (DCP) 68/2005

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**12) Mr. Suchart Layluxsiri (Age 49 years) as Executive committee member started May 10, 2007**

Executive committee member and Deputy Vice president of Men's Wear department B

% Share hold 0.004%

Family relationship between directors None

Education Master of Business Administration , Bangkok University

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 2 companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 154/2011

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**13. Ms. Kochakorn Peungsiricharoen (Age 62 years) as Executive committee member started May 10, 2007**

Executive committee member and Deputy Vice president Export and Leather Goods

% Share hold 0.003%

Family relationship between directors None

Education Bachelor of Education, Ramkhamhaeng University

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being director of 1 company

Competitive Business related to Company's Business 1 company

2011 – Present Managing Director Total Way Image Co.,Ltd. Leatherware manufacturing

Course training of Thai Institute of Directors Association (IOD)

None



**14. Ms. Siriporn Hanudomlap (Age 61 years) as Executive committee member started February 19, 2008**

Executive committee member and Deputy Vice president of Human Resource

% Share hold 0.046%

Family relationship between directors None

Education Master of Public and Private Management,  
The National Institute of Development Administration

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 2 companies

Competitive Business related to Company's Business 1 of 2 companies

2009 – Present Director Thai Gunze Co.,Ltd. - Garment manufacturing

Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 154/2011

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**15. Dr. M.L.Sirapirom Teeraprasert (Age 51 years) as Executive committee member started May 12, 2011**

Executive committee member and Deputy Vice president of Organizational Strategy

% Share hold 0.02% (included the shareheld by spouse)

Family relationship between directors None

Education Doctor of business administration, Ramkhamhaeng University

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being director of 1 company

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 150/2011

**16) Mr. Supachoke Sirichantaradilok (Age 55 years) as Company Secretary started May 8, 2008**

Company Secretary, Investor Relations and Deputy Manager, Financial Division.

% Share hold None

Family relationship between directors None

Education Master of Public and Private Management,  
The National Institute of Development Administration

Experiences

Listed Companies At the moment, not being director of any other listed companies

Non Listed Companies Being directors of 2 companies

Competitive Business related to Company's Business None

Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 49/2004

- Investor Relations 2006

**Responsibilities of Company Secretary**

The Company Secretary shall act as defined in Section 89/15 and 89/ 16 of the Securities and Exchange Act (No. 4 ) B.E. 2551 which comes into force on 31 August 2008 with responsibility, caution and honesty Including the need to comply with the laws , regulations, company objectives, Board resolutions and resolutions of the shareholders' meeting . The legal duty of the Secretary of the Company is as follows.

1. To provide preliminary advice to the directors on laws, regulations and articles of the Company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the Company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize meetings of shareholders and meetings of the Board of Directors in accordance with laws, Company Articles and other directives.
4. To record minutes of meetings of shareholders and meetings of the Board of Directors as well as to monitor compliance with resolutions of meetings of shareholders and meetings of the Board of Directors.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
  - (a) Directors' Register;
  - (b) notice of Board of Directors meeting, minutes of Board of Directors meeting and Annual Report of the Company;
  - (c) notice of shareholders meeting and minutes of shareholders meeting.
7. To maintain reports of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

# Corporate Governance

The Board of Directors has attached significance to the governance system to ensure that management is satisfactory, transparent, and accountable, with sufficient and appropriate internal control systems and is subject to a balance of powers. These principles run parallel to the respect for the rights and treatment of all shareholders equally. Business operations are undertaken with due regard to stakeholders in order to contribute to the country's economic growth, as well as to create long-term wealth for shareholders. The Company adheres to good corporate governance principles set by the Stock Exchange of Thailand, and also to the foundations of sufficiency economics, i.e. sufficiency, rationality and a strong immunity.

The Company has announced the application of good governance principles since the year 2002. These principles have been revised and updated by the Board of Directors every year. The Good Governance Principles (1<sup>st</sup> Revision) was approved on 19<sup>th</sup> February 2014, in line with the "Good Corporate Governance Principles for Listed Companies 2012" of the Stock Exchange of Thailand, comprising 4 sub-headings, namely:

1. Governance Policies
2. Governance Principles under 5 Chapters
3. Business Ethics
4. Codes of Conduct for Company Directors, Executive Officers and Employees.

The aforementioned improvements are part of the operational standard upgrades pursuant to the Company's good corporate governance principles which have been undertaken as preparation for entry to the ASEAN Economic Community (AEC). These principles include good practices for Company Directors, Executive Officers and employees in the performance of their duties. In order to promote and support consistent compliance, the Company has distributed these guidelines to Company Directors, Executive Officers and employees, which are also disclosed on the Company website.

## 1. Corporate Governance Policies

The Board of Directors has prescribed corporate governance policies as operational guidelines for Company Directors, Executive Officers and employees, as follows:

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.
2. Company Directors, Executives 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 Committees and Executives.
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 matter 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.

The Company has disseminated the corporate governance policies, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees to employees, shareholders and the general public through the Company website [www.thanulux.com](http://www.thanulux.com) under the heading About the Company → Good Corporate Governance → Corporate Governance Policies

## 2. The Principles of Good Corporate Governance

### Section 1 : Rights of Shareholders

The Board of Directors appreciates and respects the ownership rights of shareholders. As a consequence, corporate governance principles have incorporated safeguards for shareholder rights, including the non-violation or non-infringement thereof. The Board of Directors assumes the function of overseeing the equitable benefits of shareholders, as well as supporting and promoting all shareholder groups whether foreign or domestic, major, retail or institutional shareholders to enable the exercise of their respective rights, as follows:

#### 1.1 Basic rights

Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment based on outstanding shares, the right to access company information in sufficient, timely, and consistent manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual company director and approve directors remuneration, the right to appoint company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.

#### 1.2 The right to significant information access

Shareholders were entitled to access information on an equitable basis. In that regard, the company facilitated information distribution in both Thai and English languages, via the channels of The Stock Exchange of Thailand and company website, to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, changes in supervisory control, transactions of significant company assets, and other information essential for decision-making by shareholders.

#### 1.3 The right to attend the shareholders' meeting

The company held its annual shareholders' meeting regularly each year, within 4 months after completing its accounting year. Nevertheless, in the event of such emergency situations possible affecting the shareholders' interests, or involving amendments to the laws or company articles requiring approval by the shareholders, the company was authorized to convene the extraordinary shareholders' meeting on a case by case basis. The company held its meeting at such date, time, and venue, deemed convenient to the shareholders, to facilitate their meeting attendance. For 2014, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting, according to the following details:

##### Proceedings Prior to the Shareholders' Meeting Day

1. The company provided the shareholders with the opportunity to propose meeting agenda prior to the meeting date for 2014, during the period of December 1 - 30, 2013, by providing related conditions on company website, together with news channel of The Stock Exchange of Thailand. Nevertheless, there were no shareholders proposing any meeting agenda during said specified period.

2. The Company has given the shareholders the opportunity to nominate suitable persons for selection as a Director to the shareholders' meeting in accordance with the rules prescribed by the Company. Further details are available on the Company website [www.thanulux.com](http://www.thanulux.com)

3. The company informed the shareholders of the resolution to convene the shareholders' meeting 62 days prior to said meeting date, namely on February 19, 2014 to allow the shareholders sufficient time to plan their meeting attendance.

4. The company disseminated the meeting invitation letter via company website, carrying the same content as the letter sent to the shareholders, in both Thai and English, 32 days prior to the meeting, to provide the shareholders with necessary information in a swift, convenient, and sufficient manner in advance.

5. The company sent out the meeting invitation letter to the shareholders 14 days prior to the meeting exceeding the minimum time limit specified by law.

6. The company also posted the announcement notifying said meeting invitation to the shareholders in the newspapers for 3 consecutive days, 13 days prior to the meeting namely during April 9 - 11, 2014.

7. Shareholders could submit questions in advance 2 days prior to the meeting day. The shareholders were informed of this right through the Company website and the procedures for pursuing this matter were included in the notice of invitation to the shareholders' meeting.

8. The documents sent out to the shareholders were, the meeting invitation letter providing details on the rationale for each meeting agenda, together with related opinions by The Board of Directors and the documents in support of the voting decision by the shareholders for each meeting agenda. Furthermore, the documents also included the annual report publication,

profile of the persons nominated as directors replacing those due to retire upon term completion, definition of independent director, profile of independent directors proposed as proxies by the shareholders, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, meeting procedures, the map of the meeting venue, and the registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision, or the proxy appointment letter either form A and C which shareholders could download from company website, as well as procedures for shareholders to post advance questions prior to the shareholders meeting.

#### **Proceedings on the Shareholders' Meeting Day**

1. The company decided to set the meeting date, time, and venue in such manner being most convenient and not posing problems to the shareholders to attend. For 2014, the company held the shareholders' meeting on Tuesday, April 22, 2014, at 10.00 a.m., at The Montien Riverside Hotel.

2. The shareholders were allowed to register by barcode system not less than 2 hours prior to the meeting, and continued until the meeting completion. At the registration desk, the company prepared sufficient personnel to take care of the registration, as well as providing stamp service for proxy appointment forms authorized by the shareholders. Furthermore, the company handed out vote placard and vote-casting ballot to each shareholder.

3. The Board of Directors placed much emphasis on the shareholders' meeting, by considering as their obligations to always attend the meeting in person unless facing inevitable circumstances or becoming seriously ill. For the shareholders' meeting for the year 2014, 10 directors attended said meeting, including Chairman of all committees. Furthermore, the meeting was also attended by the Managing Director, the Chief Financial Officer, Executive Directors, as well as the company auditor, so as to provide shareholders with the opportunity to ask questions related to the meeting agenda in progress. In addition, the company also invited representatives from the company's audit office of ASV & Associates Limited., to act as meeting observers during vote tallying for each meeting agenda, to ensure that the meeting was conducted in a transparent manner, complying with legal and company articles requirements.

4. Prior to meeting commencement, the Company Secretary informed the meeting of the meeting quorum, the vote-casting and vote-counting methods for each meeting agenda according to laws and company regulations. In the case where some shareholders joined the meeting after the meeting commencement, the company still allowed said shareholders to cast votes for the remaining agenda not yet considered and voted upon by including them as the meeting quorum.

5. The barcode system was employed to tally the votes cast for each meeting agenda, whose results were displayed on the screen in the meeting room, to provide immediate access to all the shareholders who were present.

6. In the meeting, the presiding officer conducted the meeting in accordance with the order of agenda stated in the notice of invitation. No item could be added to the agenda or essential information altered without giving advance notice to the shareholders. In addition, the shareholders were given equal opportunity to ask questions, express opinions or make proposals in all agenda. In the General Meeting of Shareholders for 2014, no shareholder requested any addition to the meeting agenda. However, there was a shareholder's question in Agenda 8 Other Matters, where a representative of the Thai Investors Association inquired on anti-corruption policies. The Managing Director gave a detailed reply and explanation to the shareholder, more information on which is available in the Minutes of the General Meeting of Shareholders published on the Company website.

**Important agenda** in the meeting of shareholders consisted of the following:

(1) Dividend Payout: The Company had provided details on the appropriation of earnings and payment of dividends which were in accordance with the payout policies of the Company. A comparison between the dividend payout of the current year and preceding year was also specified of Record date for the shareholders who are entitled to receive dividends. The closing date of the share transfer registration.

(2) Appointment of Directors: The Company provided an opportunity for shareholders to elect directors individually. Preliminary information on each person nominated for election as director, together with a specification of positions held in other businesses of the nominees, clearly stating whether the nature of such companies' were identical to or in competition with the businesses of the Company, Shareholding in the Company, Meeting attendance record (In case reappointed at the expiration of term), Type of Directorial Position Nominated and Nominations were made after screening by the Nominating Committee.

(3) Directors' Remuneration: The Company had provided details on the amount of remuneration proposed, which was in accordance with the policies and conditions relating to the remunerations of directors subsequent to review by the

remuneration committee. The Company proposed remuneration limits for approval by the meeting of shareholders on an annual basis and disclosed remunerations of the Company Board of Directors and remuneration of other sub committees in Form 56-1 as well as in the Annual Report.

(4) Appointment of Auditor and Determination of Audit Fee: The Company had provided details on the names of auditors, along with their audit office, independence, relationship with the Company, number of years of performing duties, reasons for change of auditor (if any), and comparative data on the audit fees for the current and preceding year. This information had been reviewed by the Audit Committee. Other fees for services rendered by the audit office to which the auditor was affiliated with respect to both the Company and its subsidiaries were also disclosed.

#### 2014 Voting Summary of Shareholders in Each Agenda

Agendum	Number of shareholders	Approval		Disapproval		Abstention	
		Shares	%	Shares	%	Shares	%
1	120	108,648,877	100.00	-	-	-	-
3	120	108,648,877	100.00	-	-	-	-
4	120	108,648,877	100.00	-	-	-	-
5.1	121	108,649,877	100.00	-	-	-	-
5.2	121	108,649,877	100.00	-	-	-	-
5.3	121	108,649,877	100.00	-	-	-	-
6	121	108,649,877	100.00	-	-	-	-
7	121	108,649,877	100.00	-	-	-	-

#### Proceedings after the Shareholders' Meeting Day

1. The company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, in both Thai and English, via the news channel of the SET, and the company website, on the following day.

2. The company compiled the meeting minutes subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, classified as consent, dissent, and abstention votes, together with the record on the discussion and conclusion regarding significant topics. Said minutes was submitted to The Stock Exchange of Thailand and The Securities and Exchange Commission within 14 days subsequent to the meeting, and disseminated on the company website, in both Thai and English, so as to enable the shareholders to review said minutes content without having to wait until the next shareholders' meeting.

3. The company recorded the meeting on VDO, for further distribution to the shareholders upon request. In recognition of its consistent efforts dedicated to holding the shareholders' general meeting efficiently on a continuous basis, the company was awarded the "Excellent" appraisal result in 2014 for the quality of its shareholders' meeting by the Thai Investors Association.

#### Section 2 : Equitable Treatment of Shareholders

The Board of Directors ensured that every shareholder was entitled to fair and equitable treatment as follows :

##### 2.1 The shareholders' meeting

1. The company provided the shareholders with the opportunity to nominate candidates as directors prior to holding the shareholders' meeting in 2014, during the period of December 1 - 30, 2013. For such purpose, the company compiled the nomination conditions and disseminated them on the company website, as well as notifying the shareholders via the news channel of The Stock Exchange of Thailand. Nevertheless, there was no shareholder nominating any candidate for consideration as company directors.

2. The allocation of votes in the meeting was based on the number of shares being held by each shareholder, with 1 vote representing 1 share with no shareholding any special privilege in restricting the right of other shareholders.

3. In the case of foreign shareholders, the company sent out meeting invitation letter in English, to facilitate the understanding by foreign shareholders, as well as disseminating said information on company website made accessible at the same time as The Thai version.

4. In the case where shareholders could not attend the meeting in person, the company allowed said shareholders to appoint proxies from independent directors or other parties, to attend the meeting on own behalf. The company provided clear details pertaining to the proxy appointment letter, sent together with the proxy appointment letter (form B), allowing the



shareholders to instruct own voting direction. For the shareholders' meeting in 2014, there were 4 shareholders holding the combined 145,060 shares who had appointed an independent director to act as the proxy on their behalf.

5. The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Nevertheless, for the agenda related to directors' appointment, all voting ballots bearing the signature of each shareholder were collected and kept as evidence. Vote tallying was carried out using the barcode system and displayed on-screen in the meeting room, to facilitate convenience, transparency, and easy verification.

6. Shareholders were given an opportunity to ask questions in shareholders' meetings. In Meeting No. 40, Agenda 8, the proxy from the Thai Investors Association inquired on anti-corruption policies, to which the Managing Director gave a detailed reply and explanation. Further information is available in the Minutes of the General Meeting of Shareholders published on the Company Website.

## **2.2 Supervision over inside information**

The company has laid down the policy safeguarding against inside information abuse, by stating in writing in the business ethics manual, and the code of conduct for company directors, the management and employees, not allowing company directors, the management, and employees, to exploit the information or assets belonging to the company, or accorded own position, in such manner seeking unjust gains for own self or for others. In relation to this, the company handed out relevant manuals to company directors, the management, and the employees, to serve as guidelines for their business operations and assignments, while also disseminating those information on company website. Furthermore, the company also incorporated above information into company regulations, together with the penalty provision. During the past year, the directors, the management, and the employees strictly followed those company policies on a consistent basis.

## **2.3 Supervision over the transaction of company securities**

The Board of Directors has prescribed measures to prevent the use of inside information and measures to prevent wrongful insider trading for the benefit of oneself or of others, by forbidding the directors, the management, and the employees working in those departments accessible to inside information, to engage in the transaction of company securities, during the period of 1 month before the disclosure of such information to the public. The company distributed said instructions in circular to all concerned parties each quarter, together with the penalties to be imposed in the case of violation or non-compliance with said regulation. In 2014, all the company directors and management members strictly followed accordingly, without engaging in such transactions during said period. In this regard, the company laid down the regulation requiring company directors and management members to duly report own first securities holding, together with any subsequent change in securities holding, to The Securities and Exchange Commission, in accordance with article 59 of The Securities and Exchange Act B.E. 2535. Furthermore, the company provided for the report on securities holding by the directors and their spouses, and children who had not yet attained legal age, as a regular agenda in The Board of Directors' meeting.

## **2.4 Treatment of conflict of interests**

The company treated the issue of conflict of interests with caution and reason, with the company's interests in mind, by laying down operations systems in a transparent manner, deemed as one major policy regarding good governance practice and business ethics for the company. The company supervised the implementation of connected transactions so as to comply with the announcement by The Capital Market Supervisory Board. Before implementing each connected transaction requiring prior approval from The Board of Directors, the item was first proposed to The Audit Committee for endorsement prior to submitting to The Board of Directors for further approval. The directors with possible conflict of interests were not allowed to take part in the meeting. Afterwards, the company informed said meeting resolution to the shareholders via the news channel of the SET together with the company website. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinions of The Board of Directors pertaining to such transactions. Furthermore, the company held The Board of Directors' meeting subsequent to the shareholders' meeting each year, to decide on the approval criteria for business transactions under normal business term, conducted between the company and the directors, management members, or connected persons. Such transaction items were to be concluded and reported to The Board of Directors on a quarterly basis.

## **2.5 Supervision over assets transaction**

The company supervised assets transaction in accordance with the announcement by The Capital Market Supervisory Board regarding the acquisition and disposal of assets, whereby directors with possible conflict of interests were not allowed to participate, so as to facilitate fairness and transparency.

### **Section 3 : Role of Stakeholders**

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.

#### **Business Ethics and Employee Code of Conduct**

The Company has drawn up business ethics and employee code of conduct to promote confidence that the legal rights of all stakeholders are fairly looked after. These codes have been stated in writing and distributed to Directors, executive officers and all levels of employees, and also distributed on the intranet and Company website. The codes are strictly adhered to when treating all stakeholders since a business can survive only when good ethics and morals are practiced.

#### **3.1 Shareholders**

The Company respects the rights of both major and minority shareholders as required various laws and regulations. All shareholders are treated equally. The Company strives to satisfactorily represent the shareholders in advancing the businesses as well as generating a fair return in accordance with the dividend policies of the Company. In addition, the Company has mechanisms for ensuring the trust of shareholders in obtaining accurate information, controlling connected transactions, and having measures for preventing conflicts of interests. Measures have also been in place to prevent the exploitation of insiders' information for personal benefits, including the use of such information for the trade of the Company's securities, especially in the 1 month period prior to the disclosure of financial statements to the public, which is stipulated in the code of conduct for employees.

The Company invited all shareholders to the annual general meeting. Shareholders were given the right to vote on all agenda. Shareholders also have the right to acquire important information, such as the Company's quarterly operating results, investment disclosures and connected transactions. The Company has disclosed these data through channels of the Stock Exchange of Thailand and the Company website ([www.thanulux.com](http://www.thanulux.com)).

In 2014, the Company paid dividends for 2013 operations and retained earnings at the rate of Baht 0.95 per share, equivalent to a dividend payout 50.47 percent of the net profits of the separate financial statements on 16 May 2014. This dividend payout exceeds the prescribed dividend policy of Baht 0.20 per share. The payments reflected a continuous payout of dividends to the Company's shareholders, thereby genuinely building long-term wealth to the shareholders.

#### **3.2 Employees**

The Company realizes that employees are the most valuable resources and constitute the heart and main driving force of the organisation to success. The Company has therefore treated its employees in accordance with good governance principles. Human dignity, human rights and ethics are respected and promotion, support, practice, training and knowledge development of employees are provided comprehensively for employees. Employees are given opportunities to express their potential. They are also encouraged to participate in determining the development and operational directions of the Company. In order to secure career path security, the Company offers fair remuneration for employees as appropriate for the knowledge, skills, responsibilities and performances of each employee. (For further details on the promotion and development of employee knowledge, please refer to CSR Report, the heading on Fair Treatment of Labour, under the sub-heading "Personnel Development Policy".)

Moreover, the Company has looked after the working environment by having due regard to the safety of life, health and properties of employees. Security personnel are on duty 24 hours a day. Alarm systems have been installed in buildings. Safety equipment and fire engines have been provided. Basic firefighting training and drills have been held as well as evacuation drills and the use of personal protective equipment. These training and drills were held to promote the employees' understanding of the proper practices according to standard systems on safety and the environment. Various welfare benefits have also been provided for employees to raise the quality of lives and standard of living, e.g.

- Together with the Saha group set up **cooperatives for employees**.
- Provision of a clinic attended by a medical doctor twice weekly and a nurse every day.
- Annual medical examination

- Employee uniforms
- Welfare sale of goods at special prices as sustenance aid for employees
- Collaboration with the Government Housing Bank in providing low-interest housing loans
- Accommodation for employees assigned to perform tasks in other provinces
- Additional payments to employees in proportion to their work performances
- Provident fund for future savings
- Retirement benefits
- Financial assistance in the event of death of an employee, employee's parent and spouse.
- Financial assistance in the event of an employee being a victim of fire or a natural disaster, such as flooding or storms.
- Internal and external training for employees to promote and develop knowledge and skills
- Cash rewards for employees completing 10, 20, 30 years of employment

In addition, the Company has established a Welfare Committee in order to offer an opportunity for employees to participate in the administration of welfare benefits and to act as a centre for the comprehensive distribution of welfare aid to employees, as well as to act as a channel for communications, suggestions or voicing grievances on various matters pertaining to work.

### **3.3 Customers**

The Company operates its businesses by adhering to the principles of loyalty, justice and providing accurate information to customers. Customers' complaints are handled with priority and processed with all due fairness in order to promote an expeditious response to customers' needs as well as to develop products and services which meet the requirements of customers. Constant innovations are undertaken in order to add value to products and services according to the quality accreditation ISO9001 on design and manufacture of garments and leather goods. Customers' trade secrets are also protected. A survey of customer satisfaction on quality, services and delivery of goods show that the Company enjoyed a satisfaction approval of more than 90%.

In this regard, the Company has a customer relations center which serves as a central medium for receiving comments and suggestions from customers. The center may be call at 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50 press 101.

### **3.4 Competitors**

The Board of Directors placed much importance on fair and honest business competition under the framework specified by law. Accordingly, the company always implemented its business operations according to fair competition rules. Over the years, the company was never engaged in any trade dispute with other competitors.

### **3.5 Business partners**

The Company has prescribed policies relating to fair treatment and responsibilities towards business partners pursuant to agreements, trading terms and conditions and the representation of accurate data. Good relations and understanding have been fostered, including exchanges of knowledge. Products are jointly developed to add value. The Company does not demand, receive or accept any properties or benefits outside the scope of trade agreements. In 2014, there was no case of non-compliance of trade agreement.

### **3.6 Creditors**

The Company has prescribed policies on the fair treatment of creditors. The policy espouses responsibility and transparency through strict compliance with contractual terms and conditions. In the previous year, the Company paid sums to creditors in accordance with the agreed credit terms without any default.

### **3.7 Communities, Society and the Environment**

The Company has operated its business with due regard to the impact on communities, the society, natural resources and the environment. Company employees have been continually instilled with a conscience of responsibility. Activities which benefitted communities and the society as a whole have been sponsored, along with other actions, with due regard for natural resources and the environment. The Company has already disclosed social, community and environmental activities in the Annual Report of 2014.

### **3.8 Government Agencies and Other Related Agencies**

The Company strictly adheres to laws governing relating to various aspects, including quality of life, environment, work safety, labor, accounting management and tax, as well as notifications issued by government agencies pertaining to the Company's business operations. In addition, the Company has cooperated in various activities of government agencies and independent agencies for the benefit of the latter in making revisions of rules, regulations and administration, which in turn would lead to greater efficiency of the

country's industries as a whole. The Company has also participated in hearings and expressed opinions to the Stock Exchange of Thailand, Office of the Securities and Exchange Commission, Thai Institute of Directors Association and Thai Company Secretary Club on issues such as Compliance with ASEAN CG Scorecard and Corporate Social Responsibility. Furthermore, the Company promotes the participation of internal work divisions and employees in the development of innovations, and to submit value adding work products which would be beneficial to the garment industry to contests organised by various institutions.

### **3.9 Non-Infringement of Intellectual Property and Copyrights**

The Company has a policy of operating its businesses transparently, ethically and fairly. No intellectual property or trademark is used prior to licensing. Employees are encouraged to develop innovations to add value to products, and to develop work products and processes for greater efficiency. In this regard, the Company has continually organized an internal innovations contest since the year 2007, which is currently in its 7<sup>th</sup> year. Works have been selected for nomination in the Saha Group Contest, held in the Annual Saha Group Export & Trade Exhibition. In the Chairman Awards 2014, the Company received second prize under the Products Category for innovation called "Full Body Coolness" and a consolation prize for the innovation "Natural Soft & Shine". The Company also received a consolation prize under the category System & Process for the innovation "SalesWOW (TNL Fair Application)" and a consolation prize under the category PETTY AWARDS for the innovation "Copy Curve".

As for trademarks, the Company has received licenses for sales and distribution of several trademarks, such as ARROW and Guy Laroche. The Company has strictly complied with the contractual terms and conditions. There has been no infringement. There has also been a campaign to prevent employees throughout the organization from using fake products.

In 2014, the Company did not commit any infringement of intellectual property or trademark.

### **3.10 Anti-Corruption**

Pursuant to the working philosophy of Dr. Thiem Chokwattana, the founder of Saha Group, there is an emphasis on integrity and justice. The Company has instilled a core value of not promoting actions of employees and Executive Officers which constitute corrupt practices or giving or receiving bribes to obtain benefits for the Company. This value has been stated in the Business Ethics and Employee Code of Conduct. Thus, on 19<sup>th</sup> February 2014, the Board of Directors adopted a resolution to approve the signing of the Declaration of the Private Sector Collective Action against Corruption. Therefore, to ensure consistency with the Company's principles of good corporate governance as well as the general intents and social responsibility, the Company has implemented the policy of compliance with anti-corruption laws by prohibiting Company Directors, Executive Officers and employees from committing any act or from accepting or supporting any form of corruption, whether directly or indirectly. This prohibition applies to all businesses and all related employees.

#### **Anti-Corruption Policy**

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for oneself or others.
4. Setting the system to report financial status transparently and accurately, providing and efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

In the previous year, listed companies in the Saha Group invited qualified speakers to give presentations on preparations for membership of the CAC at the ICC International Public Company Limited Meeting Room, on Tuesday, 29<sup>th</sup> July 2014. In addition, the Company has organised an in-house training of 79 work supervisors on Wednesday, 7<sup>th</sup> January 2015 at Thanulux Public Company Limited Meeting Room.

Details of the Collective Action against Corruption are available in the Social Responsibility Report under the heading "Anti-Corruption".

### 3.11 Participation channels for the stakeholders

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. Shareholders and other stakeholders may contact Mr. Supachoke Sirichantaradilok, Company Secretary and Investor Relations Officer, by telephone at 02-284-0062, facsimile at 02-294-5101, email: supachoke@thanulux.com or contact Mr. Woradej Puengsiricharoen, Vice-President for Internal Audit, who also reports directly to the Audit Committee, by telephone at 02-295-4171-9 ext. 168, facsimile at 02-294-5101, or email: audit@thanulux.com. Investigation outcomes would be reported to the Board of Directors. Details on informants and complaints will be kept secret. In 2014, there were no complaints filed by shareholders and stakeholders.

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.

#### Section 4 : Information 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 the principles of good corporate governance 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.

The Company has transmitted such information through the information dissemination system of the Stock Exchange of Thailand within the time limit for dissemination to the investors and the general public. Moreover, the Company has added new dissemination channels by publishing the information on the Company's website (www.thanulux.com) in both Thai and English and regularly updating such information.

The information disclosed in the annual reporting form and annual report include not only financial statements, but also information on various matters which are demonstrative of business transparency, as follows:

1. **Business description:** a disclosure of the Company's business operations, industrial and competitive trends.
2. **Business risks:** the Company discloses risk factors affecting the business, specifying the characteristics of the risks, causes, impact and approaches to preventing or mitigating risks.
3. **Shareholding structure:** a disclosure of the 10 largest shareholders of the Company at the closing date of the shareholders' register for the annual general meeting, prior to the meeting date on the company website (www.thanulux.com).
4. **Dividend policy:** the Company has a policy of paying a minimum dividend of 0.20 baht per share after having principally considered the operating results and economic conditions.
5. **Management structure:** a disclosure of the roles and functions of the Board of Directors and other committees, the number of meetings held, the number of meetings attended by each director in the previous year, and securities holdings as well as training histories of directors. These details have been disclosed in Form 56-1 under the heading 8 on management, and in the annual report under the heading on shareholding and management structures.
6. **Corporate governance:** Company carried out its business in accordance with the good corporate governance principles for listed companies 2012 prescribed by the Stock Exchange of Thailand in 5 constituents as Shareholders' Rights, Equitable Treatment of Shareholders, role of stakeholders, information disclosure and transparency and responsibilities of the Board of Directors
7. **Internal controls and internal audit:** a disclosure of the audit committee report, as well as a disclosure of the evaluation results of the Board of Directors on various aspects of the Company's internal control systems in 5 parts; namely
  - (1) Good control environment
  - (2) Good risk appraisal methods
  - (3) Good internal control activities
  - (4) Good information and communication system
  - (5) Good monitoring and assessment system
8. **Connected transactions:** the Company complies with rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are clear guidelines for dealing with conflicts of interests prudently and reasonably for the greatest benefit of the Company and shareholders. Detailed disclosures are made, with specifications of the names of

contractual parties, relationships, nature of transactions, price terms and value of transactions, to the Stock Exchange of Thailand and published on the Company website. A summary of the disclosure is shown in the Annual Disclosure (Form 56-1) and Annual Report (Form 56-2) under the heading “Connected Transactions”.

**9. Report of Board of Directors’ Responsibility for Financial Statements:** the Board of Directors appreciates the significance of accurate and complete financial reporting in accordance with accounting standards. The disclosure of such information has been audited by an independent auditor, and has been approved by the Audit Committee and Board of Directors prior to dissemination to shareholders. Also, in order to secure greater confidence, the Board of Directors has prepared a Report of the Board of Directors’ Responsibility for the Financial Statements, signed by the Chairman and Managing Director, which has been disclosed in the Annual Report and Form 56-1 alongside the Auditor’s Report.

**10. Social and environmental responsibility:** the Company upholds this consideration as a policy factor in its business operations, which is included in the corporate governance policies. The Company pays due regard to natural resources and environment through an appreciation of the responsibilities owed towards communities and the society. A conscience of responsibilities owed to communities and the society has been continually instilled in the Company, and support has been given to activities which are of common benefit to the communities and the society.

**11. Evaluation of the Board of Directors:** a disclosure of the evaluation by individual director the performance of the entire Board of Directors.

**12. Remuneration of directors and executives:** a disclosure of the policy on remuneration payments to directors and executives, including the forms, types and amount of remuneration received by director and sub-committees, these details have been disclosed in Form 56-1 and in the annual report under the heading on executive remuneration.

**13. Investor relations:** the company has stressed the importance of disclosing transparent and comprehensive information. Various news have been disseminated to investors and related persons in a timely manner and on an equal basis through channels and media of the Stock Exchange of Thailand, and via the Company’s website at [www.thanulux.com](http://www.thanulux.com). In addition, the Company has designated a person who can provide information and news as required by investors or related persons. Mr. Supachoke Sirichantaradilok, Company secretary and Investor relations, may be contacted by telephone at 0-2295-0911-19, 0-2295-4171-80, extension 323, by facsimile at 0-2294-5101, or by email at [supachoke@thanulux.com](mailto:supachoke@thanulux.com).

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.

In 2014, the Company and companies in the Saha Group, comprising a total of 14 companies, in collaboration with the Stock Exchange of Thailand, held the “6<sup>th</sup> Analysts and Investors Meet Saha Group” event, on 27 June 2014 at Queen Sirikit Convention Center within the 18<sup>th</sup> Saha Group Fair. In addition, the Company and companies of the Saha Group jointly prepared a summary fact book on all 14 companies of the Saha Group. The fact books were distributed to analysts and investors attending the event. Interested persons who did not attend the event may watch a video recording of the event through channels of the Stock Exchange of Thailand and the Company website.

#### **Section 5 : Responsibilities of The Board of Directors**

The Board of Directors plays an important role in governing the Company to ensure efficient operations. These duties must be performed responsibly, prudently, honestly, and must utilize knowledge and competencies in the determination of the Company vision and mission statement with a view to securing sustained growth. In addition, there must be oversight of Executive Officers and employees to ensure compliance with guidelines in order to achieve the set objectives, as follows:

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.

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.

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

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

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.

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

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

9. The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executives and employees.

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.

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

12. The Board of Directors has a policy of encouraging senior Executives to attend Board Meetings.

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.

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 Executives 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.

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.

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

17. The Board of Directors has directed Company Directors and Executives 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.

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

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

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

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.

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.

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

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

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

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

## Board of Directors and Company Committees

The Company's management structure consists of the Board of Directors, Company Committees and Executive Officers. Duties are clearly delineated to ensure transparency of operations and proper checks and balances. Hence, the following provisions have been stated in writing in the Charter:

### 1. The Board of Directors

The Board of Directors as stated in the certificate of the Ministry of Commerce consists of 10 persons, as follows:

- Non-Executive Directors 3 persons constituting 30 %
- Executive Directors 3 persons constituting 30 %
- Independent Directors 4 persons constituting 40 %

The list of Directors is as follows:

1. Mr. Boonsithi	Chokwatana	Advisory Director
2. Mrs. Varindr	Leelanuwatana	Chairman
3. Mr. Supotch	Pakaworawuth	Director
4. Ms. Dusadee	Soontrontumrong	Director
5. Mr. Wichai	Suthitivanich	Director
6. Ms. Marin	Leelanuwatana	Director
7. Mr. Padoong	Techasarintr	Independent Director
8. Assoc. Prof. Nares	Kesaprakorn	Independent Director
9. Mr. Krish	Follett	Independent Director
10. Pol. Lt. Gen. Amarin	Niemskul	Independent Director

### Balance of directors who are not executives.

The Company has set up the member of the Board of Directors not less than 5 persons (pursuant to the Public Limited Companies Act). Directors must be a natural person and possess the following qualifications:

- being *sui juris*;
- not being bankrupt, incompetent or quasi-incompetent;
- not having been imprisoned by a final judgment of imprisonment for an offence relating to the dishonest dealings with property;
- not having been expelled or dismissed from government service or an organization or agency of the State due to misfeasance in office.

The Company has a nominating committee to select Directors from qualified persons possessing knowledge and skills from a variety of professions. The selected persons should have vision, ethics and an unblemished working history. He/she must be able to express views independently. The Board of Directors has prescribed clear duties and responsibilities for all Company Committees. A Chairman of the Executive Committee has been appointed by the Board of Directors to perform the duty of supervising the performance of the Managing Director in the business operations, managing the Company operations to achieve the objectives and targets in accordance with the policies set by the Board of Directors.

### 1.1 Term of Company Director

Each Company Director holds office for a term as stated in the Company Articles and Charter of the Board of Directors.

1. At every General Meeting, one-third of the Company Directors shall retire. If the number of Company Directors cannot be divided evenly into 3 parts, the number of retiring Company Directors closest to one-third, the longest serving Company Directors shall retire and may be re-elected.

2. Company Directors retire from office at the expiration of term, or by resignation, or death, or disqualification as provided by law, or upon removal by resolution of the shareholders' meeting, or by court order.

3. A Company Director wishing to resign before the expiration of term must submit a resignation letter to the Company and may also serve notice to the registrar under the law on public limited companies. The resignation comes into effect as from the day of the Company's receipt of the resignation letter.

4. In the case where a Company Director's office becomes vacant for a cause other than the expiration of term, and the remaining term is not less than 2 months, the Board of Directors shall elect a Company Director to replace the vacant office in the subsequent meeting of the Board of Directors. The elected Company Director shall remain in office only for the remaining term of the replaced Company Director.

5. The shareholders' meeting may pass a resolution to remove a Company Director before the expiration of term by the votes of not less than three-fourths of the shareholders present and eligible to vote, and the total number of shares held must be not less than one-half of the total number of shares held by shareholders present and eligible to vote.

#### **1.2 Directors selection process**

The Board of Directors appointed The Nominating Committee, to supervise the director selection process to be carried out in a transparent manner (See the details under the heading "Corporate Governance", on the selection and appointment of the directors and chief executive officers).

#### **1.3 Number of Companies Served by Directors**

The Company has disclosed information on the directorial offices held by each Director in other companies in Form 56-1 under the heading "Offices of Directors and Executive Directors in Subsidiaries or Related Companies."

The Company has not imposed a limit on the number of companies in which directorial offices can be held as it was apparent from the past performance of all Directors they have been able to maintain regular attendance at meetings and utilized knowledge and skills as well as give full devotion of time for the management of the Company without any deficiencies.

#### **1.4 Company Directors and Executives Assuming Directorial Positions in Other Companies**

The policies and procedures for assuming directorial positions in other companies of directors and executives of the Company are as follows. Senior executives of the Company would determine the nature of the other company's business and whether or not there is need to assign a Company director or executive to represent the Group in the capacity of a joint investor or pursuant to a joint venture contract. If there was such a need, consideration would be undertaken to determine the Company director or executive who possessed the knowledge, competency and expertise in such business.

#### **1.5 Merger or Separation of Positions**

The Chairman has performed his functions with full devotion and accountability. There is a clear separation of functions between the Chairman and the Managing Director in order to delineate administrative functions and secure mutual independence and checks and balances. A balance of operational powers is thereby achieved. The Company has clearly defined the scope of functions of each committee and the management in the rules and directives prescribed by the Board of Directors which are open for inspection so as to ensure transparency of management

#### **1.6 Company Secretary**

The Company has appointed a Company Secretary to perform duties and assume responsibilities as provided by law and by the Company (details are stated under the heading "Management Structure", Article 3 Company Secretary).

#### **1.7 Authority of The Board of Directors**

1. Appoint, remove, and assign authority to advisors to The Board of Directors, various committees, and The Managing Director, to carry out the assigned duties.
2. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
3. Approve loan transaction to be used as the company's working capital, for such portion exceeding the authority of The Executive Board.
4. Approve loan extension to companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board.
5. Approve the entering into guarantee for credit facility, for companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board.
6. Approve the set-up, merger, or dissolution of subsidiary company.
7. Approve the investment for the purchase or sales of common shares, and/or other securities, for such portion exceeding the authority of The Executive Board.
8. Approve the procurement and investment in fixed asset, for such portion exceeding the authority of The Executive Board.
9. Approve the adjustment, disposal, and write-off for fixed assets, and/or intangible assets no longer in use, or being subject to damage, loss, destruction, deterioration, out-of-date, or no longer functionable for such accounting value (historical cost) exceeding the authority of The Executive Board.

10. Approve the settlement of conflicts by reconciliation or by the resolution through arbitration, petition, lawsuit, and/or court proceedings on the company's behalf, for such case not considered as normal business practice, and/or such case considered as normal business practice, for such portion exceeding the authority of The Executive Board.

11. Approve the entering into such transaction not considered as normal business practice, for such portion exceeding the authority of The Executive Board.

12. Propose the capital increase or capital decrease, or the change in par value, change or amendment to memorandum of association, articles of association, and/or objectives of the company to the shareholders for consideration.

13. Authorize The Executive Board members, management members, managers or other persons, to act on their behalf.

14. Authorize to summon management members or employees concerned to provide explanation or opinion, to join the meeting, and to submit those documents deemed necessary.

15. Appoint and remove Company Secretary

16. The authority scope for The Board of Directors pertaining to the acquisition and disposal of assets and connected transactions, shall comply with the Notification of The Capital Market Supervisory Board.

### **1.8 Duty and responsibility scope of The Board of Directors**

1. Set the direction, target, and business policy for the company.

2. Approve the annual business plan and annual budget, as well as supervising the operations by the management to well comply with the laws, policies, and plans in an efficient and effective manner.

3. Promote the establishment of corporate governance policy, business ethics, and business morality in writing, to serve as guidelines for the directors, the management, and the employees, in carrying out their business practices, while regularly following up to ensure their strict adherence and compliance accordingly.

4. Set up adequate internal control systems, so as to ensure that all transactions receive proper approval from the authorized persons, and that proper accounting review and bookkeeping practice are carried out, while proper checking systems are in place to safeguard against unauthorized exploitation of company assets.

5. Ensure that careful consideration is given to the issue of conflict of interests, and that clear practice guidelines are in place to safeguard the interests of the shareholders and the company. Also ensure that the persons having interests at stake do not take part in adopting the decision, and that all concerned parties strictly follow the procedures and regulations to disclose relevant information in a proper manner.

6. Grant approval to financial statements already audited and verified by the certified public accountant and earlier approved by The Audit Committee.

7. Being accountable to all shareholders on an equal basis, while ensuring that information are disclosed to the shareholders and investors in an accurate, reliable, and transparent manner

8. Acknowledge the corporate management report prepared by The Executive Board.

9. Set the date, time, and place for the annual shareholders' general meeting, and convene said meeting accordingly. Also set the rate for dividend payments (if any), and provide comments relating to the meeting agenda to the shareholders.

In that regard, the company may suspend shares transfer registration for the period of 21 days leading up to the meeting, whereby the company is required to post such announcement to the shareholders at the company's head office and its subsidiaries for the period of no less than 14 days prior to such suspension. Otherwise, the company may set the date to finalize the shareholders' list (Record Date) no longer than 2 months prior to the meeting, and then set the date for shares registration suspension 1 day later, in order to compile the shareholders' list according to article 225 of The Securities and Exchange Act, to entitle the shareholders to attend the meeting, and to be eligible for dividend payments.

10. Prepare The Board of Directors' responsibility report toward financial statements compilation, and disclose said report in the company's annual report (form 56-2) and the annual registration statement (form 56-1).

11. Supervise the compilation of the documents required to be submitted to concerned regulating agencies, to ensure that all information contained therein are true and accurate in accordance with the information appearing in the accounting books, the registration book, and other official documents of the company.

12. Grant approval to the charter for The Board of Directors, and/or other committees.

13. Engage in those acts lying beyond The Executive Board's authority, or as deemed necessary by The Board of Directors.

During 2014, The Board of Directors convened total 5 meetings, whereby the meeting dates had been earlier decided throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances.

#### 1.9 Authority, duty, and responsibility scope of the Chairman

1. Take responsibility as the leader of The Board of Directors in monitoring and supervising the operations of The Board of Directors and various committees.
2. Preside at The Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon The Board of Directors' meeting or may assign another person to act on own behalf.
4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-thirds of the shareholders present at the meeting.
5. Engage in other acts as assigned by The Board of Directors.

#### 2. Sub Committees

In the performance of duties, the Board of Directors has appointed a number of Company Committees to assist in various areas so as to ensure shareholders' confidence that the Company operations are transparent, subject to screening, review and based on sound advice. There are currently 5 Company Committees, consisting of the Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Executive Committee. The powers and duties of each Company Committee have been clearly prescribed in the respective Committee Charter. The Chairman of each Committee oversees compliance of operations in accordance with the policies of the Board of Directors and reports performance results to the Board of Directors.

##### 2.1 Audit Committee

The Board of Directors appoints Audit Committee Members from Independent Directors having the qualifications prescribed by the law on securities and the Stock Exchange of Thailand. The Audit Committee performs the duties of supporting the Board of Directors in good governance, in particular, with respect to financial reporting, internal control, audit process and compliance with applicable laws and regulations.

Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014 passed a resolution to appoint 4 Independent Directors as Audit Committee Members, as follows:

Name		Position
1. Mr. Padoong	Techasarintr	Chairman of Audit Committee
2. Assoc.Prof. Nares	Kesaparakorn	Audit Committee Member
3. Mr.Krish	Follett	Audit Committee Member
4. Pol.Lt.Gen. Amarin	Niemskul	Audit Committee Member

Mr. Woradet Puengsiricharoen holds the position of Secretary to the Audit Committee and has the qualifications stated in "Form 56-1 Part 2, Article 11.3".

The Audit Committee holds office for a term of 1 year, in the period May 2014 to May 2015. Mr.Padoong Techasarintr is well-informed and experienced in undertaking the review of the Company's financial standing. (See the details on his education and career background under the heading "Personal information of company directors and management members")

All members of the Audit Committee were not the company shareholders, not engages in business relationship or provided any professional service to the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest. Furthermore, they also did not serve as audit committee in its parent company, subsidiary, or same-level subsidiary.

##### 2.1.1 Powers of the Audit Committee

1. To lay down collaborative measures with a view to achieving a harmonized understanding between the auditors, board of directors and internal audit units.
2. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.

3. To have the power to call upon executive officers, the management or relevant employees of the Company to give statements or opinions as well as to attend meetings or send documents which are deemed as relevant, and also to have access to data at every organizational level.

4. To have the power to conduct an examination of relevant persons or relevant matters within the scope of powers and duties of the Audit Committee.

#### **2.1.2 Duty and responsibility scope of The Audit Committee**

1. To conduct reviews in order to ensure that the Company's financial reports are accurate and sufficient.

2. To conduct reviews in order to ensure that the Company has appropriate and effective internal control and internal audit systems.

3. To consider the independence of internal audit units as well as to give approvals for appointments, transfers or terminations of heads of internal audit units or other units responsible for internal audits.

4. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and laws relating to the Company's businesses.

5. To consider, select and nominate independent persons for appointment as the Company's auditors and propose the remuneration for such persons, and also to attend meetings with the auditors without the presence of the management which must be held at least once a year.

6. To scrutinize connected transactions or transactions which may contain conflicts of interests in order to ensure compliance with the law and regulations of the Stock Exchange of Thailand, as well as to ensure that such transactions are entered into reasonably and are in the best interests of the Company.

7. To prepare an Audit Committee Report which must be disclosed in the Company Annual Report. Such report must be signed by the Chairman of the Audit Committee and consist of at least the following information:

(a) opinion pertaining to the accuracy, completeness and reliability of the Company's financial statements;

(b) opinion pertaining to the sufficiency of internal controls in the Company;

(c) opinion pertaining to compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses;

(d) opinion pertaining to the suitability of the auditor;

(e) opinion pertaining to transactions that could potentially give rise to conflicts of interests;

(f) the number of Audit Committee meetings and the meeting attendance of each Audit Committee member;

(g) general opinion or observation expressed by the Audit Committee in relation to the performance of functions under this Charter;

(h) other items deemed as necessary information for shareholders and investors generally within the scope of duties and responsibilities as assigned by the Board of Directors.

8. In the discharge of its duties, if the Audit Committee finds or is under a suspicion that the following transaction or act has been committed, which may have a substantial impact on the financial standing and operating results of the Company, the Audit Committee shall file a report to the Board of Directors in order to effect remedial actions within the period as deemed appropriate by the Audit Committee:

(a) transaction giving rise to a conflict of interests;

(b) fraud or irregularity or a significant deficiency in the internal control system;

(c) violation of the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses.

If the Board of Directors or executive officers fail to carry out the remedies within the prescribed period, any Audit Committee member may report such transaction or action to the Office of the Securities and Exchange Commission or Stock Exchange of Thailand.

9. To support and monitor the Company's implementation of an efficient risk management system.

10. To revise and amend the Charter of the Audit Committee and propose such revision or amendment to the Board of Directors for approval.

11. To perform other acts as assigned by the Board of Directors with the approval of the Audit Committee pursuant to powers under the Company Articles and the law.

In carrying out its above duties, The Audit Committee is directly responsible to The Board of Directors, who in turn is responsible to the shareholders and general investors.

The Audit Committee holds monthly meetings. A meeting schedule has been set in advance for the entire year. Joint meetings are also held with the management to discuss and exchange opinions relating to the Company's businesses. In addition, at least one joint meeting is held with the management and company auditor each year to inquire on issues identified by the audit of Company financial statements. The Audit Committee reports its performance results to the Board of Directors regularly every quarter and reports to the shareholders as stated in the Annual Report.

## **2.2 Nominating Committee**

The Board of Directors appoints Company Directors and/or other persons as Nominating Committee Members to support the functions of the Board of Directors in good corporate governance, to select and screen suitably qualified persons for the offices of Company Directors and Senior Executive Officers. This is to maintain confidence that the selection process for such persons is transparent.

Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014 passed a resolution to appoint a Nominating Committee consisting of 3 Members, as follows:

	Name		Position
1.	Mr. Manu	Leelanuwatana	Chairman of the nominating Committee
2.	Mr. Boonsithi	Chokwatana	Nominating Committee Member
3.	Mrs. Varindr	Leelanuwatana	Nominating Committee Member

The Nominating Committee holds office for a term of 1 year, in the period May 2014 to May 2015

### **2.2.1 Powers of the Nominating Committee**

1. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.

2. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.

### **2.2.2 Duties and Responsibilities of the Nominating Committee**

1. To determine rules and procedures for the Nominating of Company Directors.

2. To examine the biography and other information of persons nominated for appointment as Company Directors, taking into consideration such persons' knowledge, skills, experience and diversity of professional expertise, in order to obtaining the most qualified persons in accordance with the Nominating rules, Articles of the Company and relevant laws.

3. To consider the Nominating of persons having suitable qualifications for a Company Director for nomination to the meeting of the Board of Directors for approval, except in the event of the retirement of Company Directors at the expiration of term where a submission is made to the meeting of shareholders for approval.

4. To prepare opinions or suggestions on various matters for consideration.

5. To revise and amend the Charter of the Nominating Committee and to submit such revisions or amendments to the Board of Directors for approval.

6. To carry out any other acts as assigned by the Board of Directors.

During 2014, The Nominating Committee held its meeting 2 times, and subsequently reported the results to The Board of Directors and shareholders, whereby the meeting dates had been decided in advance throughout the entire year.

## **2.3 Remuneration Committee**

The Board of Directors appoints Company Directors and/or other persons as Remuneration Committee Members to perform the duties of supporting the functions of the Board of Directors in good corporate governance, to determine rules government the



payment of and forms of remuneration to Company Directors. This is to maintain confidence that the Company's consideration of remuneration is transparent and fair.

Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014 passed a resolution to appoint a Remuneration Committee consisting of 3 Members, as follows:

	Name		Position
1.	Mr. Boonsithi	Chokwatana	Chairman of the Remuneration Committee
2.	Mrs. Varindr	Leelanuwatana	Remuneration Committee Member
3.	Ms. Dusadee	Soontrontumrong	Remuneration Committee Member

The Remuneration Committee holds office for a term of 1 year, in the period of May 2014 to May 2015.

### 2.3.1 Authority of The Remuneration Committee

1. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
2. Authorized to summon the management and company staff to provide comments and clarification, to take part in meetings, and to submit documents deemed as necessary.

### 2.3.2 Duty and responsibility scope of The Remuneration Committee

1. Review the remuneration criteria for The Board of Directors, and if deemed necessary, propose the suggestion or revision to existing criteria, in order to make them more suitable.
2. Review the remuneration budget earmarked for The Board of Directors, by taking into account the practices by other companies in the same business category, the business growth and the company's performances, the remuneration budget approved by the shareholders' meeting, and the actual remuneration amount for the previous year, for further presentation to The Board of Directors for consideration, and for final approval by the shareholders' meeting.
3. Review the remuneration budget for the company's directors, the Audit Committee members, the Nominating Committee members, the Remuneration Committee members, and the Risk Management Committee members by taking into account their duty and responsibility scope and related performances, based on the remuneration budget approved by the shareholders' meeting.
4. Review the remuneration budget for the Nominating Committee members, the Remuneration Committee members, and the Risk Management Committee members (who do not serve as company directors), by taking into account their duty and responsibility scope, and related performances.
5. Review and revise the charter for The Remuneration Committee, and present to The Board of Directors for approval.
6. Engage in other acts as assigned by The Board of Directors.

During 2014, The Remuneration Committee held its meeting 2 times, and subsequently reported the results to The Board of Directors and shareholders, whereby the meeting dates had been decided in advance throughout the entire year.

## 2.4 The Risk management Committee

The Board of Directors appointed Company Directors and/or other persons as Risk Management Committee Members. Meetings of the Committee are held every quarter to consider risk factors incorporating the entire organisation, rate risks and prescribe guidelines for risk management. Responsible persons are also tasked with the formulation of measures to control and manage risks within acceptable levels.

Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014 passed a resolution to appoint a Risk Management Committee consisting of 5 Members, as follows:

	Name		Position
1	Mr. Krish	Follett	Chairman of the Risk Management Committee
2	Mr. Supotch	Pakaworawuth	Risk Management Committee Member
3	Mr. Suchart	Layluxsiri	Risk Management Committee Member
4	Dr.M.L. Sirapirom	Teeraprasert	Risk Management Committee Member
5	Ms. Sune	Kongsong	Risk Management Committee Member and Secretary

The Risk management Committee holds office for a term of 1 year, in the period of May 2014 to May 2015.

#### 2.4.1 Powers of the Risk Management Committee

1. The power to invite relevant employees of the Company to provide an explanation, present an opinion, participate in a meeting or submit documents deemed as necessary and relevant.
2. To consult experts or advisors of the Company (if any) or hire external advisors or experts where necessary under the Company's expense.
3. To have the power to appoint a working group to assess and monitor risks in the entire organization.

#### 2.4.2 Duties and Responsibilities

1. To determine policies, targets and plans as well as to set up a clear and continuous risk management system for the management of significant risks, and to report to the Board of Directors and communicate to the Audit Committee for acknowledgment.
2. To promote collaboration in the management of risks at all levels in the organization.
3. To oversee that the Company's risk management system is appropriate and efficient, giving significance to early warning signs and reports of irregularities.
4. To develop the entire organization's risk management system in order to ensure continual efficiency.
5. To revise and amend the Risk Management Committee Charter which would be submitted to the Board of Directors for approval.
6. To perform other tasks as assigned by the Board of Directors.

During 2014, The Risk management Committee held its meeting 4 times, and subsequently reported the results to The Board of Directors and shareholders, whereby the meeting dates had been decided in advance throughout the entire year.

#### 2.5 The Executive Committee

The Board of Directors appoints an Executive Committee to perform the duties of managing the Company's businesses as assigned by the Board of Directors. Such duties must be performed responsibly, prudently, honestly in the same manner as a reasonable business operator under similar circumstances, and with business bargaining power as an Executive Committee Member free from any influence.

Board of Directors Meeting No. 2/2557 on 8<sup>th</sup> May 2014 passed a resolution to appoint an Executive Committee consisting of 9 Members, as follows:

	Name	Position
1. Mrs. Varindr	Leelanuwatana	Chief Executive Office
2. Mr. Supotch	Pakaworawuth	Managing Director
3. Ms. Dusadee	Soontrontumrong	Deputy Managing Director and CFO
4. Mr. Wichai	Suthitivanich	Advisory Director on Foreign Affairs
5. Mr. Somphol	Chaisiroj	Senior Vice president of Men's Wear department A
6. Mr. Suchart	Layluxsiri	Deputy Vice president of Men's Wear department B
7. Ms. Kochakorn	Peungsiricharoen	Deputy Vice president of Export and Leather Goods
8. Ms. Siriporn	Hanudomlap	Deputy Vice president of Human Resources
9. Dr.M.L.Sirapirom	Teeraprasert	Deputy Vice president of Organizational Strategy

There are 2 advisors to the Executive Committee, namely Mr. Somchai Songsakdech and Mr. Kriangsak Sripaisal.

The executive Committee holds office for a term of 1 year, in the period of May 2014 to May 2015.

#### 2.5.1 Powers of the Executive Committee

1. To appoint, remove, transfer, evaluate as well as to determine the remuneration and welfare benefits of employees at every levels.
2. To appoint and remove any other working committee to carry out any activity with respect to the management of the Company.
3. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
4. To issue rules and notifications on the performance of work, and to have the ability to delegate powers to an Executive Committee member and/or an executive-level employee as the authorized signatory for giving approval to disposals of the Company's assets.
5. To approve the acceptance or cancellation of the credit lines in an amount not exceeding 60 million baht each time.
6. To approve the grant of loans to companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 80 million per company.

7. To approve the guarantees of credit lines for companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 40 million per company.

8. To approve investments and sales of investments in capital instruments and/or debt instruments in an amount not exceeding 20 million baht each time.

9. To approve procurements and investments in fixed assets in an amount not exceeding 20 million baht each time.

10. To approve the modification, demolition and writing off of fixed assets and/or intangible assets which are decommissioned, out of order, lost, damaged, deteriorated or outdated and no longer usable with book value not exceeding 1 million baht per year.

11. To approve the adjustment of price and destruction of raw materials and/or outstanding stocks that have deteriorated or become outdated, which could have an effect in reducing the book value as actually occurred.

12. To approve a settlement, dispute settlement by arbitration, filing of complaint, lawsuit and/or to participate in any legal proceedings on behalf of the Company for the non-normal business of the company amounting not exceed Baht 2 million per episode and/or the normal business of the company with amounting not exceed Baht 20 million per episode.

13. To approve the dispatch of employees to foreign countries for work or study visits in an amount not exceeding 1 million baht each time.

14. To approve transactions not part of the normal business in an amount not exceeding 20 million baht each time.

15. To delegate authority to the executive-level employees of the Company or any other person to act on its behalf.

16. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.

17. To issue any other work regulations as deemed appropriate.

18. All powers of the Executive Committee stated above which involve the acquisition or disposal of assets and connected transactions shall be exercised in accordance with Notifications of the Capital Market Supervisory board.

#### **2.5.2 Duties and Responsibilities of the Executive Committee**

1. To propose the goals, policies, plan and annual budget to the Board of Directors.

2. To take responsibility for the management of the Company in accordance with the direction, goals and business policies of the Company.

3. To take charge in enhancing the competitiveness of the Company and to promote continual innovations.

4. To supervise the operations of the Company in accordance with the laws, objects, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, as well as relevant rules and regulations.

5. To supervise the preparation of financial statements, which shall be submitted to the auditor for audit and/or review prior to submission to the Audit Committee and Board of Directors respectively.

6. To consider matters submitted to the Board of Directors for approval or endorsement.

7. Executive Committee members may divide the works and responsibilities amongst themselves, in which case reports on the activities within each member's supervision must be submitted to the meeting of the Executive Committee for acknowledgement.

8. To revise and amend the Charter of the Executive Committee and to submit such revision or amendment to the Board of Directors for approval.

9. To carry out any other acts as assigned by the Board of Directors.

During 2014, The Executive Board held its meeting 12 times, where by the meeting dates had been decided in advance throughout the entire year.

#### **2.5.3 Powers, Duties and Responsibility of the Managing Director**

The Board of Directors, in meeting number 2/2557 on 8 May 2014, but also appointed Mr. Supotch Pakaworawuth as Managing Director. Powers, duties and responsibilities of the Managing Director are as defined by the charter, as follows:

1. To have the power to administer the operations of the Company pursuant to policies, law, objectives, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, resolutions of the Executive Committee, as well as relevant regulations and procedures.

2. To have the power to issue orders and carry out any act as necessary and appropriate in order to satisfactorily carry out the functions under article 1., and in the case of an important matter, a report shall be made and/or notice shall be given to the Board of Directors and/or the Executive Committee.

3. To consider the recruitment, appointment, transfer, removal, including appraisals and disciplinary measures, as well as to determine remuneration and welfare benefits of employees. In any event, any action taken must not be contrary to or inconsistent with the authority of the Executive Committee.

4. To have the power to issue regulations on the Company's operations, such regulations not being inconsistent with or contrary to the policies, articles, regulations, rules, orders and resolutions of the Board of Directors and/or Executive Committee.

5. To grant and/or delegate powers to other persons to perform specific tasks on behalf of the Managing Director.

6. To promote and develop adherence to good conduct, legal compliance, ethics and culture in the Company's business operations while observing good governance principles.

7. To carry out any other act as entrusted by the Board of Directors and/or Executive Committee.

8. Any question or ambiguity arising from the exercise of such powers shall be submitted to the Board of Directors for determination.

9. The above powers of the Managing Director shall not be exercised in the event of the Managing Director's having a potential personal interest in or a conflict of interests of any character with the Company.

### 3. Supervising the operations of subsidiaries

The company's directors were assigned to hold a joint meeting to consider selecting the person nominated and appointed by the company to be a director in subsidiaries. The number of individual that the company voted to appoint as a director is in accordance with the company's proportion of shareholding. The person who was appointed as a director in subsidiary companies was entitled to perform the operations for the best interests of their subsidiaries, unless it is important policies affecting the company's business operations. The company required the appointed person to be approved by The Executive Board prior to cast a vote. The company has laid down the policy for subsidiaries that are the company's main business to have proper and adequate internal control systems. Such internal control systems of subsidiaries were monitored by the Internal Audit Office of the company annually. Furthermore, the company has assigned the person who was appointed by the company to oversee its subsidiaries to operate and disclose significant information according to the rules in the same way as the company performed, such as making connected transaction, the acquisition or disposition of assets, or making other important transactions, including to supervise the information storage and bookkeeping of the subsidiaries for the company, so that it can be reviewed and collected for financial statements in due time. The company had no agreements between the company and other shareholders in the management of subsidiaries, since it is a major shareholder and no other persons holding shares more than 10 percent of the shares with voting rights of subsidiaries. In addition, the company had no agreements between the company and other shareholders in sharing returns beyond normal returns according to proportion of their shareholding in subsidiaries.

The company has invested in 3 subsidiaries. In 2014 list of subsidiaries' directors are as below.

#### 1. S.Apparel Company Limited

List of Directors		Position
1. Mrs. Varindr	Leelanuwatana	Chairman
2. Ms. Siriluk	Dhanasarnsilp	Managing Director
3. Mr. Supotch	Pakaworawuth	Director
4. Ms. Dusadee	Soontrontumrong	Director
5. Mr. Kanokchai	Mingquanpiyakul	Director

## 2. T-Chamber Company Limited

List of Directors		Position
1. Ms. Dusadee	Soontrontumrong	Chairman
2. Mr. Supachoke	Sirichantaradilok	Director
3. Ms. Supha	Nokmuang	Director
4. Dr.M.L. Sirapirom	Teeraprasert	Director

## 3. Celebrate Wealth Company Limited

List of Directors		Position
1. Mr. Amnuay	Bumroongwongtong	Chairman and Managing Director
2. Ms. Marin	Leelanuwatana	Deputy Managing Director
3. Mrs. Varindr	Leelanuwatana	Director
4. Ms. Dusadee	Soontrontumrong	Director
5. Mr. Suchart	Layluxsiri	Director
6. Mr. Supotch	Pakaworawuth	Director
7. Ms.Yupaporn	Jearrakul	Director

## 4. Roles, duties and responsibilities of the Board of Directors.

### 4.1 Leadership and Vision

The Board of Directors consists of persons having diverse knowledge, competency and expertise as well as specializations in areas beneficial to the company. The Board would grant its approval to visions, tasks, strategies and authorize important issues pertaining to policies, strategies, plans and annual targets for the executive, as well as oversee that the administration carried out by the management is effective and consistent with the policies and prescribed business plans.

### 4.2 Good Corporate Governance

The Board of Directors appreciates the significance of good corporate governance. In this connection, good corporate governance principles have been issued in writing, consisting of 4 parts, namely, corporate governance policies, corporate governance principles, business ethics and codes of conduct for Company Directors, Executive officers and employees. Reviews of compliance and good corporate governance principles are undertaken regularly on an annual basis and published on the Company website. In addition, handbooks have been disseminated to Company Directors, Executive Officers, employees, who have all been directed to strictly adhere to the handbook. This commitment furthers the Company's good governance and business transparency (the full text of corporate governance policies, business ethics and codes of conduct for Company Directors, Executive Officers and employees are available on the Company website).

### 4.3 Management of Conflicts of Interests

The Board of Directors attaches significance to the scrutiny of transactions which could potentially lead to a conflict of interests. This is to be carried out prudently, honestly and in good faith. Thus, policies relating to conflicts of interests have been prescribed as part of the corporate governance policies and business ethics. Further details are available on the Company website. IN 2014, the Company disclosed details of transactions with potential conflicts of interests under the heading "Connected Transactions".

### 4.4 Supervision of Control Systems and Internal Audit

The Company has attached significance to internal control systems in regard to administration, finance, operations and supervision. An internal audit unit performs the duties of auditing various operational systems, including computing systems. The unit also gives advice to ensure effective compliance with guidelines, independence, full accountability and checks and balances. The unit reports directly to the Audit Committee and hold regular meetings with the Audit Committee to exchange views pertaining to audit and audit results.

Each quarter, the Audit Committee reports operating results together with observations and suggestions to the Board of Directors Meeting. Board of Directors Meeting No. 1/2557 on 19<sup>th</sup> February 2014 was attended by Audit Committee Members, during which the sufficiency internal controls of the Company and subsidiaries were assessed in 5 areas, namely organisation and environment, risk management, control of management, information and communications systems and monitoring systems, all of which were deemed suitable and effective.

#### **4.5 Risk Management**

The Board of Directors has appointed a Risk Management Committee to determine work plans and clear procedures for risk management. The Risk Management Committee classifies risks, causes of risks, including assessments of opportunities and threats, in order to formulate a risk management plan. The objective is to minimize or eliminate certain risks under systematic and continual supervision that is most effective, as well as to monitor and assess the management of each risk factor to within acceptable levels. Parameters have been set for the Committee to undertake reviews, monitors and provide advice on risk headings, as well as approaches for remedying and preventing those risks in a continual and systematic manner. A report is submitted to the Board of Directors every quarter to ensure achievement of the objectives of risk management which encompass the entire Company (details of risk management in each aspect of the Company are stated under the heading “Risk Factors”).

#### **5. Board of Directors Meetings**

The Company determines the dates and times of meetings for the entire year, scheduling at least one meeting each quarter, except in the event of a special agenda where additional meetings may be called as necessary. In each meeting, the Company Secretary would send notices of the meeting together with the meeting agenda and supporting documents at least 7 days in advance in order to enable the directors to sufficiently consider and study those documents prior to attending the meeting.

The Board of Directors has given importance to the attendance of meetings and upholds as a duty to attend all Board of Directors meetings in order to acknowledge and participate in the decisions of the Company. In the first quarter of each year, the Board of Directors would invite senior executives to attend the Board of Directors meeting in order to directly provide additional information and details on the standings of problems, as well as to propose operational plans, strategies and targets for annual operations.

In every meeting, the Chairman would give an opportunity to all directors to debate and express opinions independently. A director who had an interest in the matter considered would not attend the meeting and have no right to vote. At the end of the meeting, the Company Secretary, as a recorder of the meeting, would prepare the meeting minutes and send the minutes to the Chairman within 7 days for consideration and signature as verification. In any event, directors are able to express opinions, request amendments or additions to the minutes for greater accuracy.

Minutes that have been approved by the meeting and signed by the Chairman would be archived systematically at the Company office in order to enable searches, references and inspections by the Board of Directors and related persons.

In 2014, 5 Board Meetings were held. The attendance of each director has already been stated in from 56-1 and the Annual Report.

#### **6. Evaluation of the Board of Directors**

The Board of Directors realizes the importance of its functions and the responsibilities entailed from the performance of their functions. In order to achieve the greatest benefits for the Company and all stakeholders, and promote greater efficiency and effectiveness in the performance of functions by the Board of Directors, an evaluation form on the performance of the Board of Directors as a whole has prescribed. The Company emphasizes the application of evaluation results to improve the effectiveness of the Board of Directors’ performance of functions. The evaluation form used is derived from the evaluation form of the Stock Exchange of Thailand.

In brief, the evaluation results of the entire Board of Directors for the year 2014 is as follows: the Board of Directors is of the opinion that the overall performance of the Board of Directors represented a complete performance at a “very good”.

#### **7. The selection and appointment of the directors and chief executive officer**

The Nominating Committee has been assigned to select qualified persons having appropriate qualifications to be nominated as company directors for consideration by The Board of Directors, prior to submitting to the shareholders’ meeting for approval by the majority votes of the shareholders present at said meeting. In the case where the retirement took place prior to term completion with the remaining term being not less than 2 months, The Board of Directors’ meeting shall then be authorized to select the persons from the candidates proposed by The Nominating Committee, for further appointment as company directors, by the majority votes of not less than 3/4 of the remaining directors. In such case, the newly-appointed directors shall serve out the remaining term of their predecessors.

##### **7.1 Independent director’s qualifications**

The Board of Directors resolved to adopt the definition for “independent director” having qualifications in accordance with the notification of The Capital Market Supervisory Board as follows:

1. Holding shares not exceeding 1 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, including the shares being held by related persons of independent directors.

2. Neither being nor having been an executive director, employee, staff, or advisor who received regular salaries, or being a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholders or persons having supervision authority over the company, unless the foregoing status ended not less than two years prior to the date

of their appointments as independent directors. Nevertheless, such prohibited nature would not apply in the case of these independent directors having earlier served as government officials, or advisors to government agency acting as major shareholder in the company or having supervision authority over the company.

3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executive, major shareholder, controlling person, or person to be nominated as executive or as controlling person of the company or its subsidiary.

4. Not having business relationship with the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, in such manner likely to interfere with own independent judgement, and neither being nor having been a significant shareholder or person having supervision authority over the person who has business relationship with the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, unless the foregoing relationship ended not less than two years prior to the date of appointment as independent director. The term 'business relationship' aforementioned under paragraph one included any normal business transaction, rental or lease of immovable property, transaction relating to the assets or services or the granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action, resulting in the company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under The Notification of The Capital Market Supervisory Board regarding The Compromise Criteria for Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

5. Neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.

6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority or partner of the professional advisor, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.

7. Not being a director who has been appointed as the representative of the company's director, major shareholder, or being a shareholder who is related to the major shareholder.

8. Not engaging in business operations of the same business nature or in competition against the business operations of the company or its subsidiaries, nor serving as a significant partner in a limited partnership or otherwise serving as a director participating in the management, or serving as employee or consultant receiving regular salary or holding over 1% shares out of total shares in other companies engaging in the same business nature or in competition against the company and its subsidiaries.

9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

In the event of any announcement by The Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the company's independent director would thereby be required to possess such qualifications well complying with such revision.

Additionally, in the past accounting period, the independent directors of the company had neither business relationship nor professional services. Also, the appointed independent directors never have or had business relationship or professional services exceeded than the rules stipulated in the notification of The Capital Market Supervisory Board regarding the Application for and Approval of Offer for Sale of Newly Issued Shares.

## **7.2 The rights accorded minor shareholders regarding director(s) appointment Nomination of Directors**

### **7.2.1 Nomination of Directors**

The company provided minor shareholders with the opportunity to nominate candidates to be appointed as company directors at the annual shareholders' general meeting in advance according to the criteria specified by the company, whose further details were displayed on the company website under the heading "Investor Relations : IR News".



### 7.2.2 Vote-casting method for director appointment

According to company articles of association no.20, the shareholders' meeting was authorized to appoint company directors according to the criteria and method as follows:

- One shareholder shall have one vote per one share.
- Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
- The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote.

### 7.3 The selection method for the persons to be appointed Chief Executive Officer

#### 7.3.1 The selection of the management

The selection process for the persons to further serve in management positions for the company begins with the selection of the persons having good qualifications and sound morality and ethics to join the company. The company then trains and develops these people to be well-prepared to meet the challenges as future management members, through its consistent evaluation process of employees' potentials and capabilities.

Those employees so selected and trained by the company would be assigned to work in the positions having higher authority and responsibility scope. As general practice, the company regularly carries out training programs seeking to upgrade employees' potentials to a higher level, so as to be well-prepared to take up further significant positions when they become vacant.

#### 7.3.2 The selection of the Chief Executive Officer

With the regard of selection methods for the company's Chief Executive Officer, The Nominating Committee shall consider and select from the current management or others, with qualified knowledge and abilities, who understand the company's business very well, as well as be able to manage to achieve the objectives and targets set by The Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to The Board of Directors for consideration of appointment.

### 8. Directors and Executives Remuneration

The remuneration committee determines the appropriate remunerations limits of directors, propose to the Board of Directors for consideration and presentation to the meeting of shareholders for approval of such remunerations limit.

In this regard, the 40 General Meeting of Shareholders for 2014 on Tuesday 22 April 2014 approved a remunerations limit for directors of not exceeding Baht 10 million per annum, paid as meeting allowances at the rate approved by the meeting of shareholders and paid only to the members present at the meeting. The annual fee is paid to all Directors and the Remunerations Committee is given the task of making allocations.

The payment of executive remuneration has been in accordance with the principles and policies prescribed by the company, considered according to the Company's performance and individual performance of each executive officer. Such payments of remuneration to directors and executives in 2014 have been disclosed in Form 56-1 and the annual report under the heading directors and executive remuneration.

### 9. Development of Directors and Executives

The Company has attached importance and promoted opportunities for all directors and executives to develop their knowledge. Thus, all directors are given support to receive training in courses that are beneficial to the performance of directorial functions. In this regard, directors have enrolled in the directors' course of the Thai Institute of Directors Association (IOD), in the Director Accreditation Program (DAP) and Director Certification Program (DCP), being courses which the Office of the SEC requires directors of listed companies to complete at least one of the courses. Apart from those prescribed courses, the Board of Directors have also attached importance to the completion of other courses of the Thai Institute of Directors Association (IOD), such as the Audit Committee Program (ACP), Understanding the Fundamental of Financial Statements (UFS), and Finance for Non-Finance Director (FND), and the Role of Chairman (RCM), in order to enhance professional leadership potentials, a genuine understanding of the roles and to become models in driving the organization towards good governance. This extends to short

course seminars which are beneficial to the performance of functions of the Board of Directors, including various courses which the IOD will organize in the future.

The Company provides support for all directors. Directors have attended training courses pertinent to the functions of a listed company director held by the Thai Institute of Directors. At present, all 10 Company Directors have completed IOD training. Details of the participation and the directorial roles of each person have been disclosed in the Annual Report and Form 56-1 under the heading Curriculum Vitae of Company Directors.

The Company conducts an induction for new directors, providing information on the Company's business policies as well as other relevant information, e.g. the Company's principal business, performance results, organizational structure and shareholders. This information would be beneficial for the performance of duties by new directors. A "Handbook for Listed Company Directors" has also been distributed to all Directors. The Handbook contains the following details:

1. Summary of the comparison between the Company Articles, Securities and Exchange Act and Public Limited Companies Act.
2. Charters of the Board of Directors and Sub-Committees
3. Corporate Governance Policies

#### **10. Succession Plan**

The Company has a continuing personnel development policy in view of strengthening the organization. The Company's goals are to propel and open up opportunities for self-development and the optimum utilization of competencies. The Company has developed a project with the selection, Analyze and Evaluate potential employees for the individual development plans. This ensures preparedness for advancement to managerial positions and to act as a driving force for the organization. In addition, the Company has also granted scholarships to employees for studies at bachelor's degree and master's degree levels both domestically and overseas. It is intended that employees should receive education which would be beneficial to their functions, which includes the promotion of work visits within and outside of the country.

As a result of the importance given to and the continual development of good governance by the Board of Directors, executive officers and employees of the Company, in 2014, the Company received a "very good" score for the 5<sup>th</sup> consecutive year in the assessment of governance in listed company by the Thai Institute of Directors sponsored by the Securities and Exchange Commission and the Stock Exchange of Thailand.

# Internal Controls

The Company has continually attached importance to the internal controls. In this regard, the Audit Committee has been entrusted with the task of reviewing the assessment of internal control systems to ensure sufficiency and suitability to current business operations. Internal control guidelines consistent with international standards on internal environments have been applied along with the prescription of objectives, specification of events, risk assessments, responses to risks, control activities, information and communication and monitors. Moreover, a Control Self-Assessment (CSA) system has been put into effect in order to equip employees with a tool for managing responsibilities and respond to problems in a timely manner.

The Board of Directors and Audit Committee find that, in 2014 the Company and its subsidiaries had appropriate and effective internal controls.

# Connected Transactions

In 2014, the Company executed accounting transactions with subsidiaries and connected companies, i.e. companies sharing common groups of shareholders or common directors, as stated in note 6 of the financial statements. The notes provide details on the characteristics of connected companies, policies for determining prices for connected transactions and the determination of connected transactions, as follows:

1. Connected revenues and expenditures for the year ending 31<sup>st</sup> December 2014, e.g. sales revenue, dividends received, goods and raw materials purchases, sales and administration expenses and purchases of fixed assets (please refer to note 6.2 of the financial statements).

2. Connected assets and liabilities as at 31<sup>st</sup> December 2014, e.g. accounts receivable, short-term loans, outstanding receipts, investments, accounts payable and outstanding expenditures (please refer to note 6.3 of the financial statements).

## Connected Transactions as Defined by the Stock Exchange of Thailand

Transactions between the company or its subsidiaries with connected person that occurred in 2014 are as follow:

### 1. Ordinary and Usual Course of Business

The Board of Directors in meeting no. 4/2556 held on 7<sup>th</sup> November 2013 adopted a resolution which granted authorization for the execution of certain types of transactions with 21 connected persons in respect of the Company's ordinary and usual course of business which occurred or was expected to occur in the year 2014. These transactions were aimed at mutual promotion and business development, enhancement of competitiveness for the benefit of the Company, price reasonableness and other related conditions. Details of the transactions are set out below.

No.	Connected Person	Nature of Relationship
1	Ramasorn Thaveekarn Company Limited	Acting as major shareholder
2	S. Apparel Company Limited	SPI acting as Co- Major shareholder
3	PTK Multi-Service Company Limited	SPI acting as Co- Major shareholder
4	Wise Winner Company Limited	RST acting as Co- Major shareholder
5	Morgan De Toi (Thailand) Company Limited	SPI and ICC acting as Co- Major shareholder
6	Total Way Image Company Limited	SPI, ICC and RST acting as Co- Major shareholder
7	International Leather Fashion Company Limited	SPI, ICC and RST acting as Co- Major shareholder
8	Thai Monster Company Limited	SPI and RST acting as Co- Major shareholder
9	Thai Takaya Company Limited	SPI and ICC acting as Co- Major shareholder
10	SSDC (Tigertex) Company Limited	SPI and ICC acting as Co- Major shareholder
11	Thai Itokin Company Limited	SPI, ICC and IDF acting as Co- Major shareholder
12	Thai Secom Pitakkij Company Limited	SPI and ICC acting as Co- Major shareholder
13	Eastern Thai Consulting 1992 Company Limited	SPI acting as Co- Major shareholder
14	Thai Gunze Company Limited	SPI and ICC acting as Co- Major shareholder
15	Deluxe Bijou Societe Anonyme Company Limited	RST acting as Co- Major shareholder
16	Erawan Textile Company Limited	SPI and ICC acting as Co- Major shareholder
17	Saha Pathanapibul Public Company Limited	SPI and ICC acting as Co- Major shareholder
18	Thai Wacoal Public Company Limited	SPI acting as Co- Major shareholder
19	ICC International Public Company Limited	Acting as major shareholder
20	Saha Pathana Inter-Holding Public Company Limited	Acting as major shareholder
21	PELLETTERIA TNL-S.R.L.	RST acting as Co- Major shareholder

Note: SPI = Saha Pathana Inter-Holding Public Company Limited

ICC = ICC International Public Company Limited

RST = Ramasorn Thaveekarn Company Limited

IDF = I.D.F. Company Limited

General Characteristics of Transactions:

Transaction	Revenue/ Expenditure	Example of Transaction	Approved Limit (Million Baht)	Actual Transaction in 2014 (Million Baht)
Support of Ordinary and Usual Course of Business	Revenue	- Business Consultancy Fee	8.0	5.18
Short-term Lease of Immovable Property Not Exceeding 3 Years	Revenue	- Rent of Immovable Property	30.0	7.45
Transaction Related to Assets or Services	Revenue	- Central Processing Fee	5.0	2.11
	Expenditure	- Security Fee	8.0	3.91
Financial Assistance		- Loans - Guarantees	90.0	72.0

#### Rules for Determining Returns

1. Lease of immovable properties : market price on the basis of location, condition and asset utilization.
2. Data processing fee : cost plus appropriate profit and level of asset utilization.
3. Business consultancy fee received : costs plus appropriate profit according to the difficulty and scope of services.
4. Warning equipment lease : type of equipment used in risk areas.
5. Security fee : number of security personnel in each shift
6. Loans : average deposit interest rates of five major commercial banks plus 0.5% per annum
7. Guarantees : Fee at the rate of 1% per annum of guaranteed amount.

Interested Directors : Did not attend meetings and did not cast votes, namely

1. Mr. Boonsithi Chokwatana
2. Mrs. Varindr Leelanuwatana
3. Mr. Supotch Pakaworawuth
4. Miss Dusadee Soontrontumrong
5. Mr. Wichai Suthitivanich
6. Miss Marin Leelanuwatana

#### Size of transaction

The above transactions executed between the persons and connected companies constituted connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand.

Class 2: regular business support

Class 3: short-term lease of immovable property

Class 4: transaction related to a property or service

Class 5: financial assistance

Pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand on Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (2003), disclosure is required for classes 2, 3 and 4

transactions with values of over 1 million Baht but not exceeding 20 million Baht, or over 0.03% but not exceeding 3% of NTA, whichever is the greater value, and class 5 transactions with a value of less than 3% of NTA or 100 million Baht (minimum value). 3% of the Company's NTA as at 30<sup>th</sup> June 2013 was 93.30 million Baht. Having regard to the value of the aforementioned transactions, the Company was not required to seek approval of the shareholders' meeting, but approval of the Board of Directors and disclosure of information to the Stock Exchange of Thailand were required.

No Company Director held a differing opinion from the Board of Directors.

## 2. Purchase of Residential Building and Land in the KENSINGTON PLACE KHAO YAI Project

The Board of Directors, in meeting no. 1/2557 held on 19<sup>th</sup> February 2014, approved the purchase of Terrace House Unit No. T3-1 in the Kensington Place Khao Yai Project, situated at 585, Moo 5, Tambon Wang Kata, Pak Chong District, Nakhon Ratchasima Province, from Thor Phan Property Company Limited, a connected person, at the price of Baht 10,200,000, which was lower than the prevailing market price. The purpose of this purchase was to provide welfare benefits for employees and/or to speculate the future appreciation in value of this asset.

Connected Person. Mr. Boonkiet Chokwatana is a director of Thor Phan Property Company Limited and the Chairman of the Executive Committee of ICC International Public Company Limited, a major shareholder in the Company.

Interested Director. Mr. Boonsithi Chokwatana, a Company Director, who is the elder brother of Mr. Boonkiet Chokwatana, left the meeting room and did not cast a vote in this agenda.

Opinion of the Board of Directors. – No Company Director dissented from the Board of Director's opinion, as follows:

Approval of the purchase of Terrace House in the KENSINGTON PLACE KHAO YAI Project from the connected person in order to provide welfare benefits for employees and/or to speculate the future appreciation in value of this asset was reasonable in terms of the price and other related conditions.

## 3. Purchase of Condominium Unit in Baan Thew Talay Project

The Board of Directors, in meeting no. 4/2557 held on 6<sup>th</sup> November 2014, approved the purchase of one condominium unit no. C124N, 12<sup>th</sup> Floor, C Block, in the Baan Thew Talay Project situated on Phetkasem Road, Km. 209, Chaam District, Phetburi Province, from Ramasorn Thaveekarn Company Limited and Issara United Company Limited, connected persons, at the price of Baht 7,367,886. The purchase price was lower than the prevailing market rate. The purpose of this purchase was to provide welfare benefits for employees and/or to speculate the future appreciation in value of this asset.

### Connected Persons

1. Ramasorn Thaveekarn Company Limited is a major shareholder of the Company.
2. Issara United Company Limited. Mr. Boonkiet Chokwatana is a director of Issara United Company Limited and the Chairman of the executive committee of ICC International Public Company Limited, a major shareholder of the Company (and Mr. Boonkiet Chokwatana is the younger brother of Mr. Boonsithi Chokwatana, a Director of Thanulux Public Company Limited).

### Interested Director

Mr. Boonsithi Chokwatana, Director, who is the elder brother of Mr. Boonkiet Chokwatana, left the meeting room and did not cast a vote in this agenda.

Opinion of the Board of Directors. – No Company Director dissented from the Board of Director's opinion, as follows:

Approval of the purchase of a condominium unit from the Baan Thew Talay Project from the connected person in order to provide welfare benefits for employees and/or to speculate the future appreciation in value of this asset was reasonable in terms of the price and other related conditions.

## **Necessities and Rationality of Transaction Executed with Persons having Potential Conflicts of Interests**

The operation of a business in an intensely competitive environment necessarily calls for allies or business networks in the upstream and downstream industries in order to promote business streamlining and flexibility, and thus sustainable growth and development. These persons having potential conflicts of interests are part of the Supply Chain, i.e. business allies of the Company. It is imperative that the Company execute transactions with these persons for the ultimate benefit of the Company and shareholders. Sale prices are determined according to the prevailing market price or by contract in the absence of a reference market rate.

### **Measures or Procedures for Approving Connected Transactions**

1. Transactions in the ordinary and usual course of business between the Company or its subsidiary and a Director, executive officer or related person are executed under general commercial terms as would have been done by a reasonable person under similar circumstances. These agreements are negotiated at arm's length without any undue influence exerted by virtue of the status of a Director, executive officer or related person. The Management seeks the approval of the Board of Directors' Meeting on a yearly basis in the first Board of Directors' Meeting following the Annual General Meeting of Shareholders, to inform the new Board of Directors of such matter. As regards other transactions that are not executed under general commercial terms, done in the ordinary and usual course of business of the Company or subsidiaries with connected persons, the Management seeks the approval of the Board of Directors' Meeting on a regular basis in the 4<sup>th</sup> quarter of each year. In addition, the Management reports the transactions executed under the aforesaid conditions to the Board of Directors' Meeting every quarter.

2. Connected transactions which are not executed in the ordinary and usual course of business, if not of the size requiring approval of the shareholders' meeting under regulations of the Stock Exchange of Thailand, must first be vetted by the Executive Committee. If the size of the transaction is within the Executive Committee's authority, the process would be concluded at this stage wherein the interested person would neither attend the meeting nor cast a vote. However, if the size of the transaction exceeds the authority of the Executive Committee, the Executive Committee would submit a summary of the meeting's resolution to the Board of Directors, which also includes the Audit Committee, for further approval. In any event, the interested person would neither attend the meeting nor cast a vote.

#### Rules for Consideration

1. Regard shall be given to the present and future benefits to the Company and Group, e.g.
  - Returns on investment, e.g. interests and dividends
  - Company's business opportunities
2. Security which should be received by the Company in connection with the transaction
  - Assets received as security for the transaction
3. Standing of the relevant company as well as managerial competency

### **Policies and Trends for Future Connected Transactions**

Connected transactions will continue in the indeterminable future. However, the number of these transactions will depend on economic conditions. As persons having potential conflicts of interests constitute the Company's Supply Chain, the flexibility and adaptability of this Supply Chain would ultimately bestow benefits on business competitiveness and the shareholders. The Company appreciates its responsibilities towards shareholders, employees and all stakeholders under good governance principles.

## The Board of Directors' Responsibility Report towards Financial Statements

The Board of Directors duly recognized their obligations and responsibilities in their status as the directors of SET listed company, with regard to the compilation of financial statements for Thanulux Public Company Limited and its subsidiary companies. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimates.

Furthermore, adequate significant information was disclosed per the notes to the financial statements, together with necessary clarification and analysis regarding the financial positions and performances by the company and its subsidiaries, so as to contribute to the interests of the shareholders and general investors. Moreover, said financial statements were duly audited and unconditionally verified by independent certified public accountants.

At the same time, The Board of Directors had exercised efforts to promote good governance practice, and to establish risk management system and internal control system in an efficient and effective manner. These practices were intended to ensure that the recording of accounting information was carried out in an accurate, complete, and sufficient manner, in order to safeguard the assets of the company and its subsidiaries, while also safeguarding against any significant fraud or abuse.

In the regard, The company's Audit Committee whose members comprising independent directors had duly carried out audit work on the quality of the financial statements and the efficiency of internal control system. The opinions of The Audit Committee were displayed per the Audit Committee's report contained in the annual report publication, as well as the annual registration statement (form 56-1).

Accordingly, The Board of Directors concluded that, the good corporate governance practice, the risk management system, as well as the internal control system already in place at the company, were well adequate and sufficient, reasonably providing sufficient confidence to all the concerned parties that, the financial statements of the company and its subsidiaries ending December 31, 2014, were prepared and presented in substantial context, in an accurate and reliable manner



(Mrs. Varindr Leelanuwatana )

Chairman



(Mr. Supotch Pakaworawuth)

Managing Director



# Report of The Independent Certified Public Accountants

We have audited the accompanying consolidated financial statements of Thanulux Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2014, and the related consolidated 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 information, and have also audited the separate financial statements of Thanulux Public Company Limited for the same period.

## 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanulux Public Company Limited and its subsidiaries and of Thanulux Public Company Limited as of 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

## Others

The financial statements of Thanulux Public Company Limited and its subsidiaries and of Thanulux Public Company Limited for the year ended 31 December, 2013 as presented herein for comparative purposes, were audited by another auditor in the same firm, whose report dated 19 February, 2014 expressed an unqualified opinion on those financial statements.



Mr. Anusorn Kiatgungwalgri

Certified Public Accountant No. 2109

ASV & ASSOCIATES LIMITED

Bangkok

26 February 2015

# Financial Statements

THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2014

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	110,507,115	93,513,222	100,612,063	78,641,498
Short-term investments	8	698,986,526	617,091,110	683,253,526	600,749,110
Trade and other receivables	9	365,232,652	365,599,646	382,573,949	373,593,749
Short-term loans to					
related companies	10	72,000,000	117,000,000	89,500,000	134,500,000
Other	11	-	1,755,007	-	1,755,007
Inventories - net	12	346,704,878	345,538,142	289,275,573	279,839,997
Other current assets		10,809,011	13,159,821	4,597,252	3,382,040
TOTAL CURRENT ASSETS		1,604,240,182	1,553,656,948	1,549,812,363	1,472,461,401
NON-CURRENT ASSETS					
Investments in subsidiaries - net	13	-	-	43,921,046	52,082,600
Long-term investments					
Available - for - sale securities - net	14	1,215,994,324	1,152,108,725	1,215,994,324	1,152,108,725
General investments - net	15	379,202,122	362,322,069	379,202,122	362,322,069
Investments in debt securities					
held to maturity - net	16	154,000,000	74,000,000	154,000,000	74,000,000
Other long - term investment - net	17	37,000,000	7,000,000	37,000,000	7,000,000
Investment property - net	18	53,641,636	54,947,052	53,641,636	54,947,052
Property, plant and equipment - net	19	411,975,328	447,770,426	382,061,990	416,732,151
Intangible assets - net	20	14,938,995	16,487,628	14,806,122	16,378,040
Leasehold right - net	21	6,424,469	7,411,305	6,424,469	7,411,305
Deferred tax assets	30	36,809,982	36,095,308	32,806,504	32,651,081
Other non - current assets		12,898,791	9,545,646	7,235,427	3,833,470
TOTAL NON - CURRENT ASSETS		2,322,885,647	2,167,688,159	2,327,093,640	2,179,466,493
TOTAL ASSETS		3,927,125,829	3,721,345,107	3,876,906,003	3,651,927,894

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

THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF 31 DECEMBER 2014

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
LIABILITIES AND					
SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts	22	-	476,970	-	-
Trade and other payables	23	274,182,703	234,654,710	251,898,278	204,709,084
Other current liabilities		9,553,689	7,681,191	8,563,334	6,406,526
TOTAL CURRENT LIABILITIES		283,736,392	242,812,871	260,461,612	211,115,610
NON - CURRENT LIABILITIES					
Retirement benefit obligation	24	175,293,087	177,554,967	161,894,603	161,782,288
Deferred tax liabilities	30	159,991,235	145,081,015	158,823,364	144,182,207
Other non - current liabilities		1,333,517	1,047,948	163,296	154,267
TOTAL NON - CURRENT LIABILITIES		336,617,839	323,683,930	320,881,263	306,118,762
TOTAL LIABILITIES		620,354,231	566,496,801	581,342,875	517,234,372

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

THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF 31 DECEMBER 2014

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
SHAREHOLDERS' EQUITY					
Share capital					
Registered share capital					
120,000,000	ordinary shares of Baht 1 each	120,000,000	120,000,000	120,000,000	120,000,000
Issued and paid-up share capital					
120,000,000	ordinary shares of Baht 1 each	120,000,000	120,000,000	120,000,000	120,000,000
Premium on ordinary shares		181,125,000	181,125,000	181,125,000	181,125,000
Other components of equity		626,958,557	565,858,886	627,328,573	567,427,547
Retained earnings					
Appropriated					
Legal reserve	25	12,000,000	12,000,000	12,000,000	12,000,000
General reserve	26, 34	176,200,000	165,200,000	176,200,000	165,200,000
Unappropriated		2,179,010,770	2,095,902,910	2,178,909,555	2,088,940,975
EQUITY ATTRIBUTABLE TO PARENT COMPANY		3,295,294,327	3,140,086,796	3,295,563,128	3,134,693,522
Non-controlling interests		11,477,271	14,761,510	-	-
TOTAL SHAREHOLDERS' EQUITY		3,306,771,598	3,154,848,306	3,295,563,128	3,134,693,522
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		3,927,125,829	3,721,345,107	3,876,906,003	3,651,927,894

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

THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(UNIT : BAHT)

	Notes	Consolidated Financial Statement:		Separate Financial Statements	
		2014	2013	2014	2013
Revenue from sales		2,103,547,118	2,249,008,394	1,910,172,006	2,056,437,863
Revenue from rendering of services		61,604,234	55,791,968	61,306,128	52,597,596
	28	2,165,151,352	2,304,800,362	1,971,478,134	2,109,035,459
Add Allowance for goods returned no longer require	9	7,524,000	-	7,524,000	-
Net sales		2,172,675,352	2,304,800,362	1,979,002,134	2,109,035,459
Cost of sales		(1,509,566,077)	(1,645,149,459)	(1,388,838,912)	(1,517,480,243)
Cost of rendering of services		(43,834,629)	(38,808,737)	(37,346,851)	(30,652,151)
<b>GROSS PROFIT</b>		<b>619,274,646</b>	<b>620,842,166</b>	<b>552,816,371</b>	<b>560,903,065</b>
Other incomes					
Consultancy income		3,144,000	3,774,000	5,376,000	6,006,000
Dividend income		45,726,207	50,066,187	45,726,207	50,066,187
Royalty income		24,099,097	25,426,444	24,099,097	25,426,444
Gain on exchanges		5,002,938	5,163,650	3,277,272	3,758,337
Interest income		33,846,074	32,436,718	33,927,054	31,959,080
Rental income		8,447,586	9,260,272	11,146,466	11,673,932
Rental income from investment property		3,276,184	3,659,904	3,276,184	3,659,904
Adjustment of retirement benefit obligation	24	11,671,298	-	8,675,094	-
Others		25,692,859	28,243,463	27,564,426	29,731,195
<b>PROFIT BEFORE EXPENSES</b>		<b>780,180,889</b>	<b>778,872,804</b>	<b>715,884,171</b>	<b>723,184,144</b>
Selling expenses		(98,270,375)	(92,185,431)	(50,292,392)	(49,691,104)
Administrative expenses		(372,255,207)	(360,418,940)	(337,788,151)	(324,713,180)
Royalty expenses		(95,187,666)	(103,907,223)	(94,381,259)	(103,041,168)
Gain (loss) on impairment of investment - net		517,809	241,134	(7,643,744)	561,001
Directors' remuneration		(7,264,000)	(8,788,000)	(7,264,000)	(8,788,000)
Finance costs		(8,538)	(26,979)	(2,405)	-
<b>PROFIT BEFORE INCOME TAX EXPENSES</b>		<b>207,712,912</b>	<b>213,787,365</b>	<b>218,512,220</b>	<b>237,511,693</b>
Income tax expenses	30	(3,160,014)	(11,040,449)	(3,543,640)	(11,635,582)
<b>NET PROFIT FOR THE YEAR</b>		<b>204,552,898</b>	<b>202,746,916</b>	<b>214,968,580</b>	<b>225,876,111</b>

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

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	(UNIT : BAHT)			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>NET PROFIT FOR THE YEAR</b>	<b>204,552,898</b>	<b>202,746,916</b>	<b>214,968,580</b>	<b>225,876,111</b>
Other comprehensive income:-				
Actuarial gain (net income tax)	6,722,309	-	5,252,941	-
Unrealized gain on revaluation of available-for-sale investment (net income tax)	54,648,085	(154,077,634)	54,648,085	(154,077,634)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>61,370,394</b>	<b>(154,077,634)</b>	<b>59,901,026</b>	<b>(154,077,634)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>265,923,292</b>	<b>48,669,282</b>	<b>274,869,606</b>	<b>71,798,477</b>
<b>PROFIT ATTRIBUTABLE TO:-</b>				
Owners of the parent company	208,107,860	207,261,147	214,968,580	225,876,111
Non-controlling interests	(3,554,962)	(4,514,231)	-	-
	<b>204,552,898</b>	<b>202,746,916</b>	<b>214,968,580</b>	<b>225,876,111</b>
<b>TOTAL COMPREHENSIVE INCOME</b>				
<b>ATTRIBUTABLE TO:-</b>				
Owners of the parent company				
Net profit for the year	208,107,860	207,261,147	214,968,580	225,876,111
Actuarial gain (net income tax)	6,451,586	-	5,252,941	-
Unrealized gain on revaluation of available-for-sale investment (net income tax)	54,648,085	(154,077,634)	54,648,085	(154,077,634)
Total owners of the parent company	269,207,531	53,183,513	274,869,606	71,798,477
Non-controlling interests	(3,284,239)	(4,514,231)	-	-
	<b>265,923,292</b>	<b>48,669,282</b>	<b>274,869,606</b>	<b>71,798,477</b>
<b>BASIC EARNINGS PER SHARE</b>				
Owners of the parent company (Unit : Baht)	1.73	1.73	1.79	1.88
Weighted average number of ordinary shares (Unit : shares)	120,000,000	120,000,000	120,000,000	120,000,000

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

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(UNIT : BAHT)

## CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Retained earnings			Other components of equity					Total shareholders' equity			
		Issued and paid - up share capital	Premium on ordinary shares	Appropriated		Unrealized gain (loss) on revaluation of available-for-sale investments	Difference from change in shareholding ratio in subsidiary company	Actuarial gain	Total other components of shareholders' equity				
				Legal Reserve	General Reserve								
<b>Balance as of 1 January 2013</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>150,200,000</b>	<b>2,047,641,763</b>	<b>721,505,181</b>	<b>(1,567,719)</b>	<b>-</b>	<b>719,937,462</b>	<b>3,230,904,225</b>	<b>19,275,741</b>	<b>3,250,179,966</b>
General reserve	26, 34	-	-	-	15,000,000	(15,000,000)	-	-	-	-	-	-	-
Dividend payment	34	-	-	-	-	(144,000,000)	-	-	-	-	(144,000,000)	-	(144,000,000)
Total comprehensive income for the year		-	-	-	-	207,261,147	(154,077,634)	(942)	-	(154,078,576)	53,182,571	(4,514,231)	48,668,340
<b>Ending Balance as of 31 December 2013</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>165,200,000</b>	<b>2,095,902,910</b>	<b>567,427,547</b>	<b>(1,568,661)</b>	<b>-</b>	<b>565,858,886</b>	<b>3,140,086,796</b>	<b>14,761,510</b>	<b>3,154,848,306</b>
General reserve	26, 34	-	-	-	11,000,000	(11,000,000)	-	-	-	-	-	-	-
Dividend payment	34	-	-	-	-	(114,000,000)	-	-	-	-	(114,000,000)	-	(114,000,000)
Total comprehensive income for the year		-	-	-	-	208,107,860	54,648,085	-	6,451,586	61,099,671	269,207,531	(3,284,239)	265,923,292
<b>Ending Balance as of 31 December 2014</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>176,200,000</b>	<b>2,179,010,770</b>	<b>622,075,632</b>	<b>(1,568,661)</b>	<b>6,451,586</b>	<b>626,958,557</b>	<b>3,295,294,327</b>	<b>11,477,271</b>	<b>3,306,771,598</b>

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

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

(UNIT : BAHT)

SEPARATE FINANCIAL STATEMENTS									
	Notes	Retained earnings			Other components of equity				
		Appropriated		Premium on ordinary shares	Unappropriated	Unrealized gain (loss) on revaluation of available-for-sale investments	Actuarial gain	Total other components of shareholders' equity	Total shareholders' equity
		Legal Reserve	General Reserve						
<b>Balance as of 1 January 2013</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>150,200,000</b>	<b>2,022,064,864</b>	<b>721,505,181</b>	<b>-</b>	<b>3,206,895,045</b>
General reserve	26, 34	-	-	-	15,000,000	-	-	-	-
Dividend payment	34	-	-	-	(144,000,000)	-	-	-	(144,000,000)
Total comprehensive income for the year		-	-	-	225,876,111	(154,077,634)	-	(154,077,634)	71,798,477
<b>Ending Balance as of 31 December 2013</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>165,200,000</b>	<b>2,088,940,975</b>	<b>567,427,547</b>	<b>-</b>	<b>3,134,693,522</b>
General reserve	26, 34	-	-	-	11,000,000	-	-	-	-
Dividend payment	34	-	-	-	(114,000,000)	-	-	-	(114,000,000)
Total comprehensive income for the year		-	-	-	214,968,580	54,648,085	5,252,941	59,901,026	274,869,606
<b>Ending Balance as of 31 December 2014</b>		<b>120,000,000</b>	<b>181,125,000</b>	<b>12,000,000</b>	<b>176,200,000</b>	<b>622,075,632</b>	<b>5,252,941</b>	<b>627,328,573</b>	<b>3,295,563,128</b>

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



THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	(UNIT : BAHT)			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expenses	207,712,912	213,787,365	218,512,220	237,511,693
Adjustments : -				
Increase (decrease) in allowance for doubtful accounts	1,061,020	(587,865)	1,061,020	(587,865)
Decrease in allowance for goods returned	(7,524,000)	-	(7,524,000)	-
Dividend income	(45,726,207)	(50,066,187)	(45,726,207)	(50,066,187)
Depreciation and amortization	55,049,859	57,636,140	51,162,388	53,581,795
(Gain) loss on disposal of investments	(253,922)	(488,600)	(253,922)	(488,600)
Realized (gain) loss on revaluation of mutual fund	-	(2,633,480)	-	(2,633,480)
Unrealized (gain) loss on revaluation of mutual fund	(4,380)	2,766,776	(4,380)	2,766,776
(Gain) loss on impairment of investment	(517,809)	(241,134)	7,643,744	(561,001)
Loss from retirement of fixed assets	182,630	532,213	16,066	2,736
Gain on disposal of fixed assets	(548,764)	(217,066)	(548,827)	(217,066)
(Gain) loss on exchanges	1,995,642	(3,291,248)	2,399,280	(3,243,014)
Interest expenses	8,538	26,979	2,405	-
Interest income	(33,846,074)	(32,436,718)	(33,927,054)	(31,959,080)
<b>PROFIT FROM OPERATION BEFORE CHANGES</b>				
<b>IN OPERATING ASSETS AND LIABILITIES</b>	<b>177,589,445</b>	<b>184,787,175</b>	<b>192,812,733</b>	<b>204,106,707</b>
Operating assets (increase) decrease				
Trade and other receivables	1,772,206	89,729,718	(7,684,299)	85,294,293
Inventories	(1,166,737)	76,165,780	(9,435,576)	79,938,911
Other current assets	2,350,810	(3,540,257)	(1,215,212)	(634,754)
Other non-current assets	(3,353,145)	(3,752,901)	(3,401,957)	(1,884,535)
Operating liabilities increase (decrease)				
Trade and other payables	40,103,842	(61,067,446)	47,692,277	(59,727,846)
Other current liabilities	1,872,498	(4,763,940)	2,156,808	(4,662,433)
Retirement benefit obligations	5,867,102	17,092,630	6,678,489	15,048,093
Other non-current liabilities	285,569	415,240	9,029	39,950
<b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>225,321,590</b>	<b>295,065,999</b>	<b>227,612,292</b>	<b>317,518,386</b>
Interest paid	(8,538)	(26,979)	(2,405)	-
Corporate income tax paid	(4,033,162)	(33,796,103)	(4,033,162)	(33,671,954)
<b>NET CASH RECEIVED FROM OPERATING ACTIVITIES</b>	<b>221,279,890</b>	<b>261,242,917</b>	<b>223,576,725</b>	<b>283,846,432</b>

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

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Dividend received	45,726,207	50,066,187	45,726,207	50,066,187
Interest received	36,332,352	31,063,245	36,191,773	30,663,685
Increase in fixed deposits and certificate of deposits	(101,891,035)	(222,830,043)	(102,500,035)	(227,100,043)
Proceeds from redemption of investments in mutual funds	-	10,151,588	-	10,151,588
Cash paid for short - term loans to related parties	-	(2,000,000)	-	(12,500,000)
Cash received from short-term loans to related parties	45,000,000	10,690,859	45,000,000	10,690,859
Cash received from short-term loan to other company	1,755,007	844,993	1,755,007	844,993
Cash paid for short-term loan to other company	-	(2,600,000)	-	(2,600,000)
Increase in investments in available-for-sale securities				
- marketable equity securities	(12,313,164)	(20,453,380)	(12,313,164)	(20,453,380)
Decrease in investments in available-for-sale securities				
- debt securities	16,737,671	25,053,035	16,737,671	25,053,035
Acquisition of debt securities held to maturity	(110,000,000)	(35,000,000)	(110,000,000)	(35,000,000)
Cash received from redemption of debt securities held to maturity	50,000,000	92,000,000	50,000,000	92,000,000
Cash paid for general investments	(16,630,520)	(53,513,160)	(16,630,520)	(53,513,160)
Proceeds from disposal of general investments	522,198	1,063,425	522,198	1,063,425
Acquisition of other long - term investment - fixed deposits	(30,000,000)	(7,000,000)	(30,000,000)	(7,000,000)
Acquisition of fixed assets	(15,223,075)	(20,602,720)	(12,310,229)	(17,915,975)
Acquisition of investment property	-	(24,951,614)	-	(24,951,614)
Acquisition of intangible assets	(786,950)	(5,605,129)	(747,350)	(5,550,979)
Proceeds from disposal of fixed assets	962,282	252,393	962,282	252,393
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(89,809,027)</b>	<b>(173,370,321)</b>	<b>(87,606,160)</b>	<b>(185,798,986)</b>

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

THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in bank overdrafts	(476,970)	2,930	-	-
Dividend payment	(114,000,000)	(144,000,000)	(114,000,000)	(144,000,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(114,476,970)</b>	<b>(143,997,070)</b>	<b>(114,000,000)</b>	<b>(144,000,000)</b>
<b>CASH AND CASH EQUIVALENT</b>				
<b>INCREASE (DECREASE) - NET</b>	<b>16,993,893</b>	<b>(56,124,474)</b>	<b>21,970,565</b>	<b>(45,952,554)</b>
Cash and cash equivalent - beginning of the year	93,513,222	149,637,696	78,641,498	124,594,052
<b>CASH AND CASH EQUIVALENT - 31 DECEMBER</b>	<b>110,507,115</b>	<b>93,513,222</b>	<b>100,612,063</b>	<b>78,641,498</b>
<b>ADDITIONAL DISCLOSURE ITEMS TO</b>				
<b>CASH FLOWS STATEMENTS:-</b>				
Significant non-cash items consist of				
- Unrealized gain (loss) on revaluation				
of available - for - sale securities (net income tax)	54,648,085	(154,077,634)	54,648,085	(154,077,634)

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

# THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### 1. GENERAL INFORMATION

- 1.1 Registration Thanulux Public Company Limited ("The Company") is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on 21 July 1987.
- 1.2 Office location Head office and its factory is located at 129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok, Thailand.  
Factory branch (Saha Group Industrial Park - Lamphun Project) is located at 99/3 Moo 5, Paa-Sak, Muang Lamphun, Lamphun, Thailand.  
Factory branch (Saha Group Industrial Park - Kabinburi Project) is located at 125 Moo 5, Nonthri, Kabinburi, Prachinburi, Thailand.  
Factory branch (Bangplee) is located at 911 Moo 15, Teparak Road, Bangsoathong, Samutprakam, Thailand.
- 1.3 Main activities Manufacturing and distributing apparel. The subsidiaries' main activities are discussed in Note 5.1
- 1.4 The first five major shareholders ranged by their shareholding as of 31 December 2014 and 2013 are as follows:-

	% of issued and paid-up share capital	
	31 December 2014	31 December 2013
Saha Pathana Inter-Holding Plc.	23.52	23.52
I.D.F. Co., Ltd.	13.33	13.33
Ramasorn Thaveekarn Co., Ltd.	12.41	11.68
Mr. Samrerng Manoonpon	9.29	11.41
I.C.C. International Plc.	11.09	10.26

#### 2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and the presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011 under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (SEC).
- 2.2 The financial statements have been prepared on the historical cost basis except where otherwise disclosed in the accounting policies.
- 2.3 Using of accounting estimates  
The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.  
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.
- 2.4 For the convenience of the users, English version of the financial statements has been translated from the financial statements issued in Thai language.

#### 3. NEW ACCOUNTING STANDARDS

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

##### APPLICATION OF NEW ACCOUNTING STANDARDS

The FAP issued the following accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and FAP Announcements that are effective for fiscal years beginning on or after 1 January 2014, as follows :-

**Accounting Standards**

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

**Financial Reporting Standards**

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

**Accounting Standard Interpretations**

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

**Financial Reporting Standard Interpretations**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

**FAP Announcements**

No. 15/2557	Accounting Treatment Guidance for Stock Dividend
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These accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and FAP Announcements do not have any significant impact on the financial statements.

**4. NEW ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE**

In addition to financial reporting standards issued and revised as mentioned in note 3, the FAP has also issued a number of new and revised TFRSs which will become effective for annual financial periods beginning on or after 1 January in the year indicated below. The Company does not plan to adopt these TFRS early. These standards are as follows :-

		<u>Year effective</u>
<b>Accounting Standards</b>		
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
<b>Financial Reporting Standards</b>		
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
<b>Accounting Standard Interpretations</b>		
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015

		<u>Year effective</u>
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015
<b>Financial Reporting Standard Interpretations</b>		
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015

The Company's management is evaluating the impact on the financial statements in the year when these standards are adopted.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Basis of the consolidation of financial statements

As of 31 December 2014 and 2013, the consolidated financial statements include the financial statements of Thanulux Public Company Limited and its subsidiaries together referred to as the "Group" as follows:-

	% of	Incorporated		
	Shareholding	in	Location	Main activities
S. Apparel Co.,Ltd.	80.00	Thailand	4/2 Moo 8, Bangna-Trad Road, KM. 18 Bangchalong, Bangplee, Samutprakarn.	Manufacturing, subcontracting and distributing apparel
T-CHAMBER CO.,LTD.	99.99	Thailand	129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok.	Distributing apparel
Celebrate Wealth	86.00	Thailand	129/1, Chongnonthri Road, Yannawa, Bangkok.	Distributing apparel

- Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Subsidiaries' financial statements are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- The subsidiaries' financial statements are prepared on the same reporting period as the Company's, using consistent significant accounting policies.
- Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- Non-controlling interest represents the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of comprehensive income and in the shareholders' equity in the consolidated statements of financial position.

## 5.2 Sales of goods

Sale of goods is recognized in the statements of comprehensive income when the significant risks and rewards of ownership have been transferred to the customers. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Sale of goods is the invoice value, excluding value added tax, of goods supplied after deducting discounts and allowances.

## 5.3 Revenue from rendering of services

Revenue from rendering of services is recognised when service is rendered.

## 5.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

## 5.5 Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

## 5.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to restrictions.

## 5.7 Accounts receivable - trade

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

Allowance for goods returned has been provided up by assessment of past experiences.

## 5.8 Inventories

Inventories are valued at the lower of cost (weighted average) or net realizable value.

Cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In case of finished goods and work in progress, cost includes an appropriate share of overheads.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs to complete and to make the sale.

Allowance is made for all deteriorated, damaged, obsolete and certain slow-moving inventories.



## 5.9 Investments

- Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of the securities are included in the statements of comprehensive income.
- Investments in available-for-sale securities mean investments in listed securities stated at fair value, with the objective for long-term investments. Changes in the carrying amounts of securities are recorded as separate item in the other comprehensive income until the securities are sold, and the changes are then included in the statements of comprehensive income.
- Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to interest income.
- Investments in non-marketable equity securities, which the Company classifies as general investments, are stated at cost net of allowance for loss on diminution in value (if any).

Investments in related companies mean those companies in which the Group has holding interest less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons.

Investments in other companies are those companies in which the Group has holding interest but has no power to govern or participate in any policy.

- Investments in subsidiaries are accounted for in the separate financial statements using cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year quoted on the Stock Exchange of Thailand. The fair value of unit trusts is determined from their net asset value.

Weighted average method is used for the computation of cost of investments.

## 5.10 Investment property

Investment property is stated at cost less accumulated depreciation and loss on impairment of assets (if any).

Cost of investment property includes purchase price and other direct costs relating to the acquisition of such asset item.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of assets which are as follows:-

Building	20 Years
Land	Not depreciated

## 5.11 Property, plant and equipment

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

Cost of property, plant and equipment include purchase price and other direct costs relating to the acquisition of such asset item.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation is charged to the statements of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment which are as follows:-

Land improvement	5 years
Building and structures	20,25, 35 and 40 years
Machinery	5-10 years
Office equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Land and assets under construction and installation are not depreciated.

The Group has reviewed useful life and residual value at least at each financial year-end. In case that the residual value or estimated useful lives differs from those originally estimated, such changes are considered changes in accounting estimates.

#### **5.12 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life. The amortisation expense is charged to the comprehensive income statements.

Intangible assets with finite useful lives comprise of computer software having useful lives of 5 - 10 years.

#### **5.13 Leasehold right**

Leasehold right is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on the straight-line basis over the leasehold period of 17 - 25 years.

Amortisation is charged to the comprehensive income statements.

#### **5.14 Impairment of assets**

Impairment of assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the comprehensive income statements. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).

#### **5.15 Related party transactions**

Related parties and related companies with the Group means the parties or the companies that have the controlling power to the Group, controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties and related companies also means the associated companies and the parties who have holding interest with voting rights, either directly or indirectly, and have significant influence to the Company, important management, being directors or employees of the Group who have the power to manage and control the Company's operations and subsidiary companies including the family members close to the said persons which could persuade or to act in compliance with the said persons and businesses that the said persons have controlling power or significant influence, either directly or indirectly.

#### **5.16 Foreign currency transactions**

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the statement of financial position date are translated into Baht at the reference exchange rates as determined by the Bank of Thailand on the statement of financial position date, except the transactions of forward exchange contracted with the banks will be recognised at fair value.

Exchange gains or losses are included as incomes or expenses in the statements of comprehensive income.

#### **5.17 Employee benefits**

- **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

- **Defined contribution plans**

The Company and its subsidiaries operate a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund and managed by a fund manager. The provident fund is contributed by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of comprehensive income in the years to which they relate.

- **Defined benefit plans**

- Termination and retirement benefits

Under Labor Laws applicable in Thailand and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 58. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary. And employees who have provided the services to the Group more than 20 years, the special severance pay on termination or retrenchment without cause will be compensated at the rate specified.

- Other long-term benefits

The Group has a policy to reward employees upon 10, 20 and 30 years of services at specified lump-sum amounts.

The Company also has a policy to provide compensation to retired directors by reference to service years as the Company's director multiplied by a specified rate.

The Group provides provision regarding the employee benefits under defined benefits plan by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Actuarial gains and losses arising from post-employment benefits are recognised in the statement of other comprehensive income.

## 5.18 Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statements of comprehensive income over the lease terms.

## 5.19 Provision

A provision is recognised in the statement of financial position when the Group 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. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Presentation for a provision in the statements of comprehensive income is the net amount which can be reimbursed.

## 5.20 Income tax expense

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### Current tax

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

### Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognizes deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against such deductible temporary differences and tax losses carried forward that can be utilized.

At each reporting date, the Group reviewed and reduced the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Group recorded deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 5.21 Fundamental earnings per share

Fundamental earnings per share are calculated by dividing net income by the number of ordinary shares outstanding at the end of the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

## 6. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The Company had transactions with its subsidiaries and related companies, given that those companies having the same group of shareholders or mutual directors. Significant inter-company transactions and outstanding balances as of 31 December 2014 and 2013 are summarized below:-

### 6.1 NATURE OF RELATIONSHIPS

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
1. S. Apparel Co., Ltd.	Manufacturing, subcontracting and distributing apparel	Co-directors, Co-shareholders and being subsidiary
2. T-CHAMBER Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being subsidiary
3. Celebrate Wealth Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being subsidiary
4. People's Garment Plc.	Garment manufacturing	Co-shareholders
5. I.C.C. International Plc.	Consumer goods distributing	Co-directors, Co-shareholders
6. Sahacogen (Chonburi) Plc.	Electricity generating and distributing	Co-directors, Co-shareholders
7. Thai Wacoal Plc.	Ladies' lingerie manufacturing	Co-directors, Co-shareholders
8. Textile Prestige Plc.	Embroidery fabric manufacturing	Co-directors, Co-shareholders
9. Saha Pathana Inter- Holding Plc.	Holding company	Co-directors, Co-shareholders
10. Far East DDB Plc.	Advertising	Co-shareholders
11. O.C.C. Plc.	Distributing cosmetics and apparel	Co-shareholders
12. Saha Pathanapibul Plc.	Consumer goods distributing	Co-directors, Co-shareholders
13. Thai Monster Co., Ltd.	Garment manufacturing	Co-directors, Co-shareholders
14. Total Way Image Co., Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
15. Thai Naxis Co., Ltd.	Label manufacturing	Co-shareholders
16. SSDC (Tigertex) Co., Ltd.	Bleaching, dyeing fabric and yarn	Co-directors, Co-shareholders
17. International Commercial Coordination (Hong Kong) Ltd.	Apparel distributing	Co-shareholders
18. International Leather Fashion Corp., Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
19. Wise Winner Co., Ltd.	Distributing garment and sport equipment	Co-shareholders
20. Five Stars Plus Co., Ltd.	Garment manufacturing	Co-shareholders

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
21.Morgan De Toi (Thailand) Ltd.	Distributing apparel	Co-directors, Co-shareholders
22.Champ Ace Co., Ltd.	Garment manufacturing	Co-directors, Co-shareholders
23.Pak Numpo Wattana Co., Ltd.	Apparel distributing	Co-management, Co-shareholders
24.S.T.G.C. Co., Ltd.	Research and develop business	Co-shareholders
25.Grand Star Industry Co., Ltd.	Fabric manufacturing	Co-shareholders
26. Intanin Chiangmai Co., Ltd.	Apparel distributing	Co-shareholders
27.Koraj Wattana Co., Ltd.	Apparel distributing	Co-management, Co-shareholders
28.Sun & Sand Co., Ltd.	Apparel distributing	Co-management, Co-shareholders
29.Eastern I.C.C. Co., Ltd.	Apparel distributing	Co-management, Co-shareholders
30.Maharachapreuk Co., Ltd.	Apparel distributing	Co-management, Co-shareholders
31.Thai Takaya Co., Ltd.	Jeans manufacturing	Co-directors, Co-shareholders
32.Thai Gunze Co., Ltd.	Garment manufacturing	Co-management, Co-shareholders
33.Waseda Education (Thailand) Co., Ltd.	Education institution	Co-directors, Co-shareholders
34.Thai Bunka Fashion Co., Ltd.	Fashion institution	Co-directors, Co-shareholders
35.Sriracha Aviation Co., Ltd.	Machinery and plane maintenance	Co-directors, Co-shareholders
36.Sunrise Garment Co., Ltd.	Garment manufacturing	Co-shareholders
37. K. Commercial and Construction Co., Ltd.	Construction contractor	Co-directors, Co-shareholders
38. H & B Intertext Co., Ltd.	Fabric doll manufacturing	Co-shareholders
39.Thai Shikibo Co., Ltd.	Cotton yarn manufacturing	Co-shareholders
40.Thai Staflex Co., Ltd.	Fabric products	Co-shareholders
41.Treasure Hill Co., Ltd.	Golf course	Co-shareholders
42.Thai Asahi Kazei Spandex Co., Ltd.	Manufacturing and distributing spandex	Co-shareholders
43.Value Added Textile Co., Ltd.	Fabric embroidering and printing	Co-shareholders
44.Panland Co., Ltd.	Property development	Co-directors, Co-shareholders
45.Wien International Co., Ltd.	Direct sale	Co-shareholders
46.Sahapat Real Estate Co., Ltd.	Real estate development	Co-directors, Co-shareholders
47.Janome (Thailand) Co., Ltd.	Sewing machines	Co-shareholders
48.Sahapat Properties Co., Ltd.	Property development	Co-shareholders
49.Thai Itokin Co., Ltd.	Garment manufacturing	Co-shareholders
50.Racha Uchino Co., Ltd.	Household textile	Co-directors, Co-shareholders
51.Erawan Textile Co., Ltd.	Spun yarn and fabrics manufacturing	Co-directors, Co-shareholders

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
52. Pattaya Manufacturing Co., Ltd.	Garment manufacturing	Co-shareholders
53. Ramasorn Thaveekarn Co., Ltd.	Investment	Shareholder
54. Deluxe Bijou Societe Anonyme Co., Ltd.	Manufacturing and distributing ornament	Co-directors, Co-shareholders
55. PTK Multi Services Co., Ltd.	Security service	Co-shareholders
56. I.D.F. Co., Ltd.	Investment	Co-shareholders
57. Bangkok Tokyo Socks Co., Ltd.	Manufacturing and distributing socks	Co-shareholders
58. Fujix International Co., Ltd.	String distributing	Co-shareholders
59. KP Soft Co., Ltd.	Design and development of business software	Co-shareholders
60. PT. TRINITY LUXTRO APPAREL	Apparel distributing	Co-directors, Co-shareholders
61. PELLETERIA TNL - S.R.L.	Leatherware manufacturing	Co-directors, Co-shareholders

Pricing policies of related party transactions are as follows:-

Transactions	Pricing policies
Sale of goods	Agreed-upon price by referring to market price
Purchase of goods and rendering of service	Agreed-upon price/ market price
Selling and administrative expenses	Contractually-agreed prices
Interest income	At 3.75%- 4.75% per annum.
Directors' remunerations (directors' fee, annual compensation)	Rates approved by shareholders
Purchase of immovable property	Market price (based on value of property assessed by an independent valuer)

## 6.2 RELATED PARTY REVENUE AND EXPENSES

The revenue, expenses and other transaction for the years ended 31 December 2014 and 2013 are as follows:-

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Sales				
- I.C.C. International Plc.	990,077	1,105,154	990,061	1,105,286
- Other companies	122,514	93,479	194,358	158,963
Total	1,112,591	1,198,633	1,184,419	1,264,249
Dividend income (Notes 13, 14 and 15)	42,377	47,924	42,377	47,924
Other income	68,789	68,141	76,681	74,978
Purchase of goods and raw materials and rendering of service	191,953	189,420	156,576	174,476
Selling and administrative expenses	66,421	70,780	87,070	81,822
Purchase of fixed assets	-	25,382	-	24,960

### Management benefit expenses

Management benefit expenses represent benefits paid to the Company's management such as salaries and related benefits including benefits paid by other means. The Company's management is the persons defined under the Securities and Exchange Act.

Management benefit expenses for the years ended 31 December 2014 and 2013 are as follows:-

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	29,856,729	35,286,582	27,918,930	32,338,262
Post-employment benefits	2,196,687	2,848,703	1,860,509	2,623,314
Total	32,053,416	38,135,285	29,779,439	34,961,576

### 6.3 INTER-COMPANY BALANCES OF ASSETS AND LIABILITIES

As of 31 December 2014 and 2013, inter-company balances are as follows :-

	(UNIT: THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounts receivable - trade				
- I.C.C. International Plc.	222,111	164,980	222,286	165,248
- Others	28,394	30,558	81,599	77,416
Total (Note 9)	250,505	195,538	303,885	242,664
Short-term loans (Note 10)	72,000	117,000	89,500	134,500
Accrued income	4,106	3,604	4,152	3,777
Investments - net (Notes 13,14 and 15)	1,411,025	1,327,290	1,454,946	1,379,373
Accounts payable - trade (Note 23)	27,154	22,806	24,296	18,120
Accrued expenses	8,620	6,941	10,903	7,134

Movements of loans to related parties for the years ended 31 December 2014 and 2013 are as follows:-

	(UNIT: THOUSAND BAHT)					
	Consolidated financial statements		Separate financial statements		Interest per annum (per cent)	
	2014	2013	2014	2013	2014	2013
SSDC (Tigertex) Co., Ltd.						
Beginning balance	45,000	45,000	45,000	45,000		
Add increase during the year	-	-	-	-		
Less repayment during the year	(45,000)	-	(45,000)	-		
Ending balance	-	45,000	-	45,000	-	4.25

(UNIT: THOUSAND BAHT)

	Consolidated financial		Separate financial		Interest per annum	
	statements		statements		(per cent)	
	2014	2013	2014	2013	2014	2013
<b>Erawan Textile Co., Ltd.</b>						
Beginning balance	70,000	70,000	70,000	70,000		
Add increase during the year	-	-	-	-		
Less repayment during the year	-	-	-	-		
Ending balance	70,000	70,000	70,000	70,000	4.75	4.75
<b>International Leather Fashion Corp., Ltd.</b>						
Beginning balance	-	-	-	-		
Add increase during the year	-	2,000	-	2,000		
Less repayment during the year	-	(2,000)	-	(2,000)		
Ending balance	-	-	-	-	-	-
<b>Celebrate Wealth Co., Ltd.</b>						
Beginning balance	-	-	17,500	7,000		
Add increase during the year	-	-	-	10,500		
Less repayment during the year	-	-	-	-		
Ending balance	-	-	17,500	17,500	3.75	3.75
<b>Morgan De Toi (Thailand) Ltd.</b>						
Beginning balance	2,000	9,000	2,000	9,000		
Add increase during the year	-	-	-	-		
Less repayment during the year	-	(7,000)	-	(7,000)		
Ending balance	2,000	2,000	2,000	2,000	4.00	4.00
<b>PELLETTERIA TNL - S.R.L.</b>						
Beginning balance	-	1,610	-	1,610		
Add increase during the year	-	-	-	-		
Less repayment during the year	-	(1,610)	-	(1,610)		
Ending balance	-	-	-	-	-	-
<b>Total short-term loans - net</b>	<b>72,000</b>	<b>117,000</b>	<b>89,500</b>	<b>134,500</b>		

## 7. CASH AND CASH EQUIVALENTS

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash on hand	711,741	694,922	263,345	306,104
Deposits - saving accounts	43,784,737	20,307,790	34,338,081	13,324,884
Fixed deposits and bill of exchanges	66,010,637	72,510,510	66,010,637	65,010,510
Total	110,507,115	93,513,222	100,612,063	78,641,498



## 8. SHORT-TERM INVESTMENTS

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
1) Fixed deposits & certificate of deposits(*)	661,735,153	551,344,117	646,002,153	535,002,117
2) Trading securities				
- Mutual funds	228,970	228,970	228,970	228,970
Unrealized gain on revaluation of Investment	22,403	18,023	22,403	18,023
Net	251,373	246,993	251,373	246,993
3) Held-to-maturity debt securities - due within 1 year				
- Debentures (note 16)	30,000,000	50,000,000	30,000,000	50,000,000
- Fixed deposits (note 17)	7,000,000	15,500,000	7,000,000	15,500,000
Total	698,986,526	617,091,110	683,253,526	600,749,110

(\*) Fixed deposit and certificate of deposits are subject to the interest at 1.50 – 3.15 percent per annum. (2013 : 1.50 – 4.00 percent per annum)

Movements of investments in mutual funds for the years ended 31 December 2014 and 2013 are as follows:-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Beginning balance - fair value	246,993	10,531,876	246,993	10,531,876
Acquisition	-	-	-	-
Redemption	-	(7,518,107)	-	(7,518,107)
Changes in unrealized gain (loss) on revaluation of investment	4,380	(2,766,776)	4,380	(2,766,776)
Ending balance - fair value	251,373	246,993	251,373	246,993

## 9. TRADE AND OTHER RECEIVABLES

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Account receivables - trade</b>				
Related companies (Note 6.3)	250,504,542	195,538,273	303,884,540	242,663,782
Others	108,425,373	166,839,005	76,300,593	133,269,735
Total	358,929,915	362,377,278	380,185,133	375,933,517
<u>Less</u> Allowance for doubtful accounts	(1,149,972)	(88,953)	(1,149,972)	(88,953)
Allowance for goods returned	(21,200,000)	(28,724,000)	(21,200,000)	(28,724,000)
Account receivables - trade - net	336,579,943	333,564,325	357,835,161	347,120,564
<b>Other receivables</b>				
Accrued income	7,902,666	7,758,599	6,652,026	5,761,121
Accrued interest	5,320,829	7,807,107	5,361,606	7,626,325
Advance payment for goods	2,636,174	5,716,102	2,616,174	5,629,817
Others	12,793,040	10,753,513	10,108,982	7,455,922
Total trade and other receivables	365,232,652	365,599,646	382,573,949	373,593,749

The aging of trade accounts receivable are as follows:

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Related companies</b>				
Trade notes receivable - current	3,216,024	6,892,731	3,216,024	6,892,731
Accounts receivable - trade				
Current	229,440,737	183,937,515	265,603,920	219,429,502
Overdue within 3 months	15,143,686	4,518,743	28,578,721	15,535,009
Over 3 to 6 months	2,704,095	189,284	6,485,875	806,540
Total	250,504,542	195,538,273	303,884,540	242,663,782
<u>Less</u> Allowance for goods returned	(21,200,000)	(28,724,000)	(21,200,000)	(28,724,000)
Net	229,304,542	166,814,273	282,684,540	213,939,782
<b>Other companies</b>				
Trade notes receivable - current	2,332,957	2,378,086	-	-
Accounts receivable - trade				
Current	82,089,662	130,407,979	52,414,771	99,590,709
Overdue within 3 months	21,181,906	27,962,052	21,091,295	27,611,669
Over 3 to 6 months	1,670,876	6,001,936	1,644,554	5,978,405
Over 6 to 12 months	1,090,233	28,285	1,090,234	28,285
Over 12 months	59,739	60,667	59,739	60,667
Total	108,425,373	166,839,005	76,300,593	133,269,735
<u>Less</u> Allowance for doubtful accounts	(1,149,972)	(88,953)	(1,149,972)	(88,953)
Net	107,275,401	166,750,052	75,150,621	133,180,782
<b>Total</b>	<b>336,579,943</b>	<b>333,564,325</b>	<b>357,835,161</b>	<b>347,120,564</b>

Movements of allowance for goods returned for the years ended 31 December 2014 and 2013 are as follows:-

(UNIT: BAHT)

	Consolidated and Separate financial statements	
	2014	2013
Beginning balance	28,724,000	28,724,000
Decrease (included in revenue from sales in the statement of comprehensive income)	(7,524,000)	-
Ending balance	21,200,000	28,724,000

#### 10. SHORT-TERM LOANS TO RELATED COMPANIES

The loans represent promissory notes which are unsecured and repayable at call with the repayment period within 1 month, renewable, and subject to the interest at 3.75 - 4.75 percent per annum. (2013 : 3.75 – 4.75 percent per annum) (Note 6.3)

#### 11. SHORT-TERM LOAN TO OTHER COMPANY

Short-term loan to a local company is subjected to interest at the rate of 7 per cent per annum with a monthly installment of

Baht 225,000. The loan is guaranteed by other two individuals and mortgaged by land and building of the two persons.  
The loan was fully repaid in the year 2014.

## 12. INVENTORIES - NET

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Finished goods	144,655,789	170,202,630	101,379,575	119,045,508
Work in process	71,348,847	60,258,884	64,291,671	56,061,777
Raw material	115,248,670	103,618,076	107,881,190	96,914,677
Supplies	1,688,154	1,992,932	1,501,368	1,360,388
Goods in transit	14,221,769	10,265,703	14,221,769	6,457,647
Total	347,163,229	346,338,225	289,275,573	279,839,997
<u>Less</u> Allowance for slow-moving stock	(458,351)	(800,083)	-	-
Net	346,704,878	345,538,142	289,275,573	279,839,997

## 13. INVESTMENTS IN SUBSIDIARIES - NET

(UNIT: THOUSAND BAHT)

	Separate financial statements							
	Paid - up share capital		Percentage of shareholding		Cost method		Paid - up share capital	
	2014	2013	2014	2013	2014	2013	2014	2013
Subsidiary companies								
S. Apparel Co., Ltd.	36,000	36,000	80.00	80.00	27,730	27,730	-	-
T-CHAMBER Co., Ltd	10,000	10,000	99.99	99.99	9,999	9,999	-	-
Celebrate Wealth Co.,Ltd.	40,000	40,000	86.00	86.00	29,036	29,036	-	-
					66,765	66,765	-	-
<u>Less</u> Allowance for impairment					(22,844)	(14,682)	-	-
Net					43,921	52,083	-	-

Movements of allowance for impairment for the years ended 31 December 2014 and 2013 are as follows :-

(UNIT: THOUSAND BAHT)

	Separate financial statements	
	2014	2013
Beginning balance	14,682	15,003
Increase (decrease) (included in (gain) loss on impairment of investment)	8,162	(321)
Ending balance	22,844	14,682

#### 14. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES - NET

(UNIT: THOUSAND BAHT)

	Consolidated and separate financial statements			
	Investment		Dividend for the years ended	
	2014	2013	2014	2013
<b>Marketable equity securities</b>				
Related companies	305,646	295,683	31,981	33,865
Others	70,638	68,287	3,068	2,043
Total cost	376,284	363,970	35,049	35,908
<u>Add</u> Unrealized gain on investment revaluation	776,699	708,745	-	-
Total fair value	1,152,983	1,072,715	35,049	35,908
<b>Debt securities</b>				
Government bonds	8,111	43,275	-	-
Promissory notes and oversea bank bond	10,009	5,046	-	-
Debentures	43,997	30,533	-	-
Total cost	62,117	78,854	-	-
<u>Add</u> Unrealized gain on investment revaluation	895	539	-	-
Total fair value	63,012	79,393	-	-
<b>Total fair value of investments</b>	<b>1,215,995</b>	<b>1,152,108</b>	<b>35,049</b>	<b>35,908</b>

Unrealized gain on investment revaluation movements for the years ended 31 December 2014 and 2013 are as follows:-

	Consolidated and separate financial statements		
	2014		
	Equity securities	Debt securities	Total
Beginning balance	708,745	539	709,284
Increase (decrease) during the year - net	67,954	356	68,310
Ending balance	776,699	895	777,594
	2013		
	Equity securities	Debt securities	Total
	Equity securities	Debt securities	Total
Beginning balance	901,639	243	901,882
Increase during the year - net	(192,894)	296	(192,598)
Ending balance	708,745	539	709,284

As of 31 December 2014 and 2013, investments in marketable equity securities consist of:-

(UNIT: THOUSAND BAHT)

	Paid - up capital	Percentage of shareholding		Investment		Dividend for the years ended	
		2014	2013	2014	2013	2014	2013
<b>Related companies</b>							
1. People’s Garment Plc.	96,000	14.05	14.05	52,684	52,684	6,068	8,090
2. I.C.C. International Plc.	290,634	3.44	3.44	125,562	125,562	12,007	12,508
3. Sahacogen (Chonburi) Plc.	955,000	1.88	1.77	39,277	32,759	3,386	3,047
4. Thai Wacoal Plc.	120,000	1.39	1.39	22,476	22,476	3,758	4,009
5. Textile Prestige Plc.	108,000	0.96	0.96	10,185	10,185	517	569
6. Saha Pathana Inter-Holding Plc.	494,034	0.72	0.68	40,421	36,976	817	773
7. Far East DDB Plc.	75,000	0.35	0.35	505	505	181	207
8. O.C.C. Plc.	60,000	0.13	0.13	41	41	64	64
9. Saha Pathanapibul Plc.	323,380	0.07	0.07	995	995	233	233
10. President Bakery Plc.	450,000	1.00	1.00	13,500	13,500	4,950	4,365
Total				305,646	295,683	31,981	33,865
Add Unrealized gain on investment revaluation				734,704	678,057	-	-
Net				1,040,350	973,740	31,981	33,865
<b>Others</b>							
1. Thai Toray Textile Mill Plc.				265	265	75	180
2. Nation Multimedia Group Plc.				15,213	15,213	264	-
3. Bangkok Bank Plc.				11,560	11,560	877	823
4. Kasikorn Bank Plc.				1,087	779	54	45
5. The Siam Cement Plc.				5,888	5,625	288	300
6. PTT Plc.				2,336	2,248	130	65
7. Thoresen Thai Agencies Plc.				84	75	-	-
8. Thai Oil Plc.				368	368	13	18
9. PTT Global Chemical Plc.				711	450	20	26
10. MK Restaurant Group Plc.				427	373	20	-
11. BTS Growth mutual fund				12,931	12,931	753	300
12. Regal Corporation				9,853	9,853	331	221
13. Others				9,915	8,547	243	65
Total				70,638	68,287	3,068	2,043
Add Unrealized gain on investment revaluation				41,995	30,688	-	-
Net				112,633	98,975	3,068	2,043
Total				1,152,983	1,072,715	35,049	35,908

#### 15. GENERAL INVESTMENTS - NET

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements		Dividend for the years ended	
	2014	2013	2014	2013	2014	2013
Related companies	404,567	396,454	400,567	392,454	10,396	14,059
Others	12,033	12,283	12,033	12,283	281	100
Total	416,600	408,737	412,600	404,737	10,677	14,159
Less Allowance for impairment	(37,398)	(46,415)	(33,398)	(42,415)	-	-
Net	379,202	362,322	379,202	362,322	10,677	14,159

Movements of general investments for the years ended 31 December 2014 and 2013 are as follows:-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Beginning balance	408,737	357,288	404,737	353,288
Increase during the year	16,631	53,512	16,631	53,512
Decrease during the year	(8,768)	(2,063)	(8,768)	(2,063)
Ending balance	416,600	408,737	412,600	404,737

Movements of allowance for impairment for the years ended 31 December 2014 and 2013 are as follows:-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Beginning balance	46,415	48,144	42,415	44,144
Decrease during the year				
(included in gain on impairment of investment)	(518)	(241)	(518)	(241)
Decrease during the year (selling investment)	(8,499)	(1,488)	(8,499)	(1,488)
Ending balance	37,398	46,415	33,398	42,415

Significant movements of general investments for the years ended 31 December 2014 and 2013 are as follows:-

- In April 2014, the Company invested in ordinary shares of PT. TRTNITY LUXTRO APPAREL, a company incorporated in Indonesia totaling to Baht 7,430,520, representing 19 percent of share holding.
- In September 2014, the Company invested in shares of the increased shares capital (from former shareholders who forgo share subscription rights) of 640,000 ordinary shares of KP Soft Co., Ltd. amounting to Baht 9,200,000. The company had already registered the shares increase with the Ministry of Commerce.
- On 17 September 2014, the Extraordinary General Meeting of Shareholders No. 1/2014 of Erawan Textile Company Limited (ERW) approved the transfer the entire business operations from Grand Star Industry Company Limited (GSI), Sunrise Garment Company Limited (SRC), SDKC Company Limited and Dragon 12 Company Limited, and authorized the increase of ERW's registered capital for allotment of the new ordinary shares to the shareholders of the transferor companies proportionated to their shareholding percentage based on adjusted book value approach and book value approach.

In November 2014, ERW registered the shares capital increase and the transferor companies registered their liquidation with the Ministry of Commerce. As a result of such transfer of business operations transaction, the Company received 177,344 new ERW ordinary shares. The outstanding investment in GSI and SRC of Baht 6,957,415 has been transferred to investment in ERW. There is no gain (loss) on the transaction reflected in statement of income.

- In March 2013, the Company invested in shares of the increased shares capital (proportionate acquisition to existing shareholding interest and acquisition from former shareholders who forgo share subscription rights) of Erawan Textile Co., Ltd. at Baht 46,915,200. The company had already registered the shares increase with the Ministry of Commerce.

As of 31 December 2014 and 2013, general investments consist of:-

(UNIT: THOUSAND BAHT)

Consolidated and separate financial statements

	Paid - up capital (Thousand)	Percentage of shareholding			Investment		Dividend for the years ended	
		2014	2013		2014	2013	2014	2013
<b>Separate financial statements</b>								
<b>- Related companies</b>								
1.Thai Monster Co., Ltd.	20,000	19.00	19.00	*	5,549	*	5,549	-
2.Total Way Image Co., Ltd.	20,000	19.00	19.00		7,132		7,132	380
3.Thai Naxis Co., Ltd.	20,000	19.00	19.00		4,700		4,700	950
4.SSDC (Tigertex) Co., Ltd.	324,000	18.96	18.96		68,635		68,635	2,765
5.International Commercial Coordination (Hong Kong) Ltd.	HKD 2,000	18.00	18.00	*	2,291	*	2,291	-
6.International Leather Fashion Corp., Ltd.	50,000	18.00	18.00		8,810		8,810	720
7.Wise Winner Co., Ltd.	10,000	18.00	18.00	*	1,800	*	1,800	-
8. Five Stars Plus Co., Ltd.	50,000	-	17.00		-	*	8,500	-
9.Morgan De Toi (Thailand) Ltd.	40,000	16.00	16.00		6,401		6,401	-
10.Champ Ace Co., Ltd.	40,000	15.00	15.00		6,000		6,000	-
11.Pak Numpo Wattana Co., Ltd.	1,000	14.00	14.00		1,037		1,037	14
12.S.T.G.C. Co., Ltd.	2,500	13.00	13.00		325	*	325	-
13.Erawan Textile Co., Ltd.	621,463	14.84	16.02		117,726		110,769	-
14.Grand Star Industry Co., Ltd.	20,000	-	12.50		-		4,992	1,250
15.Intanin Chiangmai Co., Ltd.	5,000	12.50	12.50		2,781		2,781	125
16.Koraj Wattana Co., Ltd.	1,000	12.50	12.50		1,528		1,528	13
17.Sun & sand Co., Ltd.	1,000	12.50	12.50		1,499		1,499	25
18.Eastern I.C.C. Co., Ltd.	1,000	12.50	12.50		2,938		2,938	25
19.Maharachapruerk Co., Ltd.	1,000	12.00	12.00		415		415	12
20.Thai Takaya Co., Ltd.	30,000	11.00	11.00		3,300		3,300	-
21.Thai Gunze Co., Ltd.	180,000	8.00	8.00	*	17,280	*	17,280	-
22.Wazeda Education (Thailand)	56,000	7.14	7.14		4,000		4,000	-
23.Thai Bunka Fashion Co., Ltd.	25,000	8.00	8.00	*	2,000	*	2,000	-
24.Sriracha Aviation Co., Ltd.	55,000	3.64	3.64		2,000	*	2,000	100
25.Sunrise Garment Co., Ltd.	10,000	-	5.00		-		1,966	-
26.K. Commercial and Construction Co., Ltd.	50,000	5.00	5.00		6,694		6,694	250
27.H & B Intertext Co., Ltd.	40,000	5.00	5.00		2		2	200
28.Bangkok Tokyo Socks Co., Ltd.	143,220	4.89	4.89		5,755		5,755	420
29.Thai Shikibo Co., Ltd.	237,500	4.81	4.81		11,425		11,425	914
30.Thai Staflex Co., Ltd.	60,000	9.00	9.00		6,363		6,363	216

## Consolidated and separate financial statements

	Paid - up capital (Thousand)	Percentage of shareholding			Investment		Dividend for the years ended	
		2014	2013		2014	2013	2014	2013
31.Treasure Hill Co., Ltd.	200,000	4.00	4.00	*	6,300	6,300	-	-
32.Thai Asahi Kazei Spandex Co., Ltd.	1,350,000	4.00	4.00		54,000	54,000	1,101	-
33.Value Added Textile Co., Ltd.	16,500	3.00	3.00		67	67	-	-
34.Panland Co., Ltd.	300,000	3.00	3.00	*	9,000	9,000	-	-
35.Wien International Co., Ltd.	30,000	2.40	2.40		1,547	1,547	90	180
36.Sahapat Real Estate Co., Ltd.	250,000	2.40	2.40		6,165	6,165	180	180
37.Janome (Thailand) Co., Ltd.	97,400	2.00	2.00		2,759	2,759	487	440
38.Sahapat Properties Co., Ltd.	20,000	1.00	1.00		200	200	80	-
39.Thai Itokin Co., Ltd.	100,000	1.00	1.00	*	1,411	1,411	-	-
40.Racha Uchino Co., Ltd.	121,500	0.49	0.49		359	359	39	59
41.Pattaya Manufacturing Co., Ltd.	30,000	0.33	0.33		741	741	40	45
42.Fujix International Co., Ltd.	100,000	3.00	3.00		3,000	3,000	-	-
43. KP Soft Co., Ltd.	160,000	4.00	-		9,200	-	-	-
44. PT. TRINITY LUXTRO APPAREL	USD 1,200	19.00	-		7,432	-	-	-
45.PELLETERIA TNL – S.R.L.	EUR 10	-	4.25		-	18	-	-
Total					400,567	392,454	10,396	14,059
Less Allowance for impairment (*)					(29,892)	(38,904)	-	-
<b>Total general investments stated in the separate financial statements-net</b>					<b>370,675</b>	<b>353,550</b>	<b>10,396</b>	<b>14,059</b>
General investment subsidiary company								
46. Treasure Hill Co., Ltd.					4,000	4,000	-	-
Less Allowance for impairment					(4,000)	(4,000)	-	-
<b>Total general investments (Related companies) stated in the Consolidated financial statements-net</b>					<b>370,675</b>	<b>353,550</b>	<b>10,396</b>	<b>14,059</b>
<b>- Other companies</b>								
1.Miwaki SDN. BHD.	RM1,000	19.00	19.00		2,481	2,481	-	-
2.Miwaki Philippines Inc.	USD400	19.00	19.00	*	3,317	3,317	-	-
3.Intersouth Co., Ltd.	1,000	12.50	12.50		4,286	4,286	100	100
4.Builtan (Thailand) Co., Ltd.	4,000	-	10.00		-	250	6	-
5.Sunlots Enterprise Co., Ltd.	130,000	2.69	2.69	*	4	4	-	-
6.Khonkaen Vithes Suksa Co., Ltd.	60,000	1.67	1.67		1,000	1,000	175	-
7.Sigma Holding Co., Ltd.	46,364	0.26	0.26	*	120	120	-	-
8.Osoth Inter Laboratories Co., Ltd.	600,000	0.15	0.15	*	825	825	-	-
Total					12,033	12,283	281	100
Less Allowance for impairment (*)					(3,506)	(3,511)	-	-
<b>Total general investments - other companies - net</b>					<b>8,527</b>	<b>8,772</b>	<b>281</b>	<b>100</b>
<b>Total general investments - net</b>					<b>379,202</b>	<b>362,322</b>	<b>10,677</b>	<b>14,159</b>



## 16. INVESTMENTS IN DEBT SECURITIES HELD TO MATURITY – NET

As of 31 December 2014 and 2013, investments in debt securities held to maturity are as follows :-

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2014	2013
Debentures	184,000,000	124,000,000
Less current portion of debentures with redemption within		
1 year (Shown in short-term investments - Note 8)	(30,000,000)	(50,000,000)
Net (Redemption within 2 - 4 years)	154,000,000	74,000,000

Movements of investments in debt securities for the years ended 31 December 2014 and 2013 are as follows :-

	Consolidated and separate financial statements	
	2014	2013
Beginning balance - net book value	124,000,000	181,000,000
Acquisition	110,000,000	35,000,000
Redemption	(50,000,000)	(92,000,000)
Ending balance - net book value	184,000,000	124,000,000

As of 31 December 2014 and 2013, investments in debt securities are as follows :-

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2014	2013
The Siam Cement PCL.	44,000,000	44,000,000
Advanced Info Service PCL.	-	10,000,000
Quality Houses PCL.	-	20,000,000
CP All PCL.	25,000,000	10,000,000
Thanachart Capital PCL.	5,000,000	5,000,000
Toyota Leasing (Thailand) Co., Ltd. (*)	10,000,000	-
TICON Industrial Connection PCL.	5,000,000	15,000,000
Pruksa Real Estate PCL.	5,000,000	-
Bank of Ayudhya PCL.	20,000,000	20,000,000
CH. Karnchang PCL.	5,000,000	-
Thai Airways International PCL.	10,000,000	-
Bangchak Petroleum PCL.	10,000,000	-
IRPC PCL.	15,000,000	-
Thaicom PCL.	10,000,000	-
The Bonds of the Ministry of Finance of the Lao People's Democratic Republic	20,000,000	-
Total	184,000,000	124,000,000
Fair value - ending balance	188,517,041	125,019,463

All the debentures are unsecured and unsubordinated (except\* debentures of Baht 10 million issued by Toyota Leasing (Thailand) Co., Ltd. which is secured and unsubordinated) which bear interests at the rates at 3.78 to 5.20 percent per annum (2013 : 3.36 to 6.00 percent per annum).

Interests are payable every 3 and 6 months as from the issuance dates of the debentures.

## 17. OTHER LONG-TERM INVESTMENT - NET

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2014	2013
Fixed deposits	44,000,000	22,500,000
<u>Less</u> current portion of investment with redemption within 1 year (Shown in short-term investments - Note 8)	(7,000,000)	(15,500,000)
Net	37,000,000	7,000,000

Movements of other long-term investment in fixed deposits for the years ended 31 December 2014 and 2013 are as follows:-

	Consolidated and separate financial statements	
	2014	2013
Beginning balance - net book value	22,500,000	28,500,000
Acquisition	37,000,000	7,000,000
Redemption	(15,500,000)	(13,000,000)
Ending balance - net book value	44,000,000	22,500,000

As of 31 December 2014 and 2013, other long - term investment represents fixed deposits with maturity of over 12 months with local financial institutions which bear interests at the rates at 3.15 - 3.50 per cent per annum. (2013 : 3.25 - 3.50 per cent per annum)

## 18. INVESTMENT PROPERTY - NET

(UNIT : BAHT)

	Consolidated and separate financial statements			
	Land	Land improvement	Building	Total
<b>Cost:-</b>				
31 December 2012	30,933,750	5,925,997	171,200	37,030,947
Acquisition	5,481,864	2,155,190	17,314,560	24,951,614
Disposal	-	-	-	-
31 December 2013	36,415,614	8,081,187	17,485,760	61,982,561
Acquisition	-	-	-	-
Disposal	-	-	-	-
31 December 2014	36,415,614	8,081,187	17,485,760	61,982,561
<b>Accumulated depreciation :-</b>				
31 December 2012	-	5,925,980	77,767	6,003,747
Depreciation for the year	-	340,107	691,655	1,031,762
Disposal	-	-	-	-
31 December 2013	-	6,266,087	769,422	7,035,509
Depreciation for the year	-	431,128	874,288	1,305,416
Disposal	-	-	-	-
31 December 2014	-	6,697,215	1,643,710	8,340,925
<b>Net book value</b>				
31 December 2014	36,415,614	1,383,972	15,842,050	53,641,636
31 December 2013	36,415,614	1,815,100	16,716,338	54,947,052
Appraised value (*)	39,536,000	2,642,500	96,000	42,274,500
Appraised value (**)	6,149,588	3,058,715	16,301,456	25,509,759
Total appraised value	45,685,588	5,701,215	16,397,456	67,784,259

(\*) The appraised value was determined by an independent appraiser on 7 November 2014.

(\*\*) The appraised value was determined by an independent appraiser on 11 November 2014.

# 19. PROPERTY, PLANT AND EQUIPMENT – NET

	Consolidated financial statements								(UNIT : BAHT)
	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	
<b>Cost:-</b>									
31 December 2012	202,005,688	22,472,841	381,109,960	415,275,934	166,606,604	39,698,369	212,127,800	1,076,551	1,440,373,747
Acquisition	-	49,000	-	-	3,169,318	302,400	1,286,798	15,795,204	20,602,720
Transferred in	-	-	-	5,102,931	2,003,498	-	7,564,326	-	14,670,755
Disposal	-	-	-	(5,990,368)	(739,816)	(1,199,000)	(6,395,462)	-	(14,324,646)
Written off	-	-	-	(1,037,708)	(3,394,729)	-	(2,881,608)	-	(7,314,045)
Transferred out	-	-	-	-	-	-	-	(14,670,755)	(14,670,755)
31 December 2013	202,005,688	22,521,841	381,109,960	413,350,789	167,644,875	38,801,769	211,701,854	2,201,000	1,439,337,776
Acquisition	-	-	-	12,000	4,266,503	304,800	1,755,231	8,884,541	15,223,075
Transferred in	-	-	-	7,405,092	571,998	-	1,815,525	-	9,792,615
Disposal	-	-	-	(9,850,837)	(1,808,626)	(1,141,900)	(488,000)	-	(13,289,363)
Written off	-	-	-	-	(1,623,414)	(14,850)	(869,102)	-	(2,507,366)
Transferred out	-	-	-	-	-	-	-	(9,792,615)	(9,792,615)
31 December 2014	202,005,688	22,521,841	381,109,960	410,917,044	169,051,336	37,949,819	213,915,508	1,292,926	1,438,764,122

Consolidated financial statements										(UNIT : BAHT)
	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total	
<b>Accumulated depreciation :-</b>										
31 December 2012	-	9,967,051	254,662,923	350,351,599	138,933,289	27,265,838	177,656,621	-	958,837,321	
Depreciation for the year	-	2,857,147	8,989,139	18,746,417	10,333,359	3,290,303	9,584,814	-	53,801,179	
Disposal	-	-	-	(5,956,921)	(737,946)	(1,198,999)	(6,395,452)	-	(14,289,318)	
Written off	-	-	-	(977,807)	(3,378,954)	-	(2,425,071)	-	(6,781,832)	
31 December 2013	-	12,824,198	263,652,062	362,163,288	145,149,748	29,357,142	178,420,912	-	991,567,350	
Depreciation for the year	-	2,849,045	8,126,067	18,347,458	8,562,516	2,425,734	10,111,204	-	50,422,024	
Disposal	-	-	-	(9,844,416)	(1,799,438)	(743,992)	(487,999)	-	(12,875,845)	
Written off	-	-	-	-	(1,606,701)	(14,842)	(703,192)	-	(2,324,735)	
31 December 2014	-	15,673,243	271,778,129	370,666,330	150,306,125	31,024,042	187,340,925	-	1,026,788,794	
<b>Net book value</b>										
31 December 2014	202,005,688	6,848,598	109,331,831	40,250,714	18,745,211	6,925,777	26,574,583	1,292,926	411,975,328	
31 December 2013	202,005,688	9,697,643	117,457,898	51,187,501	22,495,127	9,444,627	33,280,942	2,201,000	447,770,426	

As of 31 December 2014 and 2013, the Company and its subsidiaries have fully depreciated fixed assets, but are still in use at cost of Baht 773.32 million and Baht 714.27 million, respectively.

Separate financial statements										(UNIT : BAHT)
	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total	
<b>Cost:-</b>										
31 December 2012	186,075,743	22,472,841	334,448,330	346,595,795	150,153,686	36,969,088	177,806,373	938,117	1,255,459,973	
Acquisition	-	49,000	-	-	2,507,122	302,400	327,608	14,729,845	17,915,975	
Transferred in	-	-	-	5,059,394	1,908,601	-	6,498,967	-	13,466,962	
Disposal	-	-	-	(5,990,368)	(739,816)	-	(6,395,462)	-	(13,125,646)	
Written off	-	-	-	-	(3,159,803)	-	(1,610,000)	-	(4,769,803)	
Transferred out	-	-	-	-	-	-	-	(13,466,962)	(13,466,962)	
31 December 2013	186,075,743	22,521,841	334,448,330	345,664,821	150,669,790	37,271,488	176,627,486	2,201,000	1,255,480,499	
Acquisition	-	-	-	-	3,743,222	304,800	377,190	7,885,016	12,310,228	
Transferred in	-	-	-	7,405,092	571,998	-	816,000	-	8,793,090	
Disposal	-	-	-	(792,017)	(1,808,626)	(1,141,900)	(488,000)	-	(4,230,543)	
Written off	-	-	-	-	(1,609,685)	(14,850)	-	-	(1,624,535)	
Transferred out	-	-	-	-	-	-	-	(8,793,090)	(8,793,090)	
31 December 2014	186,075,743	22,521,841	334,448,330	352,277,896	151,566,699	36,419,538	177,332,676	1,292,926	1,261,935,649	

Separate financial statements										(UNIT : BAHT)
	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total	
<b>Accumulated depreciation :-</b>										
31 December 2012	-	9,967,051	216,034,561	286,006,836	125,196,807	24,616,817	144,973,434	-	-	806,795,506
Depreciation for the year	-	2,857,147	7,949,584	17,591,556	9,262,428	3,210,041	8,939,471	-	-	49,810,227
Disposal	-	-	-	(5,956,921)	(737,946)	-	(6,395,452)	-	-	(13,090,319)
Written off	-	-	-	-	(3,157,068)	-	(1,609,998)	-	-	(4,767,066)
31 December 2013	-	12,824,198	223,984,145	297,641,471	130,564,221	27,826,858	145,907,455	-	-	838,748,348
Depreciation for the year	-	2,849,045	7,199,146	17,305,016	7,465,585	2,425,734	9,306,342	-	-	46,550,868
Disposal	-	-	-	(785,659)	(1,799,438)	(743,992)	(487,999)	-	-	(3,817,088)
Written off	-	-	-	-	(1,593,627)	(14,842)	-	-	-	(1,608,469)
31 December 2014	-	15,673,243	231,183,291	314,160,828	134,636,741	29,493,758	154,725,798	-	-	879,873,659

**Net book value**

31 December 2014	186,075,743	6,848,598	103,265,039	38,117,068	16,929,958	6,925,780	22,606,878	1,292,926	382,061,990
31 December 2013	186,075,743	9,697,643	110,464,185	48,023,350	20,105,569	9,444,630	30,720,031	2,201,000	416,732,151

As at 31 December 2014 and 2013, the Company has fully depreciated fixed assets, but are still in use at cost of Baht 688.07 million and Baht 620.97 million, respectively.

## 20. INTANGIBLE ASSETS - NET

As of 31 December 2014 and 2013, computer software consist of :-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cost</b>				
1 January	40,486,387	34,881,259	39,306,884	33,755,906
Acquisition	462,200	5,605,128	422,600	5,550,978
Transferred in	1,692,589	-	1,692,589	-
Disposal/written off	-	-	-	-
31 December	42,641,176	40,486,387	41,422,073	39,306,884
<b>Accumulated amortization</b>				
1 January	25,366,598	23,560,920	24,296,683	22,554,397
Amortization expenses for the year	2,335,583	1,805,678	2,319,268	1,742,286
Disposal/written off	-	-	-	-
31 December	27,702,181	25,366,598	26,615,951	24,296,683
	<b>14,938,995</b>	<b>15,119,789</b>	<b>14,806,122</b>	<b>15,010,201</b>
<b>Computer software under installation</b>				
1 January	1,367,839	1,367,839	1,367,839	1,367,839
Acquisition	324,750	-	324,750	-
Transferred out	(1,692,589)	-	(1,692,589)	-
31 December	-	1,367,839	-	1,367,839
	<b>14,938,995</b>	<b>16,487,628</b>	<b>14,806,122</b>	<b>16,378,040</b>

As of 31 December 2014 and 2013, the consolidated financial statements and the separate financial statements show fully amortized intangible assets but are still in use at cost of Baht 18.91 and Baht 18.91 million, respectively.

## 21. LEASEHOLD RIGHT - NET

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2014	2013
<b>Cost :-</b>		
1 January	23,446,576	23,446,576
Increases	-	-
31 December	23,446,576	23,446,576
<b>Accumulated amortization :-</b>		
1 January	16,035,271	15,037,750
Amortization expenses for the year	986,836	997,521
31 December	17,022,107	16,035,271
<b>NET :-</b>	<b>6,424,469</b>	<b>7,411,305</b>

## 22. BANK OVERDRAFTS

The subsidiary companies have bank overdrafts from the financial institutions as follows.

Subsidiaries	Bank overdraft lines (Million Baht)	Interest rates per annum	Guaranteed by
Celebrate Wealth Co., Ltd.	2.00	MOR	Parent company
S. Apparel Co., Ltd.	15.00	MOR	-

## 23. TRADE AND OTHER PAYABLES

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Accounts payables - trade</b>				
Related companies (Note 6.3)	27,154,052	22,805,594	24,295,682	18,119,741
Others	108,609,189	99,686,899	96,541,812	82,299,930
<b>Total accounts payables - trade</b>	<b>135,763,241</b>	<b>122,492,493</b>	<b>120,837,494</b>	<b>100,419,671</b>
<b>Other payables</b>				
Accrued bonus	53,841,774	54,229,716	50,640,106	51,427,648
Accrued expenses	31,220,760	27,717,590	28,160,533	24,427,418
Accrued royalties	23,959,122	18,994,126	23,521,416	18,546,394
Others	29,397,806	11,220,785	28,738,729	9,887,953
<b>Total trade and other payables</b>	<b>274,182,703</b>	<b>234,654,710</b>	<b>251,898,278</b>	<b>204,709,084</b>

## 24. RETIREMENT BENEFIT OBLIGATION

Movement of retirement benefit obligation for the years ended 31 December 2014 and 2013 are as follows:-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Retirement benefit obligation				
- beginning balance - 1 January	177,554,967	160,462,337	161,782,288	146,734,195
Employee benefit expenses for the year	28,551,014	24,522,842	25,519,816	21,820,983
Employee benefit paid during the year	(11,012,614)	(7,430,212)	(10,166,231)	(6,772,890)
Adjustment of retirement benefit obligation (presented in statements of comprehensive income)	(11,671,298)	-	(8,675,094)	-
Actuarial gain (presented in statements of other comprehensive income)	(8,128,982)	-	(6,566,176)	-
Retirement benefit obligation				
- ending balance - 31 December	175,293,087	177,554,967	161,894,603	161,782,288

Employee benefit expenses were recognized in statements of income for the years ended 31 December 2014 and 2013 are as follows :-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service costs	23,797,459	19,060,020	21,103,160	16,859,112
Interest costs	4,753,555	5,462,822	4,416,656	4,961,871
<b>Total</b>	<b>28,551,014</b>	<b>24,522,842</b>	<b>25,519,816</b>	<b>21,820,983</b>

The principle actuarial assumption used to calculate the defined benefit obligation for the year ended 31 December 2014 and 2013 are as follows :-

	Consolidated and separate financial statements	
	2014	2013
<b>The principle actuarial assumptions:-</b>		
Discount rate	2.42% - 3.17%	3.25% - 3.56%
Disability rate	5.00% (TMO 2008)	5.00% (TMO 2008)
Salary increase rate	3.00% - 5.00%	2.30% - 5.00%
Turnover rate	Age-related scale	Age-related scale



## 25. LEGAL RESERVE

Under the Public Limited Companies Act B.E. 2535 the Company is required to allocate not less than 5 per cent of its annual net profit, less any accumulated losses brought forward (if any), as legal reserve until this account reaches an amount not less than 10 per cent of the registered capital. The legal reserve is not available for dividend distribution.

## 26. GENERAL RESERVE

The Company has appropriated part of its net profit for general reserves with no specific objective.

## 27. EXPENSES CLASSIFIED BY NATURE OF EXPENSES

For the years ended 31 December 2014 and 2013 expenses classified by their nature are as follows:-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changes in finished goods and work-				
in process (increase) decrease	14,456,878	54,594,677	9,436,039	60,697,516
Purchases of finished goods	166,400,983	208,375,728	137,026,614	141,077,873
Raw material and supplies used	759,732,126	782,817,374	718,735,621	736,429,207
Management benefit expenses	32,053,416	38,135,285	29,779,439	34,961,576
Employee benefit expenses	672,159,583	711,755,699	581,263,272	608,244,041
Depreciation and amortization expenses	55,049,859	57,636,140	51,162,388	53,581,795
Royalty expenses	95,187,666	103,907,223	94,381,259	103,041,168

## 28. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520, the Company has been granted some promotional privileges from the Board of Investment (BOI) as follows:-

1. Promotional certificates No.	1329(1)/2544	1604(2)/2550	1627(2)/2554	1628(2)/2554
2. Dates of promotional certificates	2/5/01	18/6/07	31/5/11	31/5/11
3. The first receiving revenues dates	1/2/03	1/10/07	4/5/11	2/9/11
4. The type of business promoted	Textile or fragment	Leather products or artificial leather	Textile or fragment	Leather products or artificial leather
5. Important privileges which are granted:-				
5.1 Exemption from corporate income tax on net profit from promotional operations, commencing from the first receiving revenue date.	8 years (Expired on 31/1/11)	8 years (Expired on 31/12/11)	8 years	8 years
5.2 Exemption from income tax on dividends from promoted business which was exempted from income tax in 5.1.	8 years (Expired on 31/1/11)	8 years (Expired on 31/12/11)	8 years	8 years
5.3 Reduction of the corporate income tax on net profit from promoted business at 50% of normal rate after the end of exemption period.	5 years	5 years	5 years	5 years
5.4 Double deduction of expenses for utilities (electricity, water and transportation) for the year.	10 years (Expired on 31/1/13)	10 years	10 years	10 years
5.5 Exemption from corporate income tax for amounts not exceeding (Adjustable to capital investment amount excluding cost of land and working capital).	-	Baht 25.85 million	Baht 40.98 million	Baht 67.60 million

As a promoted entity, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

Income derived from BOI and non-BOI activities are summarized as follows :-

(UNIT : MILLION BAHT)

	Consolidated financial statements					
	2014			2013		
	Local	Export	Total	Local	Export	Total
BOI promoted business	517.48	295.86	813.34	518.22	324.00	842.22
Non - BOI promoted business	900.74	451.07	1,351.81	1,006.89	455.69	1,462.58
Total	1,418.22	746.93	2,165.15	1,525.11	779.69	2,304.80
	Separate financial statements					
	2014			2013		
	Local	Export	Total	Local	Export	Total
BOI promoted business	517.48	295.86	813.34	518.22	324.00	842.22
Non - BOI promoted business	781.04	377.09	1,158.13	876.37	390.44	1,266.81
Total	1,298.52	672.95	1,971.47	1,394.59	714.44	2,109.03

## 29. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group's business operation involves 2 principal segments: (1) men's apparel (2) women's apparel with geographical segments of both local and export sales. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. Revenue and gross profit of operating segments for the years ended 31 December 2014 and 2013 are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December 2014			
	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
<b>Revenue</b>				
Revenue from sales - net	1,503,648	607,423	-	2,111,071
Revenue from rendering of services	61,604	-	-	61,604
<b>Gross profit by segment</b>	<b>444,810</b>	<b>174,465</b>	<b>-</b>	<b>619,275</b>
Interest income	-	-	33,846	33,846
Other income	-	-	127,060	127,060
Selling expenses	(113,303)	(65,669)	(14,486)	(193,458)
Administrative expenses	(107,600)	(40,098)	(231,304)	(379,002)
Finance costs	-	-	(8)	(8)
<b>Profit before income tax expenses</b>	<b>223,907</b>	<b>68,698</b>	<b>(84,892)</b>	<b>207,713</b>
Income tax expenses				(3,160)
<b>Net profit for the year</b>				<b>204,553</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				55,050

For the year ended 31 December 2013

	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
<b>Revenue</b>				
Revenue from sales - net	1,601,221	647,787	-	2,249,008
Revenue from rendering of services	55,792	-	-	55,792
<b>Gross profit by segment</b>	<b>438,103</b>	<b>182,739</b>	<b>-</b>	<b>620,842</b>
Interest income	-	-	32,437	32,437
Other income	-	-	125,594	125,594
Selling expenses	(117,359)	(67,084)	-	(184,443)
Administrative expenses	(106,523)	(36,420)	-	(142,943)
Unallocated expenses	-	-	(237,673)	(237,673)
Finance costs	-	-	(27)	(27)
<b>Profit before income tax expenses</b>	<b>214,221</b>	<b>79,235</b>	<b>(79,669)</b>	<b>213,787</b>
Income tax expenses				(11,040)
<b>Net profit for the year</b>				<b>202,747</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				57,636

As of 31 December 2014 and 2013, segment assets and liabilities of the Group are as follows :-

As of 31 December 2014 (UNIT : THOUSAND BAHT)					
	Men's apparel	Women's apparel	Total segments	Unallocated assets/liabilities	Consolidated financial statements
Segment assets	423,098	259,330	682,428	3,244,698	3,927,126
Segment liabilities	59,794	81,781	141,575	478,779	620,354
As of 31 December 2013 (UNIT : THOUSAND BAHT)					
	Men's apparel	Women's apparel	Total segments	Unallocated assets/liabilities	Consolidated financial statements
Segment assets	446,717	240,692	687,409	3,033,936	3,721,345
Segment liabilities	54,249	78,815	133,064	433,433	566,497

(UNIT : THOUSAND BAHT)

For the year ended

31 December 2014	31 December 2014
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**GEOGRAPHICAL AREAS**

Domestic sales	1,425,743	1,525,109
Export sales		
- EUROPE	273,501	335,802
- ASIA	356,443	321,867
- AMERICA	111,544	115,284
- NORTH AMERICA	-	2,600
- AUSTRALIA	2,020	2,068
- SOUTH AFRICA	3,424	2,070

**Information of major customers**

The Company has one major customer from segment of Men's apparel and Women's apparel for the years ended 31 December 2014 and 2013, in the amount of Baht 990.08 million and Baht 1,105.15 million, respectively.

### 30. TAX INCOME EXPENSES

As of 31 December 2014 and 2013, the components of deferred tax assets and deferred tax liabilities are as follows :-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December			
	2014	2013	2014	2013
Deferred tax assets				
- Retirement benefit obligation	31,840	34,413	31,723	31,258
- Consignment sales	4,970	1,682	1,083	1,393
Total deferred tax assets	36,810	36,095	32,806	32,651
Deferred tax liabilities				
- Depreciation	4,472	3,224	3,304	2,325
Unrealized gain on revaluation of available for-sale-investments	155,519	141,857	155,519	141,857
Total deferred tax liabilities	159,991	145,081	158,823	144,182

Income tax expenses for the year ended 31 December 2014 and 2013 are as follows :-

(UNIT : THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December			
	2014	2013	2014	2013
Current income tax				
Corporate income tax for the year	4,033	13,434	4,033	13,310
Deferred tax				
Relating to origination and reversal of temporary differences	(873)	(2,393)	(490)	(1,674)
Income tax expenses reported in the- statements of comprehensive income	3,160	11,041	3,543	11,636

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013.

(UNIT : THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December			
	2014	2013	2014	2013
Accounting profit before corporate income tax	207,713	213,787	218,512	237,512
Applicable tax rate	20%	20%	20%	20%
Accounting profit before corporate income tax multiplied by applicable tax rate	41,542	42,757	43,702	47,502
Effects of :				
Promotional privileges (Note 28)	(28,682)	(25,318)	(28,682)	(25,318)
Non-deductible expenses	1,110	1,176	1,055	652
Additional expense deductions allowed	(1,075)	(1,280)	(1,075)	(1,278)
Exemption of income	(8,997)	(9,922)	(8,997)	(9,922)
Effect from un-recording of deferred tax assets	1,108	3,577	(2,460)	-
Effect of elimination entry on the consolidated financial statements	(1,846)	51	-	-
Total	(38,382)	(31,716)	(40,159)	(35,866)
Income tax expenses reported in the statement of comprehensive income	3,160	11,041	3,543	11,636

Corporate income tax of the Group for the year ended 31 December 2014 and 2013 are calculated from the accounting profit and adjusted with revenues and expenses which are exempted from income tax or expenses not allowed by tax law.

Non - BOI business operations are subjected to corporate income tax at the rate of 20 per cent

BOI business operations are subjected to income tax according to the privileges which are granted (Note 28).

Corporate income taxes of the subsidiaries are calculated at the rate of 20 per cent of taxable profit

### 31. PROVIDENT FUND

The Company and its subsidiaries have set up a provident fund for their employees under the Provident Fund Act B.E. 2530 (1987) for the staff's welfare as well as security upon their resignation or retirement as defined by the Company's regulations, which is contributed by its employees and by the Company at the rate of 3-5% of salary. The Company has appointed the BT Asset Management Company Limited to act as the fund manager.

The Company and subsidiaries' contributions to the employee provident fund were recorded as expenses in the statements of comprehensive income for the years ended 31 December 2014 and 2013 as follows:-

(UNIT: MILLION BAHT)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Thanulux Public Company Limited	10.00	10.63	10.00	10.63
S. Apparel Co.,Ltd.	0.71	0.83	-	-
T- CHAMBER Co.,Ltd.	0.03	0.04	-	-
Celebrate Wealth Co.,Ltd.	0.33	0.32	-	-
Total	11.07	11.82	10.00	10.63

### 32. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

### 33. COMMITMENT AND CONTINGENT LIABILITIES

33.1 As of 31 December 2014 and 2013 the Group has commitments and contingent liabilities as follows :-

(UNIT : MILLION BAHT)

Commitments and contingent liabilities	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Bank guarantee with Customs Department	23.69	19.56	23.36	18.02
Bank guarantee for electricity	5.77	5.67	5.11	5.01
Bank guarantee for business operations	0.52	3.24	0.52	3.24
Loan guarantee for related companies	5.31	5.31	5.31	5.31

33.2 As of 31 December 2014 and 2013, the Company has 8 trademark contracts with respective owners for the manufacturing and distribution of garments and leather products under their trademarks. Both parties have mutual obligations to fulfill under these contracts whereby the Company must pay the royalty fees at the rate of 3.5 - 7.5 % of total sales (under the agreed contracts).

As of 1 January 2015, 1 trademark contract expired. As of the report date, the Company is in process of negotiating of the renewal with the trademark owner and a related company. However, the Management believes that the expiration and renewal of such contract will not affect the Company's operation.

As of 31 December 2014 and 2013, one subsidiary company has 1 trademark contract with respective owner whereby it must pay the royalty fee at the rate of 7 % of total sales (under the agreed contracts).

33.3 The Company has commitments relating to land and building lease agreements, whereby the Company must pay the monthly rentals in respect of the said contracts as follows :-

	(UNIT: BAHT)		
	Period	Lease term (years)	Monthly rental
Land lease right	2008 - 2018	10	45,000
Building lease right	2004 - 2021	17	6,560

33.4 As of 31 December 2013, the Company has commitment relating to software implement agreement of Baht 0.32 million (2014 : nil).

33.5 As of 31 December 2014, the Company has commitment relating to fixed asset purchase agreement of Baht 24.37 million (2013 : Baht 10.49 million)

33.6 As of 31 December 2014 and 2013, a subsidiary company has commitment relating to building lease agreement, whereby the subsidiary company must pay the rentals as follows:-

	(UNIT: MILLION BAHT)	
	2014	2013
Within 1 year	8.99	7.27
Second year and third year	7.14	12.23

#### 34. DIVIDEND PAYMENT, GENERAL RESERVE AND DIRECTORS' REMUNERATION

34.1 On 22 April 2014, the Company's Annual General Meeting of shareholders approved the following resolutions:-

- To pay dividends of Baht 0.95 per share, to the existing shareholders of 120 million shares which was paid on 16 May 2014 as follows:-
  - To pay dividends from BOI business operations of Kabinburi Project 4 according to the Promotional Certificate No. 1627(2)/2554 at Baht 0.18 per share (120 million shares) totaling Baht 21.60 million.
  - To pay dividends from BOI business operations of Lamphun Project 4 according to the Promotional Certificate No. 1628(2)/2554 at Baht 0.53 per share (120 million shares) totaling Baht 63.60 million.
  - To pay dividends from Non - BOI business operations at Baht 0.24 per share (120 million shares) totaling Baht 28.80 million, the amount of which corporate income tax was paid at 30 per cent.
- To pay the directors' remuneration not more than Baht 10 million.
- To appropriate net profit for general reserve in the amount of Baht 11 million.

34.2 On 23 April 2013, the Company's Annual General Meeting of shareholders approved the following resolutions:-

- To pay dividends of Baht 1.20 per share, to the existing shareholders of 120 million shares was paid on 17 May 2013 as follows :-
  - To pay dividends from BOI business operations of Kabinburi Project 4 according to the Promotional Certificate No. 1627(2)/2554 at Baht 0.16 per share (120 million shares) totaling Baht 19.20 million.
  - To pay dividends from BOI business operations of Lamphun Project 4 according to the Promotional Certificate No. 1628(2)/2554 at Baht 0.215 per share (120 million shares) totaling Baht 25.80 million.
  - To pay dividends from Non - BOI business operations the amount of which corporate income tax was paid at 30 per cent at Baht 0.825 per share (120 million shares) totaling Baht 99.00 million.
- To pay the directors' remuneration not more than Baht 10 million.
- To appropriate net profit for general reserve in the amount of Baht 15 million.

### 35. FINANCIAL INSTRUMENTS

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

#### 35.1 Accounting policies and procedure

See Note 5.

#### 35.2 Credit risk

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company.

The Company has concentration of risks as most of trade accounts receivable are related companies (note 6). However, the said customers have been associated continuously for many years and maintained good payment capability.

For other customers, the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at the statements of financial position date there was no other significant credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position

#### 35.3 Interest rate risk

Interest rate risk arises from the potential of a change in interest rates to have an effect on the operation of the Company in the current reporting period and in future years. The Group is confident that the risk can be managed because the Group has maintained plans and monitor the market situation closely.

Furthermore the Group has invested in debt securities, interest risk are depended on the fluctuation of prices of the debt securities due to the changes of interest rates. If the interest rate increased, the price of debt securities will be decreased and if the market interest rate decreased, the price of debt securities will increase.

#### 35.4 Risk from currency exchange

The Group's risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Group will make the forward exchange contract, in case the Baht currency is highly fluctuated and it is considered appropriate.

##### 35.4.1 Selling forward exchange contracts

The Group has entered into exchange forward contracts with a local commercial bank to hedge against risk in exchange rate fluctuation which might affect the Baht currency receivable from export trade accounts receivable which having the term not over one year.

As of 31 December 2014 :-

	Consolidated financial statements			Separate financial statements		
	Amount (Million)	Delivery will be made during	Exchange rates on delivery date (Currencies exchange to Baht)	Amount (Million)	Delivery will be made during	Exchange rates on delivery date (Currencies exchange to Baht)
Foreign currency						
USD	0.58	Mar. – Jun. 15	32.15-33.22	0.50	Mar. – Jun. 15	32.43-33.22
JPY	18.77	Mar. – Jun. 15	0.28-0.31	1.08	Jun. 15	0.28
EUR	0.33	Jun. 15	41.30-41.55	0.33	Jun. 15	41.30-41.55

As of 31 December 2013 :-

Foreign currency	Consolidated financial statements			Separate financial statements		
	Amount (Million)	Delivery will be made during	Exchange rates on delivery date (Currencies exchange to Baht)	Amount (Million)	Delivery will be made during	Exchange rates on delivery date (Currencies exchange to Baht)
USD	0.03	Jun. 14	32.54	0.03	Jun. 14	32.54
JPY	20.09	Jun. 14	0.31 – 0.32	-	-	-
EUR	0.10	May. 14	43.67	0.10	May. 14	43.67

### 35.4.2 Uncovered transactions

As of 31 December 2014 and 2013, the Group has outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging transaction as follows :-

(UNIT : MILLION)

	Consolidated financial statements				Separate financial statements			
	Foreign currencies		Converted to Baht		Foreign currencies		Converted to Baht	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Assets</b>								
USD	1.67	2.41	54.91	78.86	1.67	2.38	54.74	77.83
EUR	0.01	0.63	0.21	28.02	0.01	0.63	0.21	28.02
JPY	22.37	43.29	6.07	13.42	22.37	35.20	6.07	10.92
Total			61.19	120.30			61.02	116.77
<b>Liabilities</b>								
USD	1.03	0.40	34.07	13.29	1.02	0.38	33.81	12.64
EUR	0.31	0.40	12.23	18.03	0.29	0.39	11.80	17.56
JPY	47.29	18.00	13.07	5.68	39.22	8.67	10.85	2.74
Total			59.37	37.00			56.46	32.94

### 35.5 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

The following methods and assumptions were used by the Group in estimating fair value of financial instruments as disclosed herein:

- Cash and cash equivalents, current investments, accounts receivable - trade and short-term loans; the carrying values approximate their fair values.
- Investment in marketable securities; fair value is based on quoted market price. For investment in non-listed companies; fair value is based on net asset value of related security.
- Trade accounts payable; the carrying value approximates fair value.

### 36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's board of directors on 26 February 2015.



## Synopsis of Operations of the Company and Subsidiaries

(UNIT:THOUSAND BAHT)

Selected Data	2014	%	2013	%	2012	%
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
Revenue from sales	2,172,675	93.10	2,304,800	93.58	2,645,755	94.25
Other incomes	160,906	6.90	158,031	6.42	161,375	5.75
<b>Total revenues</b>	<b>2,333,581</b>	<b>100.00</b>	<b>2,462,831</b>	<b>100.00</b>	<b>2,807,130</b>	<b>100.00</b>
Cost of sales	1,553,401	*71.50	1,683,958	*73.06	1,875,550	*70.89
Selling and administrative expenses	572,977	24.55	565,300	22.95	588,163	20.95
<b>Total expenses</b>	<b>2,125,869</b>	<b>91.10</b>	<b>2,249,043</b>	<b>91.32</b>	<b>2,477,884</b>	<b>88.27</b>
EBITDA	262,771	11.26	271,450	11.02	382,205	13.62
Depreciation and amortization	55,050	2.36	57,636	2.34	52,944	1.89
Profit before finance costs and corporate income tax	207,721	8.90	213,814	8.68	329,260	11.73
<b>Net profit for the year attributable to owners of the parent company</b>	<b>208,108</b>	<b>8.92</b>	<b>207,261</b>	<b>8.42</b>	<b>294,767</b>	<b>10.50</b>
<b>STATEMENTS OF CASH FLOWS</b>						
Net cash received from operating activities	221,280	9.48	261,243	10.61	220,712	7.86
Net cash used in investing activities	(89,809)	(3.85)	(173,370)	(7.04)	(86,031)	(3.06)
Net cash used in financing activities	(114,477)	(4.91)	(143,997)	(5.85)	(76,734)	(2.73)
<b>Cash and cash equivalent increase(decrease)-net</b>	<b>16,994</b>	<b>0.73</b>	<b>(56,124)</b>	<b>(2.28)</b>	<b>57,947</b>	<b>2.06</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>						
Cash and cash equivalents	110,507	2.81	93,513	2.51	149,638	3.81
Short - term investments	698,987	17.80	617,091	16.58	438,046	11.17
Trade and other receivables	365,233	9.30	365,600	9.82	449,391	11.46
Inventories - net	346,705	8.83	345,538	9.29	421,704	10.75
Total current assets	1,604,240	40.85	1,553,657	41.75	1,594,009	40.64
Long - term investments	1,786,196	45.48	1,595,431	42.87	1,755,949	44.76
Property, plant and equipment - net	411,975	10.49	447,770	12.03	481,103	12.26
<b>TOTAL ASSETS</b>	<b>3,927,126</b>	<b>100.00</b>	<b>3,721,345</b>	<b>100.00</b>	<b>3,922,703</b>	<b>100.00</b>
Trade and other payables	274,183	6.98	234,655	6.31	294,956	7.52
Total current liabilities	283,736	7.23	242,813	6.52	328,237	8.37
Retirement benefit obligation	175,293	4.46	177,555	4.77	160,462	4.09
Deferred tax liabilities	159,991	4.07	145,081	3.90	183,191	4.67
Total non - current liabilities	336,618	8.57	323,684	8.70	344,286	8.78
<b>TOTAL LIABILITIES</b>	<b>620,354</b>	<b>15.80</b>	<b>566,497</b>	<b>15.22</b>	<b>672,523</b>	<b>17.14</b>
Registered share capital	120,000	3.06	120,000	3.22	120,000	3.06
Issued and paid - up share capital	120,000	3.06	120,000	3.22	120,000	3.06
Premium on ordinary shares	181,125	4.61	181,125	4.87	181,125	4.62
Other components of equity	626,958	15.96	565,858	15.21	719,937	18.35
Appropriated retained earnings	188,200	4.79	177,200	4.76	162,200	4.13
Unappropriated retained earnings	2,179,011	55.49	2,095,903	56.32	2,047,642	52.20
<b>EQUITY ATTRIBUTABLE TO PARENT COMPANY</b>	<b>3,295,294</b>	<b>83.91</b>	<b>3,140,087</b>	<b>84.38</b>	<b>3,230,904</b>	<b>82.36</b>
Non - controlling interests	11,477	0.29	14,761	0.40	19,276	0.49

Notes \* cost of sales / sales

EBITDA = Earning before interest, corporate income tax, depreciation and amortization

**Financial Ratios**  
**Thanulux Plc. and Subsidiaries**

<u>Description</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Liquidity Ratios</u></b>			
Current Ratio (times)	5.65	6.40	4.86
Quick Ratio (times)	4.04	4.30	3.06
Liquidity of Cash Flow from Operation (times)	0.84	0.91	0.69
Account Receivable Turnover (times)	6.02	5.69	6.29
Average Collection Period (days)	60	63	57
Inventory Turnover (times)	9.87	9.14	10.70
Average Inventory Turnover Period (days)	36	39	34
Account Payable Turnover (times)	12.03	12.36	13.40
Average Payment Period (days)	30	29	27
Cash Cycle (days)	66	73	64
<b><u>Profitability Ratios (%)</u></b>			
Gross Profit Margin	28.50	26.94	29.11
Operating Profit Margin	2.13	2.41	6.88
Non – Operating Income	6.90	6.42	5.75
Operating cash flows to operating profit	477.95	470.35	121.24
Net Profit Margin	8.92	8.42	10.50
Return on Equity	6.47	6.51	9.69
<b><u>Efficiency Ratios</u></b>			
Return on Total Assets (%)	5.44	5.42	7.98
Return on Fix Assets (%)	57.87	54.16	69.96
Total Assets Turnover (times)	0.61	0.64	0.76
<b><u>Financial Policy Ratios</u></b>			
Debt-Equity Ratio (times)	0.19	0.18	0.21
Time Interest Earned (times)	26,390.44	10,936.88	19,654.35
Leverage Ratio (cash basis) (times)	0.74	0.84	1.06
Dividend Payout (%)	49.01	55	48.85

# Management Discussion and Analysis

## 1) Performance of the Company and its Subsidiaries (called “the Group”)

### 1.1) Performance Analysis

In 2014, the Group generated a total of Baht 2,333.58 million in revenues, a decrease of 5.25 percent from 2013. Net profits from operations amounted to Baht 208.11 million, an increase of 0.41 percent from 2013. Affected by the political problems to the tourism industry and the confidence of consumers, including the high household debt burden is lead to reduced purchasing power. In addition the economic slowdown in the major partner countries and the depreciation of the euro and the yen compared with Thai Baht result in the group performance.

**Domestic sales.** In 2014, sales revenue amounted to Baht 1,425.74 million, a decrease of Baht 99.37 million from 2013 or 6.52 percent. Affected from the political problems in the country while customer had improved its inventory management system caused of the decrease in order.

**Foreign Sales.** In 2014, sales revenue amounted to Baht 746.93 million, a decrease of Baht 32.76 million or 4.20 percent from 2013 due to the slowdown of economic situations in our major partner countries as well as the depreciation of Euro and Yen softened sale volumes.

Unit : million Baht

Consolidated Financial	2014		2013		Change	
Sales Revenue	Amount	%	Amount	%	Increase(Decrease)	%
Domestic	1,425.74	65.62	1,525.11	66.17	(99.37)	(6.52)
Foreign	746.93	34.38	779.69	33.83	(32.76)	(4.20)
Total Sales Revenue	2,172.67	100.00	2,304.80	100.00	(132.13)	(5.73)

### 1.2) Performance for the Past Year

#### Total Revenue

The Group generated total revenues of Baht 2,333.58 million in 2014, a decrease of Baht 129.25 million or 5.25 percent from 2013 due to declining in sales revenue. Details are as follows:

Unit : million Baht

Consolidated Financial	2014		2013		Change	
Source of Revenue	Amount	%	Amount	%	Increase (Decrease)	%
- Sales	2,172.67	93.10	2,304.80	93.58	(132.13)	(5.73)
- Others	160.91	6.90	158.03	6.42	2.88	1.82
Total Revenue	2,333.58	100.0	2,462.83	100.0	(129.25)	(5.25)

#### Sales Revenue

The Group generated sales revenues in the amount of Baht 2,172.67 million in 2014, a decrease of Baht 132.13 million or 5.73 percent from 2013 due to the aforementioned reasons.

#### Other Revenues

The Group generated other revenues in the amount of Baht 160.91 million in 2014, an increase of Baht 2.88 million or 1.82 percent in 2013 from adjustment of retirement benefit obligation amount of Baht 11.67 million.

#### Cost of Goods Sold and Sales and Administrative Expenses

Unit : million Baht

Consolidated Financial Statement	2014		2013		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Sales Revenue	2,172.67	100.00	2,304.80	100.00	(132.13)	(5.73)
Cost of Goods Sold	1,553.40	71.50	1,683.96	73.06	(130.56)	(7.75)
Total Sales and Administrative	572.98	26.37	565.30	24.53	7.68	1.36
- Sales Expenses	98.27	4.52	92.18	4.00	6.09	6.60
- Administration Expenses	372.26	17.13	360.42	15.64	11.84	3.29
- Royalties	95.19	4.38	103.91	4.51	(8.72)	(8.39)
- Directors' Remuneration	7.26	0.33	8.79	0.38	(1.53)	(17.41)

**Cost of Goods Sold.** In 2014, the Group had 71.50 percent cost of goods sold compared 73.06 percent in 2013 due to increasing in efficient production cost control.

#### Sales and Administrative Expenses

The Group incurred Baht 572.98 million in sales and administrative expenses in 2014, an increase of Baht 7.68 million or 1.36 percent from 2013 due to increasing in “ERAWON” brand outlets, external promotional activities to boost sales and inventory management.

#### Profit

Unit : million Baht

Consolidated Financial Statement	2014		2013		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Sales Revenue	2,172.67	93.10	2,304.80	93.58	(132.13)	(5.73)
Other Revenues	160.91	6.90	158.03	6.42	2.88	1.82
Total Revenues	2,333.58	100.0	2,462.83	100.0	(129.25)	(5.25)
Sales Costs	1,553.40	*71.50	1,683.96	*73.06	(130.56)	(7.75)
Gross Profit	619.27	*28.50	620.84	*26.94	(1.57)	(0.25)
Sales and Administrative	572.98	24.55	565.30	22.95	7.68	1.36
Operating Profit	46.29	*2.13	55.54	*2.41	(9.25)	(16.6)
Income Tax	(3.16)	(0.14)	(11.04)	(0.45)	(7.88)	(71.3)
Earnings on Company Equity	208.11	8.92	207.26	8.42	0.85	0.41

\* Compared to Sales Revenue

#### Gross Profit

Gross profit in 2014 was Baht 619.27 million, a decrease of Baht 1.57 million or 0.25 percent from 2013 due to declining in sale volumes.

#### Operating Profit

Operating profit in 2014 was Baht 46.29 million, a decrease Baht 9.25 million or 16.65 percent from 2013 due to the declining of gross profit and increasing in sale & administrative expenses.

#### Earnings on Company Equity

Earnings on Company equity was Baht 208.11 million, an increase of Baht 0.85 million or 0.41 percent from 2013 due to saving from corporate income tax exempt of BOI promotion investment projects.

#### 1.3) Return on Equity

Return on equity in 2014 was 6.47 percent, while in 2013 was 6.51 percent. Pursuant to a resolution of Board of Directors Meeting No. 1/2558 on 26 February 2015, a decision was made to propose to the Ordinary Shareholders' Meeting which is to be held on 28 April 2015 to approve the dividends payment at the rate of Baht 0.85 per share, i.e. a total of Baht 102 million, from 2014 operation results ending on 31 December 2014 and from retained earnings, as follows:

- Dividend payout from BOI activities in the Kabinburi 4 Project, Investment Promotion Certificate No. 1627(2)/2554, at the rate of Baht 0.30 per share for 120 million shares, or a total of Baht 36.0 million.
- Dividend payout from BOI activities in the Lamphun 4 Project, Investment Promotion Certificate No. 1628(2)/2554, at the rate of Baht 0.55 per share for 120 million shares, or a total of Baht 66.0 million.

As regards dividend payouts from the above BOI activities which had corporate tax exempt, individual shareholders are not entitled to tax credits on dividends under section 47 bis of the Revenue Code.

## 2) Financial Standing

### 2.1) Assets

#### Composition of Assets

Table of Financial Standing as at 31 December

Unit : million Baht

Statement of Financial Standing	2014		2013		Change: Increase (Decrease)
	Amount	%	Amount	%	
Cash and Cash Equivalents	110.51	2.81	93.51	2.51	17.00
Short-Term Investments	698.99	17.80	617.09	16.58	81.90
Trade Account receivables and	365.23	9.30	365.60	9.82	(0.37)
Net Inventories	346.70	8.83	345.54	9.29	1.16
Other Current Assets	82.81	2.11	131.92	3.54	(49.11)
<b>Total Current Assets</b>	<b>1,604.24</b>	<b>40.85</b>	<b>1,553.66</b>	<b>41.75</b>	<b>50.58</b>
Long-Term Investments	1,786.20	45.48	1,595.43	42.87	190.77
Net property, plant and	411.98	10.49	447.77	12.03	(35.79)
Other Non-Current Assets	124.71	3.18	124.49	3.35	0.22
<b>Total Assets</b>	<b>3,927.13</b>	<b>100.00</b>	<b>3,721.35</b>	<b>100.00</b>	<b>205.78</b>

In 2014, the Group total asset value was Baht 3,927.13 million, an increase of Baht 205.78 million from 2013. Most of this change was attributed to the increase in short-term and long-term investment.

Total assets comprised of 40.85% current, 45.48% long-term investments, 10.49% property, plant and equipment and 3.18% other non-current assets.

#### Asset Quality

##### Trade Account Receivables

Trade account receivables before deductions allowances for bad debts and allowances for sales returns amounted to Baht 358.93 million, decreased from last year of Baht 3.45 million. These Trade account receivables comprised of related companies of Baht 250.50 million or 69.79 percent and others amount of Baht 108.43 million or 30.21 percent (in 2013 account receivables from related companies amount of Baht 195.54 million or 53.96 percent and others amount of Baht 166.84 million or 46.04 percent).

Related company account receivables of Baht 250.50 million divided into Baht 232.66 million of undue, or 92.87 percent (in 2013 amount of Baht 190.83 million or 97.59 percent), past due less than 3 months of Baht 15.14 million or 6.05 percent (in 2013 amount of Baht 4.52 million or 2.31 percent), and Baht 2.70 million for over 3 months to 6 months, or 1.08 percent (in 2013 amount of Baht 0.19 million or 0.10 percent). There is no risk involved in debt collection as these account receivables are longstanding customers that have continuously conducted trade with the Group over a substantial period with good credit ratings.

Other account receivables in the amount of Baht 108.43 million may be divided into undue debts in the amount of Baht 84.42 million, or 77.86 percent (in 2013 amount of Baht 132.78 million or 79.59 percent), not more than 3 months in the amount of Baht 21.18 million, or 19.54 percent (in 2013 of Baht 27.96 million or 16.76 percent), over 3 months to 6 months of Baht 1.67 million, or 1.54 percent (in 2013 of Baht 6.0 million or 3.60 percent), and more than 6 months in the amount of Baht 1.15 million, or 1.06 percent. (in 2013 of Baht 0.09 million or 0.05 percent) The Group set aside as allowances for potential doubtful debts in the amount of Baht 1.15 million.

##### Inventories

The Group regularly manages inventories to ensure that appropriate levels are maintained and that market demands are met.

**Long-Term Investments** (See Notes 14-17 to the Financial Statements for Further Information) comprise

Available-for-sale Securities: investments in listed securities. These investments are indicated in the Financial Statement at their fair value in the amount of Baht 1,215.99 million for 2014, and Baht 1,152.11 million for 2013. In 2014 there were Baht 12.31 million in equities instruments investment and Baht 16.74 million in debt instruments disposal and an unrealized gain from change in value of securities in 2014 in the amount of Baht 68.31 million, an increase of Baht 260.91 million from 2013. This has been stated in other comprehensive income statement in the amount of Baht 54.65 million (net income tax).

General Investments: investments in non-listed capital instruments. These investments are stated at cost net of allowance

for loss on diminution in value. The amount remained Baht 379.20 million in 2014 and Baht 362.32 million in 2013. In 2014, an increase of Baht 16.63 million investment, and a disposal of Baht 8.77 million investment, Baht 8.5 million reversal of allowance for impairment due to the divestment, net Baht 0.52 million gains on impairment of investment.

Investments in Debt Instrument held to Maturity. These investments are shown at their amortized costs. The debt instruments comprised unsecured and unsubordinated debentures with a credit rating of BBB+ or higher (except secured and subordinated debenture of Toyota Leasing (Thailand) Co., Ltd. amount of Baht 10 million). Interests paid every 3 months and 6 months from the date of issue. Interest rates vary between 3.78 – 5.20 percent per annum. (2013 Interest rates between 3.36 – 6.00 percent per annum) Debt instruments were Baht 154.0 million in 2014 and Baht 74.0 million in 2013. In 2014 there were debt instruments Baht 110.0 million increasing and transferring the debt instruments due within 1 year to short-term investment amount of Baht 30 million.

Other Long-Term Investments: fixed deposits with a maturity period of over 1 year with a secure domestic financial institution bearing interests between 3.15 – 3.50 percent per annum. (2013 Interest rates varied between 3.25 – 3.50 percent per annum). The amount remained Baht 37.0 million in 2014 and Baht 7.0 million in 2013. In 2014 there was Baht 37.0 million increase and transfer amount due within 1 year to short-term investment amount of Baht 7.0 million.

The Group received a return from the aforementioned investments at a rate which was higher than the interest of fixed deposits at 5 major commercial banks. In addition, the Group benefits from the investment in supply chain enhancing raw material security as consequence of optimum financial benefits.

#### **Property, Plant and Equipment**

Land shown in the Financial Statements constitute assets that have been acquired by the Group for over a long period. Current market prices of such land greatly exceed the values stated in the Financial Statement. All machineries and equipment, on the other hand, are efficient and technologically advanced.

Redundant assets have already been disposed from the accounts by the Group.

In 2014 the Group acquired additional fixed assets Baht 15.22 million in which were machines to boost production efficiency and environment protection, computer investment to boost production and selling management efficiency.

## **2.2) Liquidity**

### **Cash Flow Composition**

The Group's net cash flow from operation activities in 2014 amounted to Baht 221.28 million, a decrease of Baht 39.96 million from 2013. This change was attributed to declining in profit from operation before changes in operating assets and liabilities. In addition with undue trade account receivables and raw materials arrangement for customers' order handling in the beginning 2015 causing to raw materials and increase in trade payables in the end 2014.

Cash flow applied to investment activities in 2014 amounted to Baht 89.81 million, a decrease of Baht 83.56 million from 2013. This change was attributed to invest in Investment Property, renovations the workplace, SAP license to develop operating efficiency, software upgrades in 2013 and declining in equity instruments investment in 2014.

Cash flow used in financing activities in 2014 amount of Baht 114.48 million, a decrease of Baht 29.52 million from 2013. This change was attributed to the dividend payout for 2013 operations and retained earnings at the rate of Baht 0.95 per share, a total of Baht 114.00 million, in 2013, the Company paid the dividends from 2012 operations and retained earnings at the rate of Baht 1.20 per share, or a total of Baht 144.0 million and bank overdrafts (OD) payment Baht 0.48 million.

The Group net cash position from the aforesaid activities increased by Baht 16.99 million. When combined with cash on the initial date of the accounting period in the amount of Baht 93.51 million, the outstanding cash at the end of the period Baht 110.51 million.

### Comparative Cash Flow Table for 2014-2013

Unit : million Baht

Consolidated Cash Flow Statement	Year Ending 31 December 2014	Year Ending 31 December 2013	Change: Increase (Decrease)
Operating Cash Flow	221.28	261.24	(39.96)
Investment Cash Flow	(89.81)	(173.37)	(83.56)
Financing Cash Flow	(114.48)	(144.00)	(29.52)
Net Cash Flow	16.99	(56.12)	73.11
Cash at beginning of period	93.51	149.64	(56.13)
Cash at ending of period	110.51	93.51	17.00

## Liquidity Sufficiency

	2014	2013	2012
Liquidity Ratio (times)	5.65	6.40	4.86
Quick Ratio (times)	4.04	4.30	3.06
Cash Flow Liquidity Ratio (times)	0.84	0.91	0.69
Cash Increase from Operations (million Baht)	221.28	261.24	220.71

From the above financial ratios and continued cash increase from operation, it is apparent that the Group has sufficient liquidity for its business operations. There is no need to incur debts for business expansion, investments, or dividend payments to shareholders.

The Company pursues a policy to manage its excess liquidity through investments in securities, capital instruments and/or debt instruments and/or open-ended funds listed in the Stock Exchange of Thailand, which are secure and offer good returns. The Company also invests in businesses which are complementary to its principal business in order to improve competitiveness. Moreover, the Company seeks to repay its creditors within a shorter period to obtain benefits in the form of cash discounts.

### 2.3) Significant Investment Expenditures

The Group made Investment in machinery for improving production efficiency and environmental protection and information technology system both in hardware and software for increasing the production and selling management efficiency.

All the aforesaid investments were made from the company operating cash flow.

### 2.4) Source of Fund

#### Comparative Table of Financial Standing as at 31 December

Unit : million Baht

Liabilities and Shareholders' Equity	2014	%	2013	%	Change: Increase (Decrease)
Trade Creditors and Other Creditors	274.18	6.98	234.65	6.31	39.53
Total Current Liabilities	283.74	7.23	242.81	6.52	40.93
Retirement Benefit Obligation	175.29	4.46	177.55	4.77	(2.26)
Deferred Tax Liabilities	159.99	4.07	145.08	3.90	14.91
Total Non-Current Liabilities	336.62	8.57	323.68	8.70	12.94
<b>Total Liabilities</b>	<b>620.35</b>	<b>15.80</b>	<b>566.50</b>	<b>15.22</b>	<b>53.85</b>
Issued and Fully Paid-Up Capital	120.00	3.06	120.00	3.22	0.00
Premium on Ordinary Share	181.13	4.61	181.13	4.87	0.00
Other Component of Equity	626.96	15.96	565.86	15.21	61.10
Allocated Retained Earnings	188.20	4.79	177.20	4.76	11.00
Unallocated Retained Earnings	2,179.01	55.49	2,095.90	56.32	83.11
<b>Company Equity</b>	<b>3,295.29</b>	<b>83.91</b>	<b>3,140.09</b>	<b>84.38</b>	<b>155.20</b>
Non-Controlling Interests	11.48	0.29	14.76	0.40	(3.28)
<b>Total Liability and Shareholders'</b>	<b>3,927.13</b>	<b>100.00</b>	<b>3,721.35</b>	<b>100.00</b>	<b>205.78</b>

### Operating and Investment funding of the Group mostly from Equities and Retained Earnings

#### Capital Structure

Capital structure comprises of Baht 620.35 million of liabilities, Baht 3,295.26 million of Equities and Baht 11.48 million of Non-controlling interests. The Group had a debt to equity ratio of 0.19, close to 0.18 in the previous year. This shows that the Group had maintained a solid financial structure.

#### Liabilities

The company's had total liabilities in the amount of Baht 620.35 million, an increase of Baht 53.85 million from 2013. The change was attributed to the increase in trade creditors and other creditors. In addition, deferred tax liabilities increased as a consequence of the unrealized gains from the revaluation of available-for-sale securities pursuant to market conditions.

## Equity

The company equity value was Baht 3,295.29 million, an increase of Baht 155.20 million from 2013. This change was attributed to the increase of Baht 83.11 million of Unallocated Retained Earnings, Baht 54.65 million of Unrealized gain on revaluation of available-for-sale investment (net income tax), Baht 6.45 million of actuarial gain (net income tax) and Baht 11.0 million of general reserve incrementally.

### Factors or incidents which had affected to Group Financial Standing and Performance in future

- 1) Unrecovered Domestic economic causing consumption cautiously.
- 2) Business partners countries' exchange rate fluctuation effecting the Group revenue and profit.

### 3) Auditor expenses

#### Audit fee

The Company and its subsidiaries paid an audit fee to the Audit Office of the Auditor's affiliation for the year 2014 in the amount of Baht 1,350,000 (for the year 2013 in the amount of Baht 1,306,500) the details as follow :

Items	Company Name	Audit Fee
1	Thanulux Public Company Limited	909,000
2	S. Apparel Company Limited	213,000
3	Celebrate Wealth Company Limited	142,000
4	T-Chamber Company Limited	86,000
Total Audit Fee		1,350,000

#### Non-Audit Fee

The Company and subsidiaries paid fees for other services, namely reviews of compliance with contracts on the calculation of royalties and compliance with the terms of investment promotion, to the Audit Office of the Auditor's affiliation for the year 2014 in the amount of Baht 101,000 as same as the year 2013 the details as follow :

Items	Company Name	Type of service	Non-Audit Fee
1	Thanulux Public Company Limited	Review of compliance with contractual obligations on the calculation of copyright royalties.	41,000
2	Thanulux Public Company Limited	Review of compliance with investment promotion Certificate conditions	60,000
Total Non-Audit Fee			101,000



# รายงานความรับผิดชอบต่อสังคม

## Corporate Social Responsibility Report



บริษัท ธนูลักษณ์ จำกัด (มหาชน)

THANULUX PUBLIC COMPANY LIMITED

## Reporting Information

Thanulux Public Company Limited: TNL has prepared this Corporate Social Responsibility Report (CSR Report) as a statement of its intent to administer its operations with a view to achieving sustainable growth. The report incorporates significant operations with respect to the society, communities and environment, with references to the Integrated CSR Reporting Framework prepared by the Thaipat Institute for use as a guideline by listed companies in preparing a CSR Report in line with international standards.

The Company has identified important sustainable issues and assessed the importance of issues related to targets and the Company operations. The scope of this report shows important operations relating to the society, communities and the environment during the accounting year between 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014. The report covers the operations of the Company as well as all 3 factory branches in Lamphun, Kabinbury and Bang Phli.

The Company has participated in the Listed Companies Development Campaign for CSR Report in collaboration with the Thaipat Institute to show that the Company has a policy to undertake its businesses with due regard for its responsibilities towards the society, environment and stakeholders, as well as for sustainable growth of the Company, including the economic, social and environmental systems as a whole.

The Company intends to prepare a CSR Report every year. The Company as intends to develop systems and procedures for regular data collection to ensure utmost clarity and completeness of practices and processes for data collection, which in turn would enable continual communications of performance results relating to corporate social responsibility to stakeholders. This report, which has been included in the Annual Report, may also be downloaded from the Company website or by contacting the Company as stated below.

For further information, please contact:

Company Secretary and Investor Relations

E-mail : [supachoke@thanulux.com](mailto:supachoke@thanulux.com)

Thanulux Public Company Limited

129/1 Chongnonthri Road, Chongnonthri,

Yannawa, Bangkok 10120

Telephone: 0-2295-0911

Facsimile: 0-2294-5101

Website: [www.thanulux.com](http://www.thanulux.com)

## Message from the Managing Director

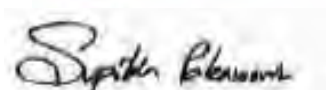
From past till present, Thanulux Public Company Limited has always attached utmost importance to the implementation of governance system based on the principles of ethics, fairness, integrity, honesty and transparency, with due consideration for social and environmental impacts. The Company regards as its mission and has prescribed as policies, good corporate governance, business ethics and codes of conduct for employees, which provide clear guidelines for both executive officers and employees.

Pursuant to the policies of social and environmental responsibilities, the Company has implemented social projects, including continuous participation in various social benefit activities, e.g. sponsorship of the Phradabos Foundation. In 2014, the Company launched the “2<sup>nd</sup> Joyful Giving to the Phradabos Foundation” Project. The objective of this project was to publicize the Phradabos Foundation to customers and the general public, and to provide an opportunity to participate in this sponsorship programme by purchasing the Company’s products carrying the brands ARROW, Guy Laroche and DAKS. The Company, in this regard, aims to donate a portion of the sales revenues to Phadabos Foundation in aid of those who are deprived of educational opportunities due to limited financial resources so as to equip them with knowledge for engaging in professions to support themselves, their families, society and the nation.

The Company has participated in the environmental footprint labeling campaign launched by the Thailand Textile Institute. This project involves the assessment of environmental impact caused by various processes throughout the entire supply chain of the product, i.e. the procurement of raw materials, the manufacturing process, delivery of products to customers, utilization and ultimate disposal of waste. These assessment data are subsequently applied to the development of even environmentally friendlier textile products.

In 2015, the Company plans to implement the ISO 14001 standard as the principle tool for environmental management. The Company also intends to participate in the project for the promotion of factory competence for sustainable environment and social responsibility development, i.e. the Corporate Social Responsibility Project, the Department of Industrial Works (CSR-DIW).

On behalf of Thanulux Public Company Limited, I am pleased of our role in advancing and promoting social and environmental responsibility operations, as well as the encouragement of all employees, including consumers, society, communities and other stakeholders, to uphold a conscience and contribute to social and environmental responsibility programmes, thus providing a further drive towards sustainable development.



(Mr. Supotch Pakaworawuth)  
Managing Director

# Sustainable Business

## CSR Management

Thanulux Public Company Limited recognizes that the key to sustainable business operations is to join and collaborate each other between the company society and the community. So The Company has business policy operates with virtue and ethics under the principles of good governance and to focus on social responsibility, community and environmental by principle.

1. Operation which does not affect the damage of natural resources and the environment by complying with the various laws.
2. Instilling and promoting employee the awareness about social responsibility and community occurring constantly.
3. Support the beneficial activities to society and the community.

Hence, the Company has a policy of operating its businesses based on the principles of fairness and ethics pursuant to good governance principles. These policies are stated in the Company's corporate governance principles. Business operations are undertaken with due regard for the duties and responsibilities towards the nation, society, communities, the environment, including local traditions. In order to ensure that employees have knowledge, understanding and a built-in conscience on corporate social responsibility (CSR), executive officers and supervisors from each line have been invited to lectures on CSR Engagement and CSR Day events, conducted by Khun Rungthip Penpant (Thaipat Institute) on Thursday, 20<sup>th</sup> November 2014 between 13.30 – 16.30 hours.

### Connecting the Needs and Participation of Various Stakeholders

The Company has prescribed policies and practice guidelines relating to its roles in regard to all stakeholders in the Good Corporate Governance Handbook and Business Code of Conduct. Responsibilities towards all stakeholder groups have been accounted for, i.e. treatment of shareholders, customers, trading partners, business competitors, creditors, state agencies, employees, communities, society and the environment, as well as the significance attached to health and safety. The Company requires the management to file regular reports on the treatment of stakeholders and monitor suggestions for further improvement. The Company also recognizes the significance of the rights of all stakeholder groups, which includes the avoidance of any act which would violate the rights of those stakeholders. A summary is provided below.

Stakeholder	Expectations	Process Applied	Guidelines	Outcome
1. Shareholder	<ul style="list-style-type: none"> <li>- Returns on investment and organisational growth</li> <li>- Transparent and accountable business operations</li> </ul>	<ul style="list-style-type: none"> <li>- Grant of fundamental rights as provided by law and in accordance with the Company Articles.</li> </ul>	<ul style="list-style-type: none"> <li>- Right to attend shareholders' meetings and vote; right to freely express opinions in shareholders' meetings.</li> <li>- Right to receive a fair return on investment.</li> <li>- Right of shareholder to make inquiries and make suggestions.</li> <li>- Commitment to business operations pursuant to good corporate governance principles and reliability.</li> <li>- Sufficient, reliable and timely disclosure of significant information.</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to make regular dividend payments.</li> <li>- Received a corporate governance rating of "very good" under the Listed Companies Corporate Governance Survey 2014.</li> <li>- Receiving an assessment rating "outstanding" for AGM quality of listed companies by the Thai Investors Association for 2014.</li> </ul>
2. Consumers	<ul style="list-style-type: none"> <li>- Consumer satisfaction and confidence.</li> <li>- Sale of products which are safe for consumers and environmentally friendly.</li> <li>- Innovations which add value to products and services.</li> </ul>	<ul style="list-style-type: none"> <li>- Consumer satisfaction survey.</li> <li>- Complaints filed with customer relations.</li> </ul>	<ul style="list-style-type: none"> <li>- Product innovations for consumer safety.</li> <li>- Control of the manufacturing process in accordance with standards.</li> <li>- Research and development of quality raw materials.</li> <li>- Increase of channels for accessing information by attaching environmental footprint labels.</li> </ul>	<ul style="list-style-type: none"> <li>- Various innovations, e.g. Smart Fabric certification and intelligent fabric under the anti-bacteria category.</li> <li>- Certification of "cool innovation" for the brand Guy Laroche from the Thai Textile Institute.</li> <li>- Accreditation for developing environmentally friendly products; environmental footprint label.</li> </ul>

Stakeholder	Expectations	Process Applied	Guidelines	Outcome
3. Customers	<ul style="list-style-type: none"> <li>- Satisfaction in the quality of products and services.</li> <li>- Environmentally-friendly manufacturing process.</li> </ul>	<ul style="list-style-type: none"> <li>- Introducing new forms of products.</li> <li>- Customer satisfaction survey.</li> <li>- CSR projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Development of products and services in accordance with customer needs.</li> <li>- Building a network in the manufacturing process which is environmentally friendly.</li> <li>- Manufacturing of products which meet the deadline of customer demands.</li> </ul>	<ul style="list-style-type: none"> <li>- Manufacture of quality products and securing the longstanding trust of customers.</li> <li>- Customer satisfaction of products and services by over 90% from a customer satisfaction survey under ISO 9001 in the year 2014.</li> </ul>
4. Business Partners	<ul style="list-style-type: none"> <li>- Just and transparent business conduct.</li> <li>- Advice giving and knowledge exchange.</li> <li>- Trading partners, service providers and distributors are key business partners of the Company who are capable of applying environmental management guidelines as a standard for other stages of the business chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge exchange meetings.</li> <li>- Joint development and learning.</li> </ul>	<ul style="list-style-type: none"> <li>- Selection of business partners on a non-discriminatory basis, based on business stability and creditability of the business partner.</li> <li>- The Company selects business partners who operate businesses in compliance with the law, meets safety and vocational hygiene standards, as well as undertake environmentally friendly operations.</li> <li>- Policy to build business alliances with business partners.</li> <li>- Fair trade agreements for mutual trade.</li> <li>- Development of business partners to enable co-undertakings of businesses.</li> </ul>	<ul style="list-style-type: none"> <li>- Selection and assessment of suppliers have become fair and transparent.</li> <li>- Activities for mutual exchanges and learning together.</li> <li>- Joint development and search for replacement raw materials with lower costs and the ability to control the quality of raw materials.</li> </ul>
5. Trade Competitors	<ul style="list-style-type: none"> <li>- Free competition.</li> <li>- Fair marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>- Actions in accordance with the Business Code of Conduct.</li> <li>- Remaining within the limits of the law.</li> </ul>	<ul style="list-style-type: none"> <li>- Fair treatment of trade competitors.</li> <li>- Not use dishonest means to obtain information on business competitors.</li> <li>- No infringement of intellectual property or trade secrets.</li> <li>- Not ruin the reputation of trade competitors by making damaging allegations.</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct of business in a transparent manner under fair trade and competition.</li> </ul>
6. State Sector	<ul style="list-style-type: none"> <li>- Just and transparent contact and coordination.</li> <li>- Giving advice and learning exchanges.</li> <li>- Tax privileges.</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with anti-corruption policies.</li> <li>- Compliance with investment promotion policies.</li> </ul>	<ul style="list-style-type: none"> <li>- Avoidance of business activities which could prejudice a transaction done with the state sector.</li> <li>- Regular coordination and information exchanges with state agencies within suitable parameters and based on the foundation of transparency.</li> <li>- Operations in compliance with applicable laws to ensure proper and appropriate actions of employees.</li> </ul>	<ul style="list-style-type: none"> <li>- Lawful and appropriate operations.</li> <li>- Transparent business conduct.</li> <li>- Able to build good relations with the state sector.</li> <li>- Enjoyment of tax privileges.</li> </ul>

Stakeholder	Expectations	Process Applied	Guidelines	Outcome
6. State Sector (cont.)			<ul style="list-style-type: none"> <li>- Fostering long-term relationships with state agencies.</li> <li>- Technical cooperation with other government agencies and sponsorship of various activities.</li> </ul>	
7. Employees and Families	<ul style="list-style-type: none"> <li>- Welfare benefits and remuneration.</li> <li>- Security and advancement.</li> <li>- Quality of life.</li> <li>- Knowledge and skill development.</li> </ul>	<ul style="list-style-type: none"> <li>- Employee satisfaction survey.</li> <li>- Welfare Committee meeting.</li> <li>- Processing of complaints.</li> </ul>	<ul style="list-style-type: none"> <li>- Application of humanitarian principles and fair labour treatment.</li> <li>- Upgrading the quality of lives of employees through the application of the Happy Workplace Principle.</li> <li>- Development of knowledge and skills of employees in terms of "hard skills" and "soft skills".</li> <li>- Grant of scholarships to the children of employees.</li> <li>- Organisation of activities to promote employee happiness, e.g. the 40<sup>th</sup> Anniversary of the Company, Celebration of His Majesty the King's Birthday on 5<sup>th</sup> December, and new year party.</li> <li>- Healthcare of employees by provision of free annual medical examination.</li> </ul>	<ul style="list-style-type: none"> <li>- Accreditation of "Standard for Prevention and Remedy of Drug Problems at the Workplace"</li> <li>- Received an award for Outstanding Workplace on Labour Relations and Welfare for the year 2014 from the Director-General of the Department of Labour Protection and Welfare.</li> <li>- Ability to retain knowledgeable and skillful persons with working experience in the Company for over long periods.</li> <li>- Ability to accept quality employees who are scholarship recipients to intern or work upon completion of studies.</li> </ul>
8. Communities, Society and Environment	<ul style="list-style-type: none"> <li>- Promotion of occupations and income generation for members of communities.</li> <li>- Care for the society and environment surrounding communities.</li> <li>- Sponsorship of community activities.</li> <li>- Development of infant and school youths in communities.</li> </ul>	<ul style="list-style-type: none"> <li>- Surveys and opinion taking of members of communities.</li> <li>- Events to meet members of communities/schools.</li> </ul>	<ul style="list-style-type: none"> <li>- Setting up of a box for receiving complaints relating to the impact of Company operations on the Company website as well as an email address and telephone number.</li> <li>- Meals provided to children and rice and necessities given to pre-school child care centre.</li> <li>- Financial grant for renovation of a pre-school child care centre.</li> </ul>	<ul style="list-style-type: none"> <li>- Upon receipt of a complaint relating to environmental impact, the Company was able to implement remedial action expeditiously and timely.</li> <li>- Able to accept job applications from residents surrounding the Company due to convenience of travel to work.</li> <li>- Parents of children in the communities are able to generate income without the need of concern for children entrusted to the care of the pre-school child care centre.</li> </ul>

### Good Corporate Governance

The Board of Directors of Thanulux Public Company Limited attaches significance and is committed to business conduct on the foundations of good corporate governance principles. The Stock Exchange of Thailand's rules and regulations of the Securities and Exchange Commission of Thailand and the Capital Market Supervisory Board have been applied to achieve enhancements of the organisation governance efficiency, integrity, honesty and transparency, fairness and responsibility. The Company pays due regard to the rights of all stakeholders in a comprehensive and appropriate manner consistent with circumstances, built on the foundations of sufficiency economy. Further details on the Company's governance have been disclosed under the heading "Corporate Governance".

## Economically Sustainable Business Operations

### Capabilities in business operations on fair.

The company recognizes and respects the rights of various groups of stakeholders, such as shareholders, customers, partners, competitors, creditors, employees with regard to legal rights, or an agreement with the company to ensure that these rights are protected and treated fairly and equally by policy and guidelines, such as:

1. Respects the rights of shareholders and treat them equally and fairly.
2. Manufacture procedure, distribute and service must be secure to the consumer and the environment.
3. Operation with integrity, fairness and not commits any violation of the rights of clients, keep commercial secret with confidentiality.
4. Having the selection system for the partners in the supply chain which business operations comply with the law, occupational safety and health standards, friendly to the environment, and also compete with them fairly, respect to each other, and kept their information confidential by not available to their own benefit without legal.
5. Comply with the rules of fair competition with regard to business ethics and competition law in various countries that the company have business.
6. Do not destroy the reputation of competitors.
7. All groups of creditors must be treated equally fairly and strictly in accordance with the contract or conditions that have been agreed.
8. Treat employees with respectful for the human dignity and the fundamental rights in the workplace as well as promote parity in employment. It must not have any discriminate with gender, race, religion, age, disability or any other status that is not directly related to operations.
9. Do not conduct any business that makes social decline and not violate the rights of others who live in the community and society.
10. Generate revenue and promote community economic by supported employment and community products and also establish relationships to occur between the company, community and society base on the integrity, transparency and fairness.
11. Operate the business in accordance with laws, regulations, and environmental policy with regard to the impact on natural resources and the environment. Having reviewed and evaluated the operation regularly.
12. Creating corporate culture and conscience to employees will make cooperation and responsibility in environmental management and the resources efficiently and sustainably.

### Promotion of Social Responsibility in the Business Chain

Procurement is an important process in the management of costs and product quality for the greatest benefit of the Company. Thus, rules governing the assessment and selection of business partners have been prescribed which includes examinations and monitors of performances pursuant to an Approved Vendor List system in accordance with ISO 9001 standards. The Company has assessed and selected business partners on an equitable basis, premised on the principle of business security and credibility of the business partner concerned, as well as their ability to meet the demands of the Company. A Vendor List has been formulated to screen vendors who possess the competence to enter into transactions with the Company.

The Company has prescribed mandatory policies under the guideline for sustained development and the commitment to operate businesses equitably under the principles of good corporate governance. These policies are applied as mechanisms and strategies for developing the management of the Company's supply chain to create a link between each operational sector, hence leading to sustained effective operations.

## Consumer Responsibility

The Company realizes that customer satisfaction and confidence are key factors of sustained success. Thus, the following policies and guidelines have been prescribed:

1. Manufacturing and distribution of goods and services must be safe for consumers and friendly to the environment.
2. Businesses are operated based on commitment, development of products and services, development of new innovations to continually add value to products and services in response to customer needs. Furthermore, information which is essential to decision-making is fully disclosed with no distortion of facts.
3. Businesses are operated based on the values of integrity, honesty and fairness. No actions are taken which would infringe the rights of customers. Customer trade secrets are guarded and not wrongfully utilized for one's own benefit or for the benefit of related persons.
4. To not demand, receive or accept properties or other benefits dishonestly from a customer, whether directly or indirectly.
5. To conform to trade agreements. In the event where conformity is not possible, the customer shall be notified in advance in order to jointly arrive at a remedial solution and prevent damages.
6. To provide communication channels for customers to file complaints on the Company. Complaints are processed with care and dealt with fairly.



# Socially Sustainable Business Operations

## 1. Anti-Corruption

The working philosophy of Dr. Thiem Chokwatana, founder of the Saha Group, focuses on work under the principles of integrity, honesty and fairness. These principles have been instilled as Company values, where employees and executive officers are discouraged from committing a dishonest act, give or receive bribes in order to acquire benefits for the Company. These values are stated in the Company's Good Governance Principles, Business Ethics and Employee Code of Conduct. Hence, in conformity to these values, as well as to comply with the intents and responsibilities towards society as a whole, on 19<sup>th</sup>



February 2014, the Board of Directors approved the signing of a Declaration of the Private Sector Collective Action Coalition against Corruption. Further developments are achieved through basic training of 79 work supervisors on topics related to anti-corruption.

### Anti-Corruption Policy

Board of Directors Meeting No. 1/2558 on 26<sup>th</sup> February 2015 approved an anti-corruption policy which directs the Company to comply with anti-corruption laws. Company Directors, Executive Officers and employees are prohibited from, directly or indirectly, accepting or sponsoring all forms of corruption. The following written guidelines have been provided:

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for oneself or others.
4. Setting the system to report financial status transparently and accurately, providing and efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

The Company support the good corporate governance principles. There was a channel for the staff and external parties to file information relating to their complaints. any works against the law or business ethic, any doubt about finance accounting or internal control system via a specified e-mail address. Additionally there was also a complaint handling system (Whistle Blower) through a designated postbox and complaints box on the company website ([www.thanulux.com](http://www.thanulux.com)). In 2014, no corruption-related complaints were filed.

Meanwhile, the company has understanding the meaning of the entertainment of party or gifts that is considered practical traditions to maintain relationships between each other. These must be treated as appropriate by defining the best practices in such matters as follows:

1. Do not accept gifts or gift Entertainment, which can cause influence decisions that may cause either. If necessary, to get presents or presents entertainment from the traditions are worth more than normal. That must be report to supervisors with respectively.
2. In the cases assigned or have permission from a supervisor to assist an outside agency may have to receive money or a presents.
3. In the case of representative, partnership or any other parties preferred to give a presents or a favors on behalf of the company must be approved from the company first.
4. The expenses must be in the appropriate budget.

## 2. To respect the human rights

The Company respect for human rights by defining the policies and guidelines as follows:

1. Do not commit or support any activities that violate to the human rights.

2. Express the knowledge and understanding of the human rights to employees to apply to be a part of the operation during a duty.
3. It must not have any discriminate with gender, race, religion, age disability or any avoid comments that might cause a conflict and schism.
4. The company is made a communication channel center for the employees to squeal or whist blower by ensuring that they got a protected.

In addition, the company has policies and practices to respect for the rights of stakeholders about the company's status. The company also respects the status of shareholders, customers, suppliers, competitors, creditors, as well as social and community environment.

### **3. The fairness of labor performance**

All Company employees are valuable assets and form the key element which drives the business to success. The Company therefore treats employees in accordance with good governance principles as well as prescribes policies and practices in line with the following business ethics:

1. Respect to the employee with the human dignity and fundamental rights. The company will not transmit any personal information of the employee to the third party and unrelated.
2. Treat the employee by under the law and regulation regarding the operation of the company.
3. The company is giving the equality to every employment. It must not have any discriminate with gender, race, religion, age disability or any other status that is not directly related to operations.
4. The company is support and encourages training for exchange knowledge; improve the skill of knowledge, and ability of the personnel. This supporting is made a stable in a career and gives the opportunity for the potential of individual ability.
5. The company is encouraging the employee to participate in the direction of operation and development of the company.
6. The company is yield with fairness by appropriate a knowledge, skills, duties, responsibilities and the performances.
7. The company has provided welfare and the benefits to the employee such as medical treatment, the provident fund and savings cooperative.
8. The company is made a communication channel center for the employees to squeal or whist blower. Every comment will be considered and determine a solution to provide benefits to all parties and established a good relationship to work together in the company
9. The company is provided necessary facilities to perform their duties including the work environment. The main concern is to promote the safety, health and quality of life of employees.
10. To encourage the participation of the employees in the implementation of corporate social responsibility activities

In pursuance of the aforementioned policies, the Company has undertaken the following activities in line with each policy aspect, as follows:

#### **3.1 Selection and Recruitment of Personnel**

The Company has carried out the search, selection and recruitment of employees transparently and fairly under a standard selection process. The guideline for selection is based on knowledge, ability and skills of each position. Applications are open to both internally and externally to increase the career opportunities of employees whilst also to find truly suitable employees. Guiding principles give due regard to competencies, equality, non-discrimination, and the Company has policy of recruiting disabled persons who are capable of performing work unhindered. These disabled persons would be assigned to basic tasks and given care and Company accommodation to facilitate their travel to work.

In 2014, the Company had a total of 2,374 employees, of whom 24 were disabled persons. The average age of employees was 36.43 years with an average employment period of 9.51 years.

#### **3.2 Management of Wages, Salaries, Remuneration and Welfare Benefits**

The Company has a policy of paying wages and remuneration to employees on the basis of fairness and suitability to knowledge, duties, responsibilities and performances. Comparisons are drawn with the labour market and companies in the same industry. Annual raises are awarded along with performance related pay and special raises for high potential and high performing employees.

As for welfare benefits, the Company provides welfare benefits and other benefits to ensure employees' quality of life and happiness, both physically and mentally. In addition to the welfare benefits required by law, the Company provides other benefits, as follows:

1. Welfare benefits aimed at developing employees. In-house and external trainings have been provided on working knowledge. A book corner has been established. Internet and intranet facilities have been installed to enable employees to search for information or other knowledge.

2. Welfare benefits have been provided to subsidize costs of living, e.g. diligence allowance, employee uniforms, travel allowances, canteen for selling food to employees at welfare prices and retail shops with food safety standards approved by the Bangkok Metropolitan Administration. In addition, the Company encourages employees to bring food or homegrown vegetables for sale in order to supplement incomes and give consumer confidence on safety.

3. Welfare benefits have been provided to assist in the savings of employees, e.g. establishment of a provident fund, savings cooperative, promotion of savings in collaboration with the Government Savings Bank which collects monthly deposits from employees, and basic training and advice on saving, e.g. pre-retirement saving and debt issues resolution.

4. Recreational and health welfare benefits, e.g. sporting events, entertainment and various games, clinic, medics and nurses, as well as knowledge on health, such as quality mothers and nutrition.

### 3.3 Personnel Development

Human resources are regarded as the most valuable assets in the operation of a business. Personnel development concepts should therefore be continuing long-term investments. The Company has carried out the development of personnel in line with policies and circumstances through the improvement of knowledge, skills and personalities of personnel. Three tools have been employed for personnel development, namely coaching, knowledge sharing and project assignments which allow for the application of knowledge to practice, particularly the development of quality products leading to the delivery of goods which exceed customer expectations. These exercises serve to strengthen the organisation as well as to prepare for a sustained business growth. In this regard, the Company has formulated personnel development programmes which incorporate all levels, details of which are stated below.

#### 1. High Potential Development

The Company has anticipated the importance of building and preparing personnel for business growth by laying guidelines for the development of high potential employees. As of now, 4 classes of the programme have been completed with a total number of participants of 10 persons. Individual Development Plans (IDP) have been formulated. Selected employees are given opportunities to learn and realize their potentials. Moreover, the Company promotes the display of potentials in various arenas by assigning special challenging projects, such as “Towards the 40<sup>th</sup> Anniversary of TNL Project”, as well as by providing strong team support to collaborate in the creation of work products which are recognized and consistent with the organisational direction.

#### 2. Key Person Development

The Company aims to develop and prepare for the development of persons critical to work units, known as key persons. Selections are made from personnel with suitable qualification, having knowledge and expertise in the assigned tasks, having personalities and working habits which show commitment and determination, as well as having a good working attitude. The Human Resource Department has collaborated with the relevant work units in creating an Individual Development Plan (IDP) with diversified forms of learning and development, e.g. coaching, knowledge sharing, project assignment and in-house and public trainings. In order to acquire accurate information on personnel development, individual assessments have been conducted by relevant persons. Results are also followed up with supervisors twice yearly to ensure efficiency and greatest gains from the development of key persons.

#### 3. Training

In addition to personnel development programmes, the Company has also attached importance to training and development of employees at all levels, from executive and management levels to operational levels. These trainings serve as a guide for personnel development in line with the Company's vision and raise competitiveness. Thus, trainings have been organized for employees at all levels, as follows:

##### Executive Level, e.g.

- “CAC” (Coalition Against Corruption) Course
- “ASEAN Logistical Preparations” Course
- “Creating Happiness for Saha Group Employees” Course

##### Management Level, e.g.

- “Risk Management” Course
- “Environmental Management System ISO 14001” Course
- “CSR Engagement” Course
- “Energy Conservation” Course

##### Operational Level, e.g.

- “Trend Fashion” Course
- “Industrial Work Study” Course
- “Email Writing” Course
- “Problem Solving & Decision Making” Course

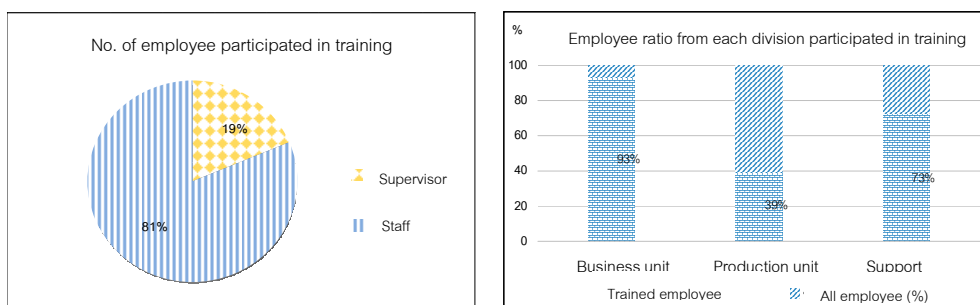


At the heart of the training and personnel development is the monitoring and assessment of knowledge acquired, including the transmission of knowledge to related persons to enable personnel to apply the knowledge obtained for the greatest benefit in the work operations and to improve working efficiency.

In 2014, the Company organised a number of trainings, comprising 96 in-house training courses and 112 public training courses, a total of 208 courses. A total of 1,389 employees received training, divided into 2 levels, as follows:

- 259 supervisors (equivalent to 19%)
- 1,130 operational level employees (equivalent to 81%)

The proportion of employees receiving training are as follows:



#### 4. Educational Scholarship Employees and Descendants Thereof

Pursuant to the Company's policy to promote personnel opportunities to enhance competencies, increase knowledge on the production of fashion goods, Academic capabilities, suitable technology that is compatible with the business operations and favourable to the business growth and development, educational scholarship have been granted for the garments creation course organised by the Thai Bunka Fashion Academy. The Academy was established through the cooperation of Saha Group and Bunka Fashion College, Japan, with the objective of laying the groundwork for fashion academic studies in Thailand, enhancing students' skills and expertise in the particular fields of fashion and to serve as a medium for exchange of knowledge and fashion development in Thailand and internationally, so as to promote advancements and modernize the Thai fashion industry.



Students' workmanship

In the 2014 academic year, the Company granted one scholarship for fashion design studies to an employee to attend the 5<sup>th</sup> class in the "Fashion Creation & Fashion Professional" course at the Thai Bunka Fashion Academy. The recipient was Miss Duangdeun Samart from the ladies wear manufacturing unit. The value of the scholarship was Baht 260,000 (for the entire 2-year course).

Due to skilled labour shortages in the textile industry, the Company, companies in the Saha Group and Rajamangala University of Technology Krungthep have formed a policy on technical collaboration to develop graduates in this field of business. The collaboration hopes to increase the competitiveness of the textile industry in a sustainable manner. A signing ceremony for the Memorandum of Understanding on Technical Collaboration was held on 22<sup>nd</sup> December 2014. The collaboration established a programme to promote the clustering and integration of industry with the objective of supporting education, professional training or multidisciplinary training, promoting qualified persons to become speakers, provision of workplaces for practice and cooperation in numerous other educational areas. This cooperation is regarded as a foundation for building a new generation of quality personnel who would boost productivity, thus leading to a sustainable competitive edge for Thai industries.



#### Sensei Project for Developing Shirt

In pursuance of the determination to build and develop personnel in the manufacturing division into creators of goods embodying refined and meticulous tailoring and workmanship which meets international quality standards, consistent with the mission to secure customer satisfaction through the achievement of excellence in quality, the Company has continually implemented a personnel development policy, named "Sensei Project for Developing Shirt", since the year 2012. The objective of

this project is to enhance the competencies of production supervisors in line with future job descriptions. Trainers are developed into exemplary models for the execution of proper shirt tailoring principles in order to achieve quality results effectively. They will be able to give instructions in the manufacturing line to tailoring employees in all branches and plants involved in the manufacture of shirts, as well as inspect the quality of outsourced products. This also enables the application of newly acquired knowledge to the development of production for both domestic and export goods in response to the greater diversification of customer groups.

In the implementation of this Project, the Company has continually enjoyed the unwavering support of Rio Bianco Inc., situated in Fukushima Prefecture, Japan. Rio Bianco Inc. is a specialist manufacturer of shirts and is renowned for its manufacturing efficiency and outstanding quality. Support was extended by the Chairman, Mr. Takeo Saito, who has assigned Ms. Keiko Hatada, an organisational expert instructor, to convey international standard tailoring knowledge and techniques to a group of employees selected to participate in the Project.

The Company has provided a practical workshop fully equipped with instructional tools to create a learning environment focused on reaching learning results. In addition, soft skills are continually sharpened, such as mentoring skills, effective communication skills and analytical, decision-making and problem-solving skills, so as to promote the working proficiency and adeptness of these sensei, thus leading to better results in personnel development.

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Moreover, in 2014, the Company promoted and granted opportunities to such sensei to participate in a 3-week internship programme for learning manufacturing techniques at Rio Bianco Inc., Japan. The experience was beneficial to the development of pattern techniques, increase in manufacturing efficiency through the use of sewing machines and Japanese style work culture. This knowledge was passed on to relevant persons for application to the revision and development of the manufacturing process for even greater efficiency. In any event, the Company aspires that this Project would lead to excellence in quality of goods and products delivered to customers, and create a sustainable advantage in business competition.



Mr. Supotch Pakaworawuth, Managing Director of Thanulux PCL / Mr. Takeo Saito Chairman of Rio Bianco Inc. / Ms. Keiko Hatada Expert Instructor of the Organization/ Executive Officers and Sensei of Thanulux PCL



Learning atmosphere in a practical workshop



Briefing of shirt tailoring evaluation results



Director of Thanulux PCL and Rio Bianco Inc. in a photo session with employees granted with the opportunity of an internship at Rio Bianco Inc., Japan.

### 3.4 Work – life Balance

The Company supports the creation of a balance between work and life to ensure employee happiness, which in turn would have an impact on success, security and advancement. Works are assigned based on value, interests, knowledge and abilities of employees, and remunerations and other forms of compensation are given to create incentives, in view of career advancement. Employee participation in decision-making processes is encouraged. Mutual recognition and assistance are promoted. Furthermore, the Company has provided an environment which promotes and facilitates the performance of work, as well as to support employees volunteering in social projects in order to maintain a work-life balance when working for the Company. In this regard, the Company applies the “happy 8 workplace” principle as a guideline for undertaking activities to ensure greater happiness of employees. In 2014, the following provisions were made:

**1. Happy Body** – promotion of employee health

- \* Clinic staffed with professional medics and nurses to treat and give health advice.
- \* Annual health checks and identifying age-related risk factors, e.g. diabetes, lipid, breast cancer and ovarian cancer.
- \* Work-related risk health checks, e.g. lung competency, hearing and chemical traces in the body.
- \* Time for exercise at work.
- \* Activities to improve knowledge, e.g. “Behavioral Change by Food, Mood and Exercise”, quality mothers and physical care to prevent diseases.

**2. Happy Heart:** Promotion of employee sharing and generosity, and support of volunteer work, e.g.

- \* Regular quarterly blood donations to the Thai Red Cross Society, Lamphun Hospital and Kabinburi Hospital.
- \* Support of temple cleaning to maintain a peaceful beauty for religious worshipers, carried out by a group of volunteered employees.

**3. Happy Relax.** Relaxation of employees and a fun working environment, e.g. recreational activities, music, sports and other forms of entertainment and return of happiness to employees.

**4. Happy Brain.** To promote development of skills and knowledge of employees. In addition to in-house and external trainings,, the Company supported the establishment of a Webboard to publicize various knowledge items in the intranet. Furthermore, the Company held innovation contests within the Thanulux Group (Thanulux Innovation Awards) every year for the seventh consecutive year, with a view to building upon knowledge and stimulate employee creativity and inspire developments for greater efficiency.

**5. Happy Soul.** To instill morals in the lives of employees and to preserve good traditions. The Company organised several activities in this regard, e.g.

- \* An annual remembrance of the passing away of Chairman Dr. Thiem Chokwatana, founder of the Saha Group.
- \* “Meditation, Ordination, Soul Cleansing for Wisdom” event held on important religious occasions, such as the lent festival.
- \* Employees and their families participated in the family bonding campaign in the mother’s month (August) at the Sanghasatthamrong Center, Tambon Nonsri, Amphoe Kabinburi, Prachinburi Province.
- \* Traditional events, such as the lent candle forming and granting to the temple, water offering on the Thai new year, etc.

**6. Happy Money.** The Company promotes savings of employees and spending in accordance with the sufficiency economic principle. Training has been given on savings, financial planning and secure retirement planning. The Company has allowed financial institutions to collect deposits from employees every month. Employees are also encouraged to bring food and homegrown vegetables to sell at the Company during recess.

**7. Happy Family.** To promote the family institution between employees and their children. The Company has organised bonding activities, e.g. a mother’s corner to promote breast-feeding, mother’s day activity: communicating love to mothers, organizing an even where employees and their children are granted educational scholarships from the Dr. Thiem Chokwatana Foundation at the Sirikit National Convention Center.

**8. Happy Society.** The Company instills and promotes employee responsibility towards the society and communities, such as by participating in the “Standard for Preventing and Remedying Drug Problems at the Workplace (White Factory)”. This project prevents, monitors and builds an awareness of the harm of drugs, such as by participating in the Mother of the Land Fund Committee to express an intent to join in the drug-free community (White House Scheme) at Ban Sadu, Tambon Kabinburi, Prachinburi Province. Activities were also organised for the surrounding communities when the opportunity arises, e.g. donation of dolls to child patients at the Queen Sirikit Nation Institute of Child Health and encouragement of employees to volunteer to clean temples and plant trees in reforestation efforts.



As a consequence of fair labour treatment and various forms of activities under the Happy 8 Workplace Campaign, employees have become happier and are able to maintain a proper balance between quality of life and work. The Company was awarded the “Outstanding Workplace for Labour Relations and Welfare for 2014 (National Level)”, an award received for the second consecutive year, on 20<sup>th</sup> August 2014. The Company is greatly honoured by this award, which shows management and care for the quality of lives of employees who are the most valuable assets and key driving factor in the Company’s achievement of its business goals.

### 3.5 Safety, Occupational Hygiene and Working Environment Policies

Thanulux Public Company Limited has prescribed policies on safety, occupational hygiene and working environment as guiding principles for employees, customers and visitors in the interest of prevention of accidents and losses. These principles promote greater safety for life and property, as well as preserve the environment. Supervisors in each chain of command are responsible for the continual and efficient implementation of these policies.

Employees, customers and visitors must observe the same practices in accordance with the prescriptions of laws on safety enacted by various government agencies and standards set by the Company.

In 2014, the Company promoted and sponsored the following activities.

#### Safety

**1. Basic Firefighting.** This activity was organised to ensure the confidence of employees and cafeteria vendors in regard to safety in the event of a fire. The training also ensures prevention of loss of life and property from fire, as well as promotes better understanding of fire, prevention techniques, cautions and remedies in the event of a fire at the workplace or residence.



**2. Fire Drill.** Fire drills are held twice annually to ensure preparedness in the event of fire, which could happen at any time



**3. First Aid and Basic Life Support Training.** This training ensures that employees are able to assist themselves and others when faced with danger. The training includes first aid procedures and basic life support, such as hemorrhage control, wound dressing, patient transport, CPR and responses to various accidents. In addition, there is also a course on life-saving and first aid for cafeteria vendors.

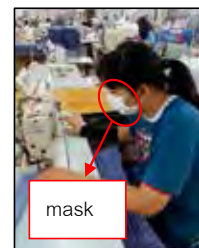


**4. Safety Education.** Employees have been provided with education and a better understanding of safety at work. Information has been disseminated through several channels, such as the morning assembly, notice boards and vinyl signs.



### Occupational Hygiene

**1. Provision of Personal Protection Equipment (PPE).** All employees are provided with personal protection equipment, which must be worn during work, e.g. face masks, ear muffs and steel gloves.



**2. Food Sanitation and Proper Hand Washing Method.** This activity was organised to educate cafeteria vendors on proper sanitation practices, e.g. chefs should wear sleeved attire aprons and head covers, hands should be free from jewelry, nails should be clipped and unpolished, food should be properly prepared, cooked food should be handled by utensils or gloved hands, not by bare hands, and proper hand washing methods.



**3. Health Checks According to Work-Related Risks.** Examples include tests on liver functioning, tests for presence of toluene in urine, tests for lead in blood, hearing capacity, pulmonary function tests. These medical tests have been performed to detect any irregularities which might have resulted from work-related risks.



### Working Environment

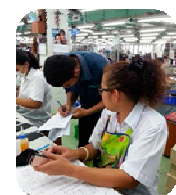
**1. Inspection of Working Environment.** Inspections of various aspects of the manufacturing plants have been conducted in accordance with the law, i.e. annual inspections of heat, lighting, sound, dust, ventilation shafts of steam boilers. Chemical inspections are conducted twice annually in compliance with safety standards, thus protecting the operational employees from any hazard.



Measurement of Cotton Dust Concentration: Inspection meets standard



Inspection of Boiler Vent: Opacity level of 3.8 percent – result meets standard



Inspection of chemical concentration: result meets standard



Measurement of sound level: Result 76 decibels meets standards



Measurement of light intensity: result meets standard



Measurement of heat: result of 29.1 °C meets standard

### 2. Exercise and Morning

**Prayers.** Morning exercises help stimulate the excretion of endorphin and numerous other hormones. These chemicals boost the alertness of the brain and body, and also maintain vitality for the entire day. These activities also aid the concentration of employees, enabling them to work at their full competencies.





#### 4. Participation in Community and Social Developments

The Company has undertaken its businesses with due regard to its duties and responsibilities towards the nation, communities and society, as well as local traditions, in order to maintain a good society and common benefits. The following policies and practices have been prescribed in this regard:

1. To not carry out a business which deteriorates the society and to not violate the rights of other persons in a community or the society.
2. To continuously instill a conscience of responsibility towards communities and society as a whole in the Company and for employee levels.
3. To prescribe measures to prevent and remedy any impact on a community and society as a consequence of the Company's operations.
4. To promote the conservation of culture and local traditions.
5. To cooperate with various agencies in community development.
6. To support public interest activities.
7. To create incomes and promote community economies by supporting hiring and community products.
8. To foster good relations between the Company and communities and society on the basis of propriety, transparency and fairness.

In 2014, the Company organised a number of activities for the benefits of the society, communities and the environment, as follows:

##### 4.1 Social Activities

1. Sponsorship of Pradabos Foundation. The Company is committed to supporting the operations of the Pradabos Foundation, being a foundation established under the initiative of His Majesty the King to assist impoverished subjects and those who have been continually denied educational opportunities. As of 2012, the Company established the "Educational Fund for Pradabos Students in Celebration of the 84<sup>th</sup> Anniversary" in the amount of Baht 200,000. In 2013, the Company sponsored 300 purple polo t-shirts to Pradabos students, and in October of the same year the Company held a charity shirt event "Joyful Giving to Pradabos Foundation" for sale within the Company and subsidiaries of Saha Group. In addition, the project was extended to the general public. Revenues after deductions of costs were donated to the Pradabos Foundation. The amount of revenues after deduction of costs from 1<sup>st</sup> shirt sales in the "Joyful Giving to Pradabos Foundation" was Baht 1,026,014. In 2015, the Company has continued with the second "Joyful Giving to Pradabos Foundation" with the objective of introducing to customers and the general public purchasing products produced by Thanulux Public Company Limited under 3 brands, namely ARROW, Guy Laroche and DAKS, an awareness of Pradabos Foundation, as if a donation was made to the Foundation itself. Thanlux Public Company Limited has set a donation target of Baht 2 million for the campaign between 1<sup>st</sup> December 2014 – 28 February 2015 held at counters in all department stores throughout the entire country.



2. Educational sponsorship for children of employees. The Company granted education scholarships for undergraduate studies at the Chitralada Technology College. Her Royal Highness Princess Sirindhorn had graciously presided in the founding of this college with the purpose of focusing on instructions mixed with skills from actual practice. In other words, students should be able to think, create and apply. Therefore, in order to promote and support the education of employees' children by giving them opportunities to learn and develop themselves into personnel possessing knowledge and competencies as well as to be virtuous members of their families and society, the Company granted 3 scholarships (full scholarships for the entire 4-year course) to study at the Industrial Technology Faculty (Electronics Major) and Business Administration Faculty (Marketing Major and Food Business Major) in the amount of Baht 760,000 (seven hundred and sixty thousand baht only).

3. Support of Dr. Thiem Chokwatana Foundation. The Company has contributed funds for social interest activities of the Foundation in various areas, i.e. education, religion, community and helping the underprivileged, victim including educational scholarships, every year. In 2014, contributions to the Foundation on important occasions were as follows: donation on the commemoration of the passing away of Dr. Thiem Chokwatana in the amount of Baht 200,000 (two hundred thousand Baht only) and contribution to the fund for construction of a Buddha in pensive thought image in the amount of Baht 200,000 (two hundred thousand Baht).

4. Donations to the project "Dharma Mercifulness Global Support". This is a public non-profit project founded by Chao Khun Alongkot Dikkapanyo (Phra Udomprachathorn), abbot of Wat Phra Bat Nam Pu, to help AIDS patients and orphans. The Company invited the abbot to deliver a dharma service as well as receive essentials and other items for the 3<sup>rd</sup> consecutive year. On the same occasion, the Company acted as a merit bridge by inviting employees of the Company and the surrounding

community to participate in the project on 9<sup>th</sup> September 2014 at Thanulux Public Company Limited. A total sum of more than Baht 280,000 (two hundred eighty thousand Baht only) was collected along with several other items.

5. Encouragement of employees to donate blood to various government organisations, i.e. Thai Red Cross Society, Lamphun Hospital and Kabinburi Hospital, regularly every quarter. The total amount of blood received was 217,700 cc.

6. Support of the Fund for the Promotion and Development of Quality of Life for Disabled Persons. In addition to recruiting disabled persons who are not hindered from work on the basis of providing daily care and work support, the Company also contributed monies to the Fund for the Promotion and Development of Quality of Life for Disabled Persons, Ministry of Social Development and Human Security in aid of disabled persons for a better quality of life and self-dependency.

7. The Company provides continual cooperation and remedies of drug problems at the workplace and has received an award for standard prevention and remedy of drug problems at the workplace, as well as selected as a representative of private operators in the declaration of a joint action to counter drugs and human trafficking of workplaces under the supervision of the Office of Labour Protection, Department of Labour Protection and Welfare, on 3<sup>rd</sup> March 2014. The action was based on the following guidelines:

1. Support of valued and honoured labour.
2. Recognition and cooperation in the combat against drugs and realization of the importance of standards for preventing and remedying drug problems at the workplace.
3. Recognition and cooperation in the prevention and combat against human trafficking by preventing the unlawful use of child labour.
4. Supervising sub-contractors and general contractors in the cooperation to combat drugs as well as the prevention and combat against human trafficking.
5. Cooperation with the Labour Protection and Welfare Department in the campaign against drugs and inspection of illegal labour at the workplace.

#### **4.2 Community Activities**

1. Budgetary support for the renovation of a pre-school childcare center in Bua Luang Community, Yannawa District, Bangkok. Wire screens were installed in children's bedrooms in accordance with health standards and run-down kitchens were renovated in order to improve the quality of lives of children at the center. On 2<sup>nd</sup> July 2014, an event was held to distribute food to children as well as rice and other necessities given to the centre.

2. Collaboration with the Mother of the Land Fund to express an intent to participate as a drug-free community (White House Project) at Baan Sradu, Kabinburi District, Prachinburi Province, on 10<sup>th</sup> September 2014.

3. Participation in local traditions, e.g. promotion of rice season opening ceremony, which is a local heritage for expressing requests and thanking the Goddess Posob at Wat Chameephutawat, Tambon Nonsri, Kabinburi District, Prachinburi Province, on 5<sup>th</sup> February 2014.

4. Participated in games and awarded presents to children at the national children's day event.

#### **Religious Activities**

Apart from making merits on important religious occasions, such as continually being host for the robe offering, merit making, lent candle offering ceremonies, in 2014, the Company held a major merit making event by participating in the offer of the Tungfachataloifa robe and triple robe at Wat Nong Pla Kor, Tambon Pasak, Muang District, Lamphun Province, on 1<sup>st</sup> May 2014. The total collections made from the donations of the Company, executive officers and employees exceeded Baht 200,000.

#### **4.3 Environmental Activities**

In response to the Royal Initiative to increase the green area, the Company and companies in the Saha Group Industry, Kabinburi, in collaboration with the Department of Industrial Works, entered into a signing ceremony of a Memorandum of Agreement on Eco Industrial Complex Cooperation on 19<sup>th</sup> March 2014. This was an expression of intent to participate in the development of industries towards a eco industrial complex capable of existing alongside communities sustainable. Furthermore, the Company participated in an activity with the Forestry Conservation and Rehabilitation Project in the Huay Somong Area pursuant to a Royal Initiative, Prachinburi Province and the Forestry Office 9, Prachinburi Province, together with reforestation efforts in celebration of His Majesty on the occasion of the National Forest Day around the general purpose pond (Ang Sila Pond), Tambon Nonsi, Kabinburi District, Prachinburi Province, on 27<sup>th</sup> May 2014. This area is to be used for the benefit of the public.

Moreover, green areas have also been added in the vicinity of the Company by the planting of trees within the Company at the Kabinburi Branch, Prachinburi Province. The Company enjoyed the cooperation of 3 communities in Tambon Nonsi, namely Sadu, Nonghai and Nong Man Pla Communities, which have participated in the planting of trees. The communities also received saplings for additional planting and adding of green areas on the communities.

## Environmentally Sustainable Business Operations

The Company is in the process of installing the standard system ISO 14001 : 2004, which is to employed as the principal tool for managing the environment. To ensure an efficient installation and continuity of operational maintenance, a Subcommittee on Environmental Management has been appointed. Furthermore, the Company has voluntarily applied for participation in the CSR-DIW Scheme of the Department of Industrial Works, with respect to both the Office and all Factory Branches, to achieve continual development in environmental management. All members of the organisation have been instilled with a conscience to cooperate in environmentally operations in all aspects of the business undertaking. Such a conscience has become an organisation culture culminating in a vision towards the development of textile and garment businesses in a sustainable manner alongside the society and environment. Moreover, the Company promotes employee participation in energy conservation, the most cost efficient utilization of resources, as well as the promotion of raw material purchases which are environmentally friendly.

### Energy Conservation Policy

At present, energy consumption problems have been so important as to raise concerns at the national level. Each year, the country imports significant amounts of energy to meet domestic demands. The Company appreciates the importance and value of energy, and has thus consistently undertaken energy management activities within the Company. A conscience on energy conservation as a core value has been instilled and it is the duty of all employees to cooperate in the management of energy and most productive utilization of energy. The Company has appointed an Energy Management Working Group comprising representatives of various internal work units to coordinate energy conservation operations to ensure the realization of the following policies and objectives.

#### Energy Conservation Policies

1. The Company undertakes to implement and develop a suitable energy management system which shall stipulate energy conservation as a core component in the Company's operations in accordance with the law and other relevant prescriptions.
2. The Company undertakes to improve the efficiency of energy resource utilization by the organisation on a continual basis and in line with its business, technology applied and good practices.
3. The Company undertakes to prescribe an annual plan and target for energy conservation, which shall be communicated to all employees to ensure understanding and proper compliance.
4. The Company regards energy conservation as the responsibility of executive officers and employees at all levels who shall cooperate in the implementation of the prescribed measures, monitor, inspect and report to the Energy Management Working Group.
5. The Company will provide all necessary support, including human resources, funding, working hours, training and participation in the submission of comments to improve energy operations.
6. The management and Energy Management Working Group will review and revise policies, targets and energy plans every year.

The Working Group oversees and is responsible for energy management to ensure consistency with energy conservation policies prescribed by the Company. This is achieved by coordinating with all relevant work units, including organizing training and energy conservation activities as suitable for employees in each work unit. In any event, the energy conservation policy and energy management has been continually revised, and suggestions relating to policies and energy management procedures have been collected and transmitted to senior executive officers for acknowledgement.

In 2014, the Company organised energy training under the headings “Current Energy Situation and Problems” and “Benefits of an Energy Management System”. Energy experts were invited as speakers in the training programmes to instill a conscience on the most economical and beneficial use of energy, as well as to provide knowledge on laws relating to the Company as a controlled factory to the employees. In addition, various energy conserving instruments were also put on display for the employees' familiarization.

In addition, the Company has continually implemented energy conservation policies, as follows:



1. Inspections of air leaks in the air compression system are carried out every 3 months to minimize air loss at the joints of various air instruments and to conserve energy consumed by the operation of air compression units. The percentage of air leaks in the air compression system now stands at 3 percent, whilst the standard level of air leak in the air compression system prescribed by the Energy Conservation Department is 5 percent.

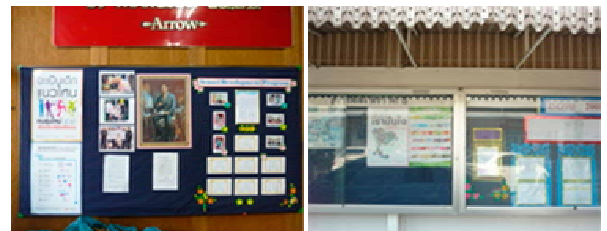
2. A plan for inspection of steam traps in steam irons and machinery which uses steam has been drawn up. Replacements are swiftly installed whenever a breakage is found in order to clear condensate and reduce loss of steam from the system.



3. A timer system has been installed to cut off the operation of both small and large air conditioning compressors during afternoon breaks and after working hours to reduce electricity consumption and to control on peak values for newly installed air conditioners.

4. Clutch motors are gradually replaced by high efficiency motors thereby enabling energy economy. Clutch motors operate continuously whereas high efficiency motors only operate when activated.

5. Notice boards publicizing various energy conservation campaigns have been set up at various locations, as well as a book corner to disseminate knowledge relating to energy conservation to employees.



6. The steam boiler is regarded as a vital machine in the manufacturing process of finished garments. Therefore, the maintenance and management of the steam boiler has a higher priority amongst all machinery.

In 2014, the Company replaced the steam boiler since the existing steam boiler began to deteriorate and its 2-tonne size exceeded the present operational demands. The new steam boiler has a capacity of 1.6 tonne and is capable of producing sufficient steam for current demand. This has enabled savings of fuel oil from the prior consumption of 13,750 litres/month to 10,000 litres/month, or a savings of 3,750 litres/month valued at 86,250 baht/month. Moreover, the replacement of a new steam boiler has enabled reductions in black smoke emissions caused by incomplete combustion in the deteriorated steam boiler.



As regards the control of steam boiler efficiency and most productive use of fuel, the Company has reused the excess steam for warming fuel oil and warming water introduced to the steam boiler to raise the temperatures of fuel oil and water prior to their use. This process saves fuel and quickens the production of steam by the steam boiler. In the mornings, the fuel oil in the accumulator does not have a sufficiently high temperature for use and the viscosity is still high. As a consequence, production of steam in the morning lags behind production and emits black smoke due to incomplete combustion, causing air pollution. The Company thus installed additional heaters to warm the fuel oil in the morning, which raises its temperature before use.

The Company is fully committed to preventing the emission of air pollution to the communities surrounding the Company. The exhaust funnel has been replaced with a soot filtering cyclone and soot removing water sprays have been installed in the exhaust funnel of the steam boiler, thus preventing black smoke and soot from combustion from being emitted into the air as well as improving combustion efficiency in the steam boilers.



## Environmentally Sustainable Business Operations

The Company 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 organizational 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.

Furthermore, the Company has organised various activities in line with the Company's business policy to avoid impact on nature and environment, including the development of products which would aid in the reduction of greenhouse gas emissions during the manufacturing process. Due regard has been given to environmental responsibility. A special talk on CSR Engagement and a CSR DAY event was held on 20<sup>th</sup> November 2014 for 43 supervisory level employees and related persons.

## TNL Innovations Achieved Through Responsible Business Operations

The Company operates businesses with a commitment to develop products and services through constant innovations which add value to those products and services in response to customer needs. Essential decision-making information are fully disclosed without any concealment or distortion of facts.

The Company has organised regular annual innovations contests since the year 2007, called the “Thanulux Innovation Awards”. The purpose of this event is to provide an opportunity for employees of the Company and subsidiaries to express their creativeness, inspire perspective developments and improve efficiencies. The winning work product will be selected to represent the Company in the Saha Group Innovation Contest. In 2014, at the 10<sup>th</sup> Chairman Awards 2014, the Company received second prize under the Product Category for an innovation called Full-Body Chill and a consolation prize for an innovation called Natural Soft & Shine, as well as a consolation prize under the System & Process Category for an innovation called SalesWOW (TNL Fair Application), and a consolation prize under the Petty Awards Category for an innovation called Copy Curve.

### Product Research and Development for 2014

The Company appreciates the importance of quality and safety of textile products. The Company is thus committed to promoting research and development of new innovations. State-of-art technology has been applied in the manufacturing process to ensure safe standards for products and environmental friendliness, boosting consumer confidence when purchasing premium products.

#### Anti-Bacteria Smart Fabric Project

Because Thailand is situated in the tropical zone, fabric easily become stuffy. The Company has therefore researched and developed innovations for textile products to combat bacteria which constitute the root cause of such stuffiness. Results of tests conducted on such innovations have satisfied standard criteria. These functional textiles have been registered and granted the Thai Smart Fabric Quality Accreditation Mark from the Thai Textile Institute (THTI) under the category “Anti-Bacteria dated 15th July 2014. The certificate was officially awarded on 29th September 2014 at the Queen Sirikit National Convention Center from Mr. Chakramon Phasukavanich, Minister of Industry.



#### Sustainable and Environmentally Friendly Textile Product Development Project (Environmental Footprint)

Factors affecting the environment, in addition to greenhouse gases that have been emitted over long periods, also include other causes which impact health and the environment, e.g. energy consumption, acid rain, biological complications and various chemicals. The Company has participated in a pilot project launched by the Thai Textile Institute, namely the Environmental Footprint Label. In this project, the environmental

impact of each process in the product supply chain is thoroughly assessed, from the procurement of raw materials to the manufacturing process, delivery of products to customers, utilization and final disposal management. The



emission of greenhouse gases and other impacts on health and the environment are monitored. Data collated are applied to the development of textile products which are environmentally friendlier. This development of environmentally friendly product is sustainable. The product involved in the project is the Arrow Style AY630 long-sleeved shirt, which was awarded the accreditation “Environmentally Friendly Product Development Environmental Footprint Label” on 24th November 2014 at Century Park Hotel, Bangkok.

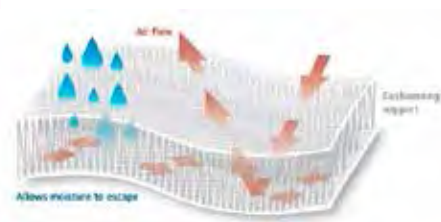


## Tropical Light & Cool Innovation

In the 18th Saha Group Fair 2014, the **Tropical Light & Cool innovation** for gentlemen's shirts was introduced in response to the needs of consumers. Regard has been given to current climate conditions in a world which is gradually warming. These garments are lightweight. When worn, the wearer will experience a cooling sensation. This everyday wear is suitable for all occasions and particularly suited to the tropical climate in Thailand. The aforesaid innovation comes in two forms, as follows:

### 1. Tropical Light

**Super Light Shirt** Developed to deliver freedom and ultimate light comfort, this innovation has been accomplished through the harmonious blending of the world's best quality cotton fibres from the United States of America and Egypt. The outcome was a smaller, more detailed and longer fibre than other fibres. When used to manufacture textile by the application of high technology, the resulting fabric features special attributes, with a fine texture, lighter and more comfortable than other shirts, better airflow, rapid drying and free from unwanted moisture. This patented innovation under the CAMBRIDGE SHIRT "Light and Comfortable Shirt" induces a comfortable feel to the wearer, who will experience freedom of movement suitable for all days and Thailand's climate. Thus, this shirt can be worn on both workdays and leisure days.



### 2. Tropical Cool The Cool Innovation can be divided into two categories, the Tanac Air Flow and Cool Feeling

**Tanac Air Flow** This development of fabric has been achieved through the use of a special technique applied to thread spinning, textile weaving and special finishing which opens up air flow channels in the fabric, allowing air to move through vents and come into contact with the wearer with the greatest ease. Heat can be released quickly, giving the wearer a comfortable and natural feel and coolness of the fabric. Sweat dries quickly thus reducing odor problems. The wearer can experience comfort in all weather conditions. Moreover, fabric washing is easy and quickly dried, saving energy, reducing drying time and meeting the demands of those seeking cool comfort from their attire.



ถ่ายเทความร้อน จากร่างกาย  
สู่ภายนอก

อากาศ สามารถทะลุผ่านเนื้อผ้าได้ดี



**Cool Feeling** The Cool Innovation has satisfied the standard criteria of smart fabric quality testing from the Thailand Textile Institute under the heading "Dry" in the year 2013. This innovation involves special finishing on fabric manufactured from natural fibres woven into textile with the additive Xylitol, a naturally occurring substance commonly known as sugar alcohol, existing in many types of fruits and vegetables. The fabric obtained has a cool feel, absorbing and releasing heat quickly. When used to manufacture shirts, the wearer would experience a comfortable cool feel, aiding the release of body heat as well as venting moisture and sweat. The special quality of quick drying prevents any stuffiness and stickiness. The Company has applied this fabric to the manufacture of shirts under the product brands Guy Laroche and Daks, and men's underwear under the product brand Guy Laroche Collection Soft & Cool.



Photos of Product and Innovation Exhibition in the 18th Saha Group Fair 2014

## Award-Winning and Pride of TNL

3 March 2014

Received a standard accreditation for prevention and remedy of narcotic drug problems at the workplace (Ministry of Labor and Social Welfare) from Department of Labour Protection and welfare



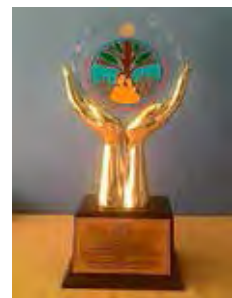
15 July 2014

Awarded the Thai Smart Fabric quality accreditation mark from the Thailand Textile Institute (TTI) under the category "Anti-Bacteria"



20 August 2014

Awarded the distinction "Outstanding Workplace for Labour Relations and Labour Welfare (National Level)" for the Head Office for the second consecutive year from Ministry of Labour



20 August 2014

Awarded the distinction "Outstanding Workplace for Labour Relations and Labour Welfare (Provincial Level)" for Lamphun Branch from Ministry of Labour



24 November 2014

Accreditation "Environmentally Friendly Product Development Environmental Footprint Label" from Thailand Textile Institute





# 18<sup>th</sup> Saha Group fair





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