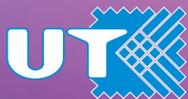


- Integrity
- Quality
- Service



Annual Report 2014



UNION TEXTILE INDUSTRIES PUBLIC COMPANY LIMITED

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Summary of Financial Information

Unit: 1,000 Baht

	2014	2013	2012
Financial Statement Highlights			
Total assets	936,884	1,054,049	1,090,685
Total liabilities	144,319	253,353	292,542
Total shareholders' equity	792,565	800,696	798,143
Total revenues	983,888	899,018	793,922
Total expenses	1,009,388	887,713	900,601
Share of profit (loss) from investments in associated companies	5,344	4,843	17,517
Finance costs	(1,771)	(2,475)	(3,182)
Profit (loss) before corporate income tax	(21,927)	13,673	(92,344)
Corporate income tax	(51)	2,741	1,728
Net Profit (Loss)	(21,978)	16,414	(90,616)
Financial Ratio			
Earnings (Loss) per share (Baht)	(0.96)	(0.10)	(2.48)
Dividends per share (Baht)	0	0	0
Total Shareholders' equity per share (Baht)	13.21	13.34	13.30
Return on sales (%)	(2.23)	1.83	(11.41)
Return on Equity (ROE) (%)	(2.76)	2.05	(10.83)
Return on Assets (%)	(2.21)	1.53	(8.11)
Debt/Equity ratio (time)	0.18	0.32	0.37
Current Ratio (time)	3.04	1.92	1.85

Board of Directors Report

The world economy in 2014 continued to recover from the previous year, but remained fragile and varied in each region. The US economy showed strong expansion, resulting from the economy infrastructure improved continuously. Meanwhile, the EU and the Japanese economies are recovering gradually, however the expansion of Asian economies have slowed down; especially the Chinese economy which has slowed down due to the economic reform measures. The demand for textile fabric is generally inelastic as it is one of the four basic goods, however, the consumers can postpone their purchases or reduce the quantity they purchase. As a result, overall demand is reduced while supply has not decreased in line with demand. Furthermore, the price of cotton – which is the main raw material used in the Company's production – dropped substantially towards the end of 2014 compared to the beginning of the year, due to China's reduction of cotton import quotas. This increased the stock level of cotton on the world market and caused an increase in price competition between domestic and overseas textile manufacturers.

In 2014, the Company has total revenue of 984 million Baht, comprising incomes from sales and services 925 million Baht , other incomes 59 million Baht , and share of profit from investments according to the equity method 5 million Baht. The Company has total expenses 1,009 million Baht, comprising cost of sales 915 million Baht, selling and administrative expenses 94 million Baht and finance cost 2 million Baht. The Company's operating results of 2014, then, showed net loss 22 million Baht which was mainly due to the allowance of diminution in value of inventories based on Thai Accounting Standard, TAS 2 regarding inventories. This caused by the fluctuation of cotton prices which continued to plunge down.

The Company has total assets 937 million Baht, total liabilities 144 million Baht and the Shareholders' equity 793 million Baht. Then, the Debt to Equity ratio is 0.18 times and Liquidity ratios of 3.04 times, showing that the Company has strong financial status and sufficient financial liquidity.

The world economy in 2015 shows a tendency to improve slightly due to stronger recovery among several major countries. The leading role is the US economy recovery with healthier labor market condition, including the continuation of the Quantitative Easing (QE) monetary policy to stimulate the economy, and to lessen deflationary pressure. This will be a key factor to assist the Eurozone and the Japanese economies to recover gradually. Therefore, in 2015 the Company will focus the business operation on marketing, monitoring closely the economy status of customers' countries, seeking new customers, and developing new products. In addition, the Company will focus on procurement of raw materials, cotton or synthetics fibers, in order to obtain suitable quality and prices, as well as cost of production by improving production efficiency in order to become more competitive.

The Board of Directors would like to express our sincere appreciation to all shareholders, customers, and stakeholders who have exercised their rights and participated in accordance with the principle of good corporate governance, as well as to provide trust and continuous support to the Company's business. The operations of the Company shall adhere to effective business management systems, transparency, taking into account the social responsibility and anti-corruption measures, business ethics, values, or the philosophy of the Company to achieve a satisfactory yield and increase revenue from existing resources at full capabilities



Miss Sriwarin Jirapakkana
Chairman

Board of Directors



Miss Sriwarin Jirapakkana
Chairman / Nominating and Remuneration
Committee



Mrs. Boonserm Vimuktanandana
Chairperson of Audit Committee /
Independent Director



Mr. Vichai Chaitaneeyachat
Managing Director



Mr. Pilastpong Subsermsri
Audit Committee / Independent Director /
Chairman of Nominating and Remuneration
Committee



Mrs. Suthinee Khunwongsa
Nominating and Remuneration Committee /
Audit Committee / Independent Director



Mrs. Pimporn Chotirattanakul
Director



Miss Dalad Saphavichaikul
Director



Capt. Supich Sankhagowit RTN
Assistant Managing Director



Mr. Chutindhon Darakananda
Director

Board of Directors

1. Miss Sriwarin Jirapakkana

Chairman / Nomination and Remuneration Committee

Age : 67 years

Years of Directorship: 21 years

Education:

- Master's Degree (Management), Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- Bachelor's Degree (Accounting), Faculty of Commerce and Accountancy, Chulalongkorn University.
- Management Information System, International Labour Organization
- Dynamic Management for International Executives Program, International Management Development, Department of Syracuse University, U.S.A.

Training:

- Director Accreditation Program (DAP) 18/2004

Experiences:

- 1999 - 2004 Chairman, Union Thai-Nichiban Co., Ltd.
- 1999 - 2004 Chairman, Union Zojirushi Co., Ltd.
- 1999 - 2006 Chairman, Union Plastic Plc.
- 1999 - 2007 President, Saha-Union Plc.
- 1999 – April 2012 Chairman, Union Nifco Co., Ltd
- 1999 – May 2012 Chairman, Union Pioneer Plc.
- 2002 - 2006 President, Union Textiles Industries Plc.
- 2005 – April 2012 Director, Union Thai-Nichiban Co., Ltd.
- 2007 – 2010 Director, Union Plastic Plc.
- 2008 – 2012 Vice Chairman, Saha-Union Plc.
- 2011 Chairman, Union Plastic Plc.
- June – December 2012 Director, Union Pioneer Plc.
- 2012 – Jun 2014 Director, Union Plastic Plc.

Current Positions:

- 1999 – Present Vice Chairman, Union Industries Corp., Ltd.
- 1999 - Present Vice Chairman, Union Thread Industries Co., Ltd.
- 2005 - Present Director, Union Zojirushi Co., Ltd.
- 2007 - Present Chairman, Union Textiles Industries Plc.
- June 2011 - Present Chairman, Union Zip Co.,Ltd.
- June 2011 - Present Chairman, Venus Thread Co.,Ltd.
- April 2012 – Present Director, Union Nifco Co., Ltd
- 2013 – Present Chairman, Saha-Union Plc.
- Present Chairman and Director, Companies in Saha-Union Group

2. Associate Professor Boonserm Vimuktanandana

Chairperson of Audit Committee / Independent Director

Age : 66 years

Years of Independent Directorship: 2 years

Education:

- Bachelor's Degree (Hon.2) in Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University.
- Master's Degree in Accounting, Chulalongkorn University
- MBA (Accounting), Arizona State University, USA

Training:

- Short-term training of Finance & Accounting at Wharton School, University of Pennsylvania, USA.
- Director Accreditation Program (DAP) No. 100/2013
- Audit Committee Program (ACP) No. 42/2013

Experience:

- 2009 – 2013 Council Tax Auditor Examination, The Revenue Department

Current Positions:

- 1987 – Present Lecturer, Master's degree in public and private universities.
- 1987 – Present Instructor training
- 1997 – Present Chairperson of the Executive Committee and the Training Program, Chulalongkorn University
- 2008 - Present Lecturer, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2010 - Present Subcommittee on test performance scores, Federation of Accounting Professions.
- 2013 – Present Chairperson of Audit Committee / Independent Director, Union textile Industries Plc.
- 2013 – Present Chairperson of Audit Committee / Independent Director, Thiensurat Plc.

3. Mrs. Suthinee Khunwongsa

Nomination and Remuneration Committee / Audit Committee / Independent Director

Age : 69 Years

Years of Independent Directorship: 5 years

Education:

- Bachelor Degree (International trade Studies), School of Business, University of the Thai Chamber of Commerce

Training:

- Director Accreditation Program (DAP) 79/2009

Experiences:

- 2005 Director and Manager Saving CO-OP, Saha-Union Plc.
Manager, Production Planning Department, Union Industries Corp., Ltd.

Current Positions:

- 2010 - Present Independent Director/ Audit Committee, and Nominating and Remuneration Committee, Union Textiles Industries Plc.

4. Dr. Pilastpong Subsermsri

Audit Committee / Independent Director /
Chairman of Nomination and Remuneration Committee

Age: 64 Years

Years of Independent Directorship: 4 years

Education:

- Ph.D. in Computer Engineering, University of Houston, USA
- MS.EE. in Electrical Engineering, University of Houston, USA
- BS. EE, in Electrical Engineering, Khonkaen University.

Training:

- Audit Committee Program (ACP) 35/2011
- Director Accreditation Program (DAP) 89/2011

Experiences/ Current Positions:

- 2000 - Present Chairman of Thai E-Communication Co., Ltd
- 2002 - Present Course Director, Master of Science Program in Computer Information System, Graduate school Sripatum Universit
- 2010 - Present Audit Committee / Independent Director / Chairman of Nomination and Remuneration Committee, Union Textile Industries Plc.

5. Mr. Vichai Chaitaneeyachat

Managing Director

Age : 70 Years

Years of Directorship: 9 Years

Education:

- Master's Degree in Business Administration (MBA), Chulalongkorn University
- Bachelor Degree in Business Administration (BBA), Ramkhamhaeng University.
- Certificate in Computer Science (2-year Program), Graduate School, Chulalongkorn University
- Fulbright Certificate Awarded, Industrial Management, University of Texas/Dallas, U.S.A.

Training:

- Director Accreditation Program (DAP) 55/2006

Experience:

- 1996 - 2005 Managing Director, Union Zojirushi Co., Ltd.
- 1999 – 2006 Director, Union Stainless Steel Products Co., Ltd.
- 1999 – 2006 Director, Union Nifco Co., Ltd
- 1999 – 2008 Director, Union Tex-East Co., Ltd
- 2006 - 2011 Director, Union Garment Co., Ltd.
- 2006 - 2011 Director, Union Micronclean Co., Ltd.
- 2008 – 2013 Director, Ten Cate - Union Protective Fabrics Asia Ltd.

Current Positions:

- 2005 - Present Managing Director, Union Textiles Industries Plc.
- 2013 – Present Director, Saha-Union Plc.

6. Mrs. Pimporn Chotirattanakul

Director

Age : 64 Years

Years of Directorship: 1 years

Education:

- Master's Degree in Management, College of Management Mahidol University

Training :

- Director Accreditation Program(DAP) 2003

Experiences :

- 1987 – 2011 Director, Uni Fibre Co.,Ltd.
- 1994 – 2010 Director, Union Universe Co.,Ltd.
- 2004 – 2011 Director, Union Micronclean Co.,Ltd.
- 2005 – 2010 Director, Union Tex-East Co.,Ltd

Current Positions:

- 2007 – Present Managing Director, Union Garment Co.,Ltd.
- 2014 – Present Director, Union Textile Industries Plc.
- April 2014 – Present Director, Union Tex-East Co.,Ltd
- April 2014 – Present Director, Union Universe Co.,Ltd.
- Nov 2014 – Present Director, Union Micronclean Co.,Ltd.

7. Miss Dalad Saphthavichaikul

Director

Age: 58 years

Years of Directorship : 20 years

Education:

- Master's Degree in Computer Science, University of Illinois at Urbana - Champaign, USA.
- Bachelor's Degree (First class honor) in Economics, Chulalongkorn University

Training:

- Awarded Diploma by passing the Examination of Australian IOD 2001
- Director Certification Program (DCP) 9/2001
- Finance for Non-Finance Director (FN) 1/2003
- Audit Committee Program (ACP) 10/2005

Experience:

- 1999 - 2007 Executive Director and Assistant Managing Director, Saha-Union Plc.
- 1999 - 2011 Director, Saha-Union Plc.

Current Positions:

Companies in Saha-Union Group

- 1995 - Present Director, Union Textile Industries Plc.
- 2012 - Present President, Saha-Union Plc.
- 2012 - Present Chairman of Risk Management, Saha-Union Plc.
- 2012 - Present Chairman, Union Nifco Co., Ltd.
- 2012 - Present Chairman, Union Pioneer Plc.
- 2013 - Present Chairman, Union Zojirushi Co., Ltd.
- 2013 - Present Chairman, Union Micronclean Co., Ltd.
- 2013 - Present Chairman, Union Stainless Steel Products Co., Ltd.
- 2014 - Present President, Computer Union Co., Ltd.
- Mar, 2014 - Present Chairman, Union Thai-Nichiban Co., Ltd
- May 2014 - Present Chairman, Union Plastic Plc.
- Present Chairman and Director, companies in Saha-Union group

Other Company

- 1989 - Present Director, Processing Center Co., Ltd.

8. Mr. Chutindhon Darakananda

Director

Age: 55 years

Years of Directorship: 2 years

Education:

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University.
- Bachelor's Degree in Industrial Engineering, Stanford University, U.S.A.

Training:

- Director Accreditation Program (DAP) 17/2004

Experiences:

- 1993 - 2007 Director, Union Textile Industries Plc.
- 1993 - 2007 Director, Union Pioneer Plc.
- 2001 - March 2009 Director, Union Energy (China) Co., Ltd.

Current Positions

- 1992 - Present Vice Chairman, Union Spinning Mills Co., Ltd.
- 1992 - Present Vice Chairman, Venus Thread Co., Ltd.
- 1997 - Present Vice Chairman, Saha Union Holding Co., Ltd.
- 1997 - Present Vice Chairman / Managing Director, Union Business Management Co., Ltd.
- 2002 - Present Vice Chairman / Managing Director, Union Thread Industries Co., Ltd.
- 2002 - Present Vice Chairman / Managing Director, Union Industries Corp., Ltd.
- 2007 - Present Vice Chairman, Saha-Union Plc.
- January 2011- Present Remuneration and Nominating Committee, Saha-Union Plc.
- 2013 - Present Director, Union Textile Industries Plc.
- 2013 - Present Director, Union Garment Co., Ltd.
- 2013 - Present Director, Union Micronclean Co., Ltd.

Present

Director,
Other Companies in Saha-Union Group

9. Capt. Supich Sankhagowit, RTN

Assistant Managing Director

Age : 65 years

Years of Directorship : 8 years

Shareholding : 0 shares

Education:

- MS in Industrial Engineering, University of Pittsburgh, U.S.A.
- Certificate in Naval Staff Course, Naval Staff College
- BSc in Marine Mechanical Engineering, Royal Thai Naval Academy

Training:

- Director Accreditation Program (DAP) 63/2007

Experience:

- 1994 - 2005 Internal Audit Manager, Union Textile Industries Plc.
- 2006 Managing Director, Union Stainless Steel Products Co., Ltd.

Current Positions:

- 2007 - Present Assistant Managing Director, Union Textile Industries Plc.

General Information of the Company

Union Textile Industries Public Company Limited

Type of Business Operations : Textile Industry

Company's PCL Registration Number: No. 0107537000980

Authorized Capital : 600 million Baht Paid-up Capital : 600 million Baht, divided into

- 45,000,000 ordinary shares of 10 Baht each
- 15,000,000 preferred shares of 10 Baht each

Location : Head Office :

No.1828 Sukhumvit Road, Bang Chak,
Phra Khanong, Bangkok 10260
Tel.: 0-2311-5111-9
Fax.: 0-2323-3123
Website: <http://www.ut.co.th>

Branch 1 :

No.205 Moo 4 Sukhumvit Road (km.39.5),
Bangpumai, Muang Samut Prakarn,
Samut Prakarn 10280
Tel.: 0-2323-1085-87
Fax.: 0-2323-9216

Other references : Registrar:

Thailand Securitier Depository Co., Ltd.
62 The Stock Exchange of Thailand
Ratchadapisek Road, Bangkok 10110
Tel : 0-2229-2800
Fax : 0-2359-1259

Auditor :

Mr.Termpong Opanaphan, CPA No. 4501
Mr. Krisada Lertwana, CPA No.4958
Miss Thipawan Nananuwat, CPA No.3459
EY Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Ratchadapisek Road,
Klongtoey, Bangkok 10110
Tel : 0-2264-0777 Fax: 0-2264-0789 - 90

Juristic persons that the Company hold at least 10% of theirs shares.

Company Name	Type of Business	Type of Shares	No. of Shares Issued	No. of Shares Held	% of Shares holding
1. Uni-Fibre Co., Ltd. 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9 Fax. 0-2311-5668, 0-2332-5615	Dealer	Common	1,200,000	250,001	20.83 %
2. Union Business Management Co., Ltd. 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9, 0-2322-5600 Fax 0-2311-5616	Investment in services and consulting in other services	Common	5,000,000	949,993	19.00%
3. Union Micron Clean Co., Ltd. 1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9, 0-2322-5600 Fax 0-2741-6145	Manufacturing	Common	500,000	65,000	13.00%
4. Ten Cate-Union Protective Fabrics Asia Ltd. 205/1 Moo 4 Sukhumvit Road (km 39.5) Bang Pu Mai, Muang District, Samut Prakarn 10280 Tel. 0-2323-1088 Fax 0-2323-1089	Manufacturing of workwear	Common	3,850,000	1,900,000	49.35%

Remark: Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") convened the Extraordinary Shareholders meeting on 11 March 2013 and this meeting resolved to dissolve TCUA's business operations. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation

Other significant information that might affect decision of investor

The Company does not disclose other significant information to analyzer or other investor

Policy and Business Operation Overview

The Company was established on 21 March 1977, to operate its integrated business in the textile industry, including yarn spinning, fabric weaving, dyeing and finishing; and on 30 March 1994, the Company was registered as a limited public company according to the Thai law.

On 16 August 2008, the Company ceased its dyeing and finishing business operation and invested its buildings, machinery and equipment of the dyeing and finishing plant in Ten Cate-Union Protective Fabrics Asia Ltd. (TCUA). But the operation resulted was uncertainty that the TCUA was unable to continue as a going concern, since the Rate on Equity had been less than 5% for any 4 consecutive years, commencing from 1 January 2009. And the TCUA had accumulated losses in excess of 50% of its registered capital, which was conditioned as per the joint venture agreement. Subsequently, on 11 March 2013, TCUA held an Extraordinary General Shareholders Meeting and this meeting resolved to dissolve TCUA's business operations. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013.

At present, the Company is operating its main business of manufacturing and distribution of grieger fabrics at No.205 Moo 4, Sukhumvit Road (km.39.5), Bangpu Mai, Muang Samut Prakarn District, and Samut Prakarn Province 10280

Significant Changes and Development

During 2012 – 2014, the Company procured machines, accessories for production amounted to 73 million Baht in order to upgrade or replaced obsolete machines and equipment in order to maintain the quality standard of the product, reduce costs and the cost per unit, as well as improve the working environment.

Shareholding structure of the Company

During the past 3 year, the Company has not changed significantly on shareholdings structure, management or business operation.

Relationship with business group of majority shareholders

The majority shareholder is Saha-Union group of companies are Saha-Union Plc., holding 49.88 % of shares, Union Business Management Co.,Ltd., holding 17.10 % of shares and Union Thread Industries Co.,Ltd., holding 6.11% of share. The true shareholder of Union Business Management Co., Ltd. And Union Thread Industries Co., Ltd., is Darakananda group that doing business in investment.

Nature of Business Operation

The Company has one product line, i.e., manufacturing and distribution of greige fabrics through production process of spinning yarn and weaving fabric. The Company may have its incomes from byproducts or provision of textile services in case of having the available capacity for the production of greige fabrics.

Regarding the investment in associated companies, the Company had recognized share of profit (loss) by the equity method.

Income structure

Unit: Million Baht

Product Line / Business Group	Operated by	% of Share holding of the Company	Income (2014)	%	Income (2013)	%	Income (2012)	%
Company :								
Manufacturer and distributor of weaving fabrics, yarn and services	Union Textile Industries PLC.		925.37	93.54	800.91	88.61	711.65	87.70
*Associates :								
Dealer of cotton and synthetic fibre products	Uni Fibre Co., Ltd.	20.83	5.34	0.54	4.84	0.54	75.76	9.34
Manufacturer and distributor of dyeing and finishing fabrics	TenCate-Union Protective Fabrics Asia Co., Ltd.	49.35	-		-		(58.25)	(7.18)
Other incomes	Union Textile Industries PLC		58.52	5.92	98.11	10.85	82.27	10.14
Total:			989.23	100.00	903.85	100.00	811.43	100.00

In 2014, the Company had incomes from sales and service amounted to 925.37 million Baht, increased by 15.54 percent from the year 2013, divided into export sales amounted to 741.66 million Baht, increased 13.96 percent and local sales amounted to 183.71 million Baht, increased 22.38 percent. The Company has total expenses 1,009.39 million Baht that make the Company showed net loss 22 million Baht, which was mainly due to an allowance of diminution in value of inventories based on Thai Accounting Standard, TAS 2 inventories, amounted to 21 million Baht.

The Company has recognized its share of profit from investments in Uni-Fibre Co.,Ltd. Amounted 5.34 million Baht and pause to recognize share of profit (loss) from TCUA since the Company set aside the allowance for impairment of its investment in TCUA completely in the year 2012

The Company had other incomes such as sold of waste, rent and dividend from amounted 58.52 million Baht decreased by 39.59 million Baht. Mainly due to the year 2013 the company recognized income from the building amount of 47.44 million Baht since the TCUA filed for deregistration on 22 March 2013. The company's commitments with respect to the plants contributed to the investment have been fulfilled.

Types of Products and Services.

The Company's main product is the greige fabrics made of 100% cotton, blend of cotton and polyester and/or other synthetic fiber having a specification for the production of workwear and cloth used in other industries.

The main factors affecting the opportunities or restrictions of business operation include the production plant license (Ror. Ngor. 4 Form), apply every 5 years and the current issue will be expired on 1 January 2018,

Marketing and Competition

Highlights of marketing of products and services.

In 2014, the Company focused on customer response both quality, quantity and delivery under fair prices and acceptable of customers and the Company. Also, visit and discuss to make understand the situation and trends affect each of business operations

- Marketing policy
 - Production as per customer's requirement.
 - Based on fair price and acceptable.
 - On time delivery.
- Types of customers include companies/manufacturing factories that use the Company's products as raw materials for their production.
- Target groups of customers including domestic and overseas companies/manufacturing factories that have their world-class brands/trademark.
- Distribution and Channels of Distribution: The Company is directly distributing its products to manufacturing companies both local and overseas wholesalers with 20% domestic sales volume and 80 % overseas sales volume in 2014.
- The Company has 9 major customers in both local and overseas. Oversea customers are from Japan, England, Italy and Netherlands.
- In 2014, the Company earned from two customers that exceed 30% of total income, but the Company does not have to rely on any customer that affect the survival of the Company

Competition:

- Competition within the industry in 2014; focusing price as first priority.
- Industry trends and competitive conditions in 2015 expected that slightly growth, but might be affected by various factors that must be monitored closely and continuously. Domestic factors, such as: internal political situation, the Government's policy-driven, i.e. restructuring the energy price structure, tax structure, and structure of investment in infrastructure. For foreign factors, such as adjusting monetary policy direction of the United States may result in monetary value, there are huge fluctuations Baht. The policy of China's cotton import limitations may affect the quantity and the price of cotton on the world market. To resolve the economic crisis and Europe's credit risk, which is the company's main market, may cause customer's purchasing power decreased.
- The Company has approximately 8 local and overseas competitors.
- The production capacity of the Company is medium size compared to most competitors, having a production capacity about 2 to 2.5 million meters per month.
- The Company's status and competitiveness are trusted by customers in terms of quality and delivery of products.

Providing products or Service

1) The provision of the products

The Company has 2 factories, consisted spinning mill and weaving mill, and located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn District, Samut Prakarn Province 10280.

2) Production Capacity

The comparison of production capacity and actual production among 2014, 2013 and 2012 are as follows;

		2014	2013	2012
1. Weaving				
• Production Capacity	(1,000 Lbs)	15,600	15,600	15,600
• Actual Production	(1,000 Lbs)	13,347	13,814	10,972
2. Weaving				
• Production Capacity	(1,000 meters)	23,400	23,400	23,400
• Actual Production	(1,000 meters)	17,247	17,326	13,793

3) Production Policy

The Company has a production policy by focusing on fabrics to be used for Technical workwear that suitable to the capabilities of the production process and produce in the quantity as per confirmed the order of the customers.

4) Raw Material Procurement

The main raw materials used for production are cotton, 100% imported, and synthetic fiber is able to purchase from a local manufacturer.

The Company does not have to rely on any supplier that is an important role for the survival of the Company.

The procurement of raw materials may have some limitation.

Cotton is an agricultural product, accommodated the weather which is seasonal fluctuations in each year, must be imported from abroad, including the price on the world market and the exchange rate.

Synthetic fibers, sometimes need to change to new Supplier, because the existing Supplier stopped and /or changed the production line.

In 2014, the Company had purchased raw materials from 5 suppliers. The value of purchasing raw material has the ratio of local to foreign at 34 and 66 percent, respectively

The environmental impact of the production process or to get rid of the waste materials.

Waste materials from the production process are cotton waste, yarn scarp, rag and packaging. The company has performed in accordance with the Notification of Ministry of Industry re: Industrial Waste Disposal, B.E. 2548. During the past 3-year, there have not been any case of dispute or litigation about the environment related to the Company's operating results.

Jobs that have not yet been delivered.

None, this is because the Company's nature of business operations are not project works or manufacturing of high value products

Risk Factors

■ Risks from Raw Materials

The Company has operated businesses of yarn spinning and fabric weaving, using cotton as main raw materials in the production of yarns for weaving of which costs were approximately 30% of the total costs, provided that the cotton prices in the world markets were subject to factors such as weather condition, affecting the cultivation of cotton each year, speculation of the hedge fund, the remaining quantity of cotton in the world markets and China's importation policies or India's exportation policies, etc. Meanwhile, the Company was unable to pass the costs on to customers at all times due to the slowdown of the textile markets; therefore, the Company was unavoidably affected by the fluctuation of cotton prices, as above mentioned, which may continuously affect the Company's operating results; however, the Company has taken actions to prevent such risks by monitoring the situation of cotton price changes closely and continuously and contacting its customers regarding the trends of their demands of products frequently to manage the purchase of raw materials with enough and proper quantity thereof.

■ Risk from Exchange Rates

In 2014, the Company has exported its products with the total value thereof equal to 80% of the gross sales; whereby, the Company's products were sold in US dollars and Euro; therefore, the fluctuation of exchange rates could affect its operating results; however, the Company has closely followed up the movement of exchange rates and had its measures to execute currency futures sale agreements covering the value of products as per the purchase orders of customers in each period of time, including the matching of incomes and expenses in US dollars, which helped reduce the risks in terms of import of raw materials and export of products

■ Risk Accumulated Losses of the Company Risk

As of December 31st, 2014, the Company had its cumulated losses of 157 million Baht, as per the Separate Financial Statements because in 2012, the Company recognized its loss from impairment of investments in TCUA, amounted to 186.2 million Baht but having no impact on its current cash flow because the Company had used its assets for joint investment with TCUA. The fact that the Company had such accumulated losses made the Company unable to pay dividends to its shareholders as per the Dividend Payment Policy as prescribed; therefore, shareholders had potential risks of not receiving dividends in the near future because the Company had its main incomes from textile sale and services which still slowed down and had considerably high competitions in terms of pricing; and since this business had low rates of profits, therefore, it might affect the Company's profitability in the future.

■ Risk from majority shareholders, holding more than 50 percent of the votes of shareholders.

Majority shareholders of the company is Saha-Union group of companies, comprising Saha-Union Plc, Union Business Management Co., Ltd. and Union Thread Industries Co., Ltd., holding in the company of 73.09 percent of paid-up capital. Thus making the Saha-Union group of companies can control resolutions of the shareholders' meeting almost all the cases, except in the case of articles of Association, or as otherwise required by law, for example, requires 3 in 4 votes of shareholders so other shareholders might not be able to gather the votes to check and balance issues that majority shareholder proposals.

However, from a policy and values or philosophy of the company and as per the company's management structure. The Audit Committee, which comprises 3 independent directors whose knowledge and experience in financial statements review. Having the authority to consider the related transactions, or items that might have conflict of interests, is in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that they are reasonable and most benefits for the Company. In addition, the Company has policy defined that directors, who might have conflict of interests, do not have the right to vote in this matter and do not attend at this agenda in the meeting of the Board of Directors.

Shareholders

Company's Securities

- The company has registered capital stocks for the amount of 600 million Baht, paid-up capital of 600 million Baht, divided into 45 million common shares of 10 Baht each and 15 million preferred shares of 10 Baht each.

- The conditions of preferred share are as follows;
 - The preferred shareholders get the right to receive dividends before the common shareholders.
 - The preferred shareholders get the right to receive dividend payment at the rate 14% per annual of the preferred share value, being eligible from the fiscal year 1986.
 - In the event that the Company is unable to pay all or less than the claimed rate of dividend to preferred shareholders, those unable to pay dividends will be accumulated up to seven years.
 - In case the common shareholders receive dividend at the rate higher than 14%, the preferred shareholders are also entitled to receive dividends in excess of 14%, that is the same rate as the common shareholders received.
 - In case the Company liquidates, the preferred shareholders get the right to receive the money they invested before making any payments to the common shareholders.
 - Besides from the rights specified above, The common shareholders and the preferred shareholders have equal rights and duties in all respects.

Shareholders

The list of 10 major shareholders of the Company, as of the last closing date of shareholders' registration book on 2 April 2014

Rank	Major Shareholders	No. of Ordinary Shares	No. of Preferred Shares	Total	% of Total Shares
1.	Saha-Union Group of companies				
	1.1 Saha-Union Public Company Limited.	15,580,540	14,348,660	29,929,200	49.88
	1.2 Union Business Management Company Limited.	10,260,200		10,260,200	17.10
	1.3 Union Tread Industries Company Limited.	3,668,280		3,668,280	6.11
2	Bangkok Bank Public Company Limited	3,497,400	400,000	3,897,400	6.50
3	Mr.Surachai Ratithong	1,640,600		1,640,600	2.73
4	Mr.Pisith Preukpaiboon	1,021,900		1,021,900	1.70
5	Bangkok Insurance Public Company Limited.	672,900	233,000	905,900	1.51
6	BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH	478,000		478,000	0.80
7	Mr.Charn Sophonpanich	452,600		452,600	0.75
8	Mrs.Sukhumol Sirimongkolkasem	389,400		389,400	0.65
9	Mr.Chutinthon Darakananda	380,500		380,500	0.63
10	Mr, Carl Varit Sophonpanich	350,000		350,000	0.58
11	Miss Mali Sophonpanich	350,000		350,000	0.58
	Total	38,742,320	14,981,660	53,723,980	89.54

Remarks: The true shareholder of the shareholders No. 1.2 and 1.3 is Darakananda group that's doing main business in investment. There is no agreement between major shareholders on matters that affect the issuing and offering of securities or the Company management.

Issuance of other securities

The company has not issued debt securities.

Dividend Payment Policy

“ Depending on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulating loss (if any), from the Separate Financial Statement of the Company. ”

Dividend payment during 2009 - 2013

Dividend payment for	2013	2012	2011	2010	2009
Net profit per Share	(0.10)	(2.48)	0.04	10.11	(1.12)
Dividend per share	0.00	0.00	0.20	2.70	0.00
Dividend per net profit (%)	0.00	0.00	500	26.71	0.00

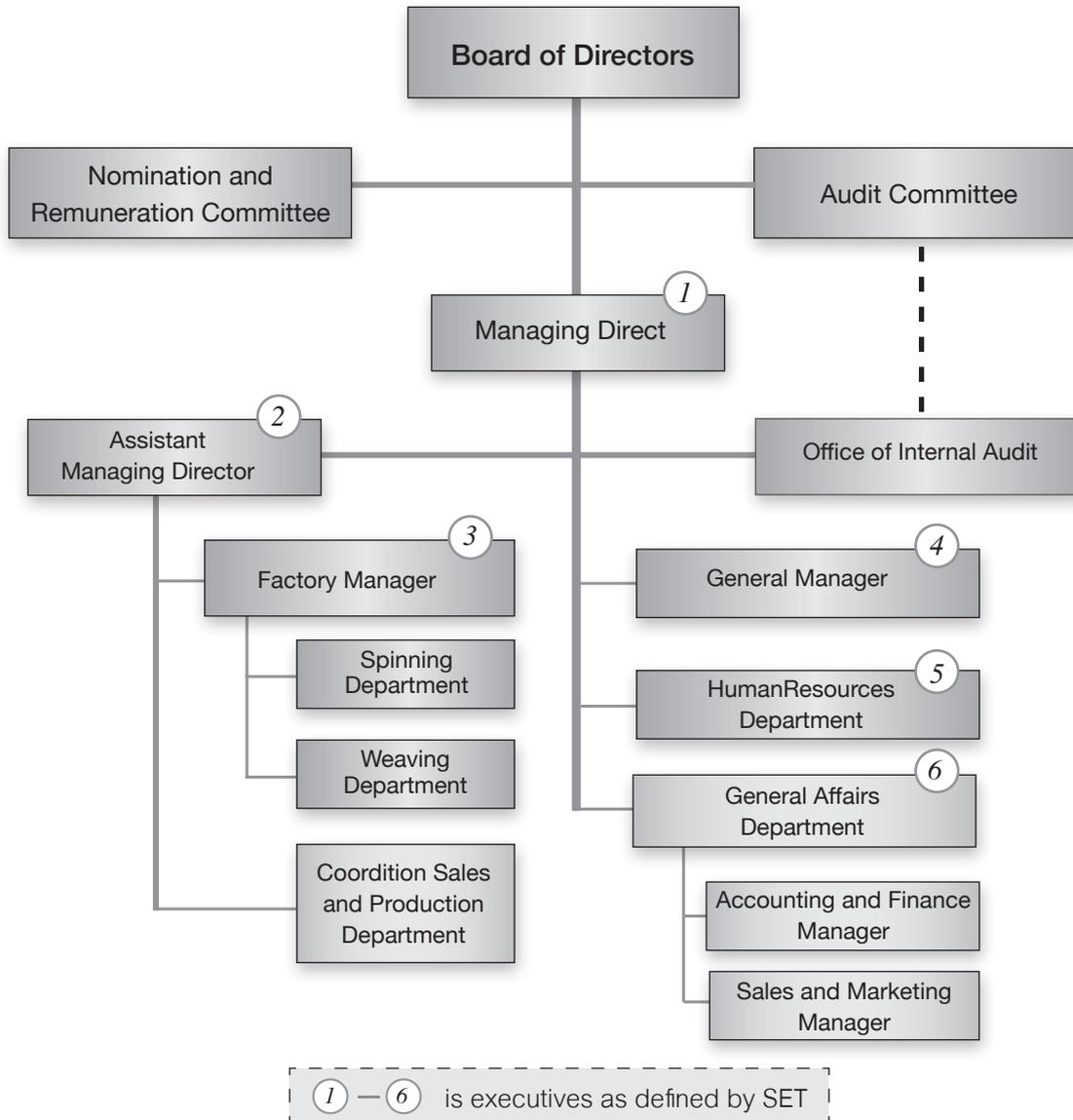
For the operating results of 2014, the Board of Directors' meeting no. 3/2015 held on 17 March 2015 had passed a resolution to propose the Annual General Meeting of Shareholders no.22 under agenda Approving the appropriateness of profit allocation to cessation of dividend payment for 2014 due to the Company still had accumulated loss of 157.34 million Baht, according to the Separate Financial Statement as of 31 December 2014.

Director's shareholding

Director Name	2014		2013		increased (decreased)
	Shareholding	%	Shareholding	%	
1. Miss Sriwarin Jirapakkana	27,010	0.045	27,010	0.045	0
2. Boonserm Vimuktanandana	None		None		
3. Mrs. Suthinee Khunwongsa	None		None		
4. Dr.Pilastpong Subsermsri	None		None		
5. Mr. Vichai Chaitaneeyacha	None		None		
6. Mrs. Pimporn Chotirattanakul	None		None		
7. Miss Dalad Saphavichaikul	45,000	0.075	45,000	0.075	0
8. Mr. Chutindhon Darakananda	380,500	0.634	380,500	0.634	0
9. Capt. Supich Sankhagowit RTN	None		None		

Structure of Management

● Company organization chart as of 31 December 2014



(1) Board of Directors

In AGM No.21 convened on 22 April 2014, the Meeting has its resolution to establish the Board of Directors, totaling 9 persons.

At present, the Board of Directors comprises:

- Non-executive directors 4 persons
- Executive directors 2 persons
- Independent and audit directors 3 persons (one-third of the Board of Directors)

The Chairman is not the same person as the Managing Director and has different authorities, duties and responsibilities of the Managing Director

Name list and positions of the Board of Directors and Controlling person as of 31 December 2014

Name	Position	Meeting attended / Total meeting		
		Boards of Directors	Audit Committee	Remuneration and Nominating Committee
1. Miss Sriwarin Jirapakkana	Chairman and Nomination and Remuneration Committee	12/12		2/2
2. Mrs. Boonserm Vimuktanandana	Independent director, Committee and Chairperson of the Audit Committee	12/12	4/4	
3. Mrs. Suthinee Khunwongsa	Independent director, Audit Committee and Nomination and Remuneration Committee	12/12	4/4	2/2
4. Mr. Pilastpong Subsermsri	Independent director, Audit Committee and Chairman of the Nomination and Remuneration Committee	12/12	4/4	2/2
5. Mr. Vichai Chaitaneeyachat	Managing Director	12/12		
6. Mrs. Pimporn Chotirattanakul	Director	12/12		
7. Miss Dalad Saphavichaikul	Director	12/12		
8. Mr. Chutindhon Darakananda	Director	11/12		
9. Capt. Supich Sankhagowit RTN	Assistant Managing Director	12/12		

Remark

- No.5, Mr. Vichai Chaitaneeyachat resigned, effective on 1 January 2015
- No.6, Mrs. Pimporn Chotirattanakul became Managing Director, effective on 1 January 2015
- Details of Directors as shown on page 4 – 6
- Mrs. Chantorntri Darakananda became director, effective on 1 January 2015

(2) Executives

Member of executive directors and management as of 31 December 2014

Name	Position
1. Mr. Vichai Chaitaneeyachat	Managing Director
2. Capt. Supich Sankhagowit RTN	Assistant Managing Director
3. Mr. Panya Chaivichacharn	Factory Manager
4. Miss Prayoon Sripraram	Manager, Accounting and Finance
5. Mr. Weeratham Pochinya	Manager, Sales and Marketing
6. Mr. Pruttipan Chayakul	General Manager

Scopes of authorities and duties of Executives

Managing Director

- Responsible for the Board of Directors, doing duties and carry out the resolutions of the Board of Directors and as per assigned by the Board.
- Approve and sign documents using a payment limit and on the basis of signed documents approving the spending of money and credit, as defined.
- Responsible for providing the company with a valid account and financial reports that disclose the accurate.
- Responsible for the physical count of inventory and inventory control, appropriate.
- Monitor and control account receivable repayment of the outstanding receivable, repayment schedule, as appropriate.
- Prepare master plan, annual budget plan with return target.
- Reporting the Board of Directors on business operating result including monthly income statement and quarterly income statement (if any).
- Having approval by the Board of Directors, carry out various duties as follows;
 1. To open an account for different types of credit lines from banks and financial institutions.
 2. To provide loans. Write down the mortgage and pledge to guarantee the legal entity or person.
 3. The legal entity and/or third party rental company's assets and/or.
 4. The transaction, which is not normally the business of the legal entity or person.
 5. Buying property or investing in businesses, which exceeded the amount approved and signed the settlement on the basis.

(3) Company Secretary

The Board of Directors had a solution to appoint Mrs. Chadaporn Jiemsakultip being the Company Secretary to perform her duties under Section 89/15, 89/16 and 89/23 of the Securities and Exchange Act (No.4) B.E. 2551.

In addition, the secretary is responsible for;

- Provide legal advice and related rules as well as practices on corporate governance to the Board of Directors to ensure compliance with laws.
- Arranging meetings of the Board of Directors and the Shareholders.
- Coordination with involved intra-offices, to have them conform to the resolutions of the Board of Directors and the resolutions of the Shareholders' meeting.
- Coordination and maintaining stakeholders reported Directors or Executives and submit copies of these reports to the Chairman of Board of Directors, Chairman of the Audit Committee within seven days from the date of reports received.
- Provide and Arranging attending courses relating to directors' duties and committee
- Coordination of director/executive to get knowledge and to attend various courses relating to perform duties of director and committee.
- Deal with agencies that oversee the Company such as the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) and also be responsible for corporate disclosure of complete and precise information as well as reports for the mentioned agencies and the public as required by laws.
- Provide an orientation, prepare documents or information that is useful for performing their duties and gives guidance to newly-appointed directors.
- Any other duties as assigned by the Board of Directors.

(4) Benefits and Remuneration of the Board of Directors and the Management

1) Monetary Remunerations

Directors' remuneration

Resolution of the Shareholders' Annual General Meeting No 21 approved the remuneration of directors for the year 2014 in the amount not exceeding 1,500,000 Baht per year, (the same as 2013) and assigned the committee to allocate the appropriate amount of remuneration payment. Meeting allowances for each member of the Board of Directors, regarding the number of meetings, as follows:

Name	Positions	Meeting allowances (Baht)		
		Boards of Directors	Audit Committee	Remuneration and Nominating Committee
1. Miss Sriwarin Jirapakkana	Chairman and Remuneration and Nominating Committee	96,000		12,000
2. Mrs. Boonserm Vimuktanandana	Independent director and Chairperson of the Audit Committee	96,000	132,000	
3. Mrs. Suthinee Khunwongsa	Independent director, Audit Committee and Remuneration and Nominating Committee	96,000	120,000	12,000
4. Mr. Pilastpong Subsermsri	Independent director, Audit Committee and Chairman of Remuneration and Nominating Committee	96,000	120,000	12,000
5. Mr. Vichai Chaitaneeyachat	Managing Director	96,000		
6. Mrs. Pimporn Chotirattanakul	Director	96,000		
7. Miss Dalad Saphavichaikul	Director	96,000		
8. Mr. Chutindhon Darakanandna	Director	96,000		
9. Capt. Supich Sankhagowit RTN	Assistant Managing Director	96,000		
Total		864,000	372,000	36,000

Executive remuneration

Total remunerations of Managing Director and managers are under the Company wages and salary structure that would be revised as required and according to the principle and policy directed by the Board of Directors. The remuneration level would be based on the Company's operating results and the performance and results of each manager. In 2014, the Company paid 8.21 million Baht in terms of salaries and bonuses for 6 members of the management.

2) Other Remuneration

Directors' other remuneration

None

Executives' other remuneration

- Provident fund

The Company's provident fund has been set up for executives and employees, which the Company contributed at the rate 3% of each member's salary. For the 4 executives, the Company paid to the fund amounted 116,640 Baht, in total

(5) Personnel

1) As of 31 December 2014, the Company had 715 employees, increased by 4 persons from the year 2013

2. The number of employees in each department

● Spinning and Weaving mill, totaling	641	persons
● Finance and Accounting, totaling	12	persons
● General Affairs, totaling	56	persons
● Sales and Marketing, totaling	6	persons

3. Total remunerations of employees:

(Unit: million Baht)

	2014	2013	2012
● Salary and labor cost	119.47	117.29	107.89
● Bonuses	14.14	14.42	13.80
● Social Securities	4.28	3.33	2.81
● Provident fund contribution	2.94	2.99	2.90
Total	140.83	138.03	127.40

4. There has been no significant labor dispute during the past 3 years.

5. Employee development policy

The Company has organized a suitable training program for all employees at all levels, as regular in each year, so that all employees shall obtain the require knowledge, expertise, and skills for effective performance of duties. The employee, who registered as an Accountant, attended the training for continuous accounting professional knowledge, having the number of hours of training as specified by the Department of Business Development.

Corporate Governance

(1) Corporate Governance Policy

The Company Board of Directors is aware of the importance of good Corporate Governance by being firmly determined to develop and promote the Company to be an Organization with the efficiency on the management, having Business Code of Ethics, ability to create better benefits to shareholders and the other stakeholders. The Corporate Governance Policy is, henceforth, mapped out as follows:

1. Prescribing the effective Corporate Governance Structural Frame compatible with the Principle of Law with transparency and being verifiable.
2. Prescribing the scope of duty and responsibility; able to build confidence that the privileges of the stakeholders will be protected.
3. Performing duty as professionalism by adhering to the rules, including a decision making on any matter which shall be made in a timely manner with transparency and is explainable.
4. Refraining from performing any acts in a manner likely to violate or derogate the rights of the Company's shareholders and providing facilitations to enhance shareholders to exercise their own basic rights other than the rights of voting in the Shareholders Meetings.
5. Treating all shareholders equitably and all shareholders shall have the rights of access into information, data and suitable communication channels with the Company.
6. Giving importance to the rights of the stakeholders both in accordance with the law and through mutual agreements, including a promotion to create mutual co-operations of both parties which is between the Company and various groups of stakeholders in order to build up prosperity, create employments and sustainability of the Company.
7. Disclosing implicitly significant information correctly, fully, and on time as scheduled.
8. Mapping out important strategy, policy and work plan in carrying out operations of the Company by taking into a consideration the risk factors, including the efficient system layouts in the follow-ups and measurements on the management of the Administration Faction.
9. Considering the matter in prescribing the Business Code of Ethics of the Company in order to enable the Board of Directors, Executives and all employees to use as guidelines for observing and complying with all along together with the Company Regulations.
10. Causing to conduct self-evaluation every year as an instrument for use in checking duty performances of the Board of Directors and include such self-evaluation report in the Annual Report

(2) Committee

The structure of the Board consists of 3 committees, Board of Directors, Audit Committee and Remuneration and Nominating Committee

The Board of Directors

The Board of Directors consist of directors with various qualifications, which are skills, experience, and expertise that are useful to the Company. Directors, moreover, commit to their responsibilities and put efforts to create a strong board of directors. There are 9 members of the Board of Directors comprising;

- Non-executive directors 4 persons
- Executive directors 2 persons
- Independent directors 3 persons.(one third of the Board of Directors)
- Term in office of directors; 3 years.
- The name list of the Board of Directors and their holding positions as shown on page 4-6

- Scope of authorities and responsibilities
 1. Appoint and remove the Company's employees; with such powers, the Board of Directors may assign any one or several director(s) of the Company to act on its behalf;
 2. Authorize incentive pays and rewards for the Company's staff or employees or any other person performing a task for the Company, either on a regular or irregular basis;
 3. Determine interim dividends for the Company's shareholders;
 4. Implement the objectives, regulations, and resolutions of the shareholder's meeting in accordance with the law;
 5. The Board of Directors shall appoint any director as the President, with powers and responsibilities as the Board of Director may think fit.
 6. The Board of Directors may appoint the specific number of directors as it may think fit, as the executive board, with powers and duties to supervise the Company's businesses as it may think fit; and among these directors, one director shall be appointed as the executive chairman; and the President shall be an executive director by virtue of an office.
 7. Two directors shall affix their signatures together and affix the Company's seal. The Board of Directors shall have its powers to determine the authorized director(s) of the Company.
 8. Determine the Company direction, target, and business policy
 9. Supervise the management regarding an appropriate risk management.
 10. Supervise the Company's accounting and financial report disclosure, accuracy and completeness.
 11. Consider Company annual operating plan and budgets as per the Managing Director proposed.
 12. Evaluate the operating result and consider annual remuneration of the Managing Director.

Regarding the performance of works under its powers and responsibilities, the Board of Directors may appoint any one or several director(s) or other person to act on its behalf;

The Audit Committee

The Audit Committee comprises 3 independent directors, having the full qualifications according to the criteria of the Stock Exchange of Thailand. Mrs. Boonserm Vimuktanandana, independent director, holds the Chairperson of Audit Committee position, possesses knowledge and experience in financial statement review.

- Members of the Audit Committee

Nam	Position
1. Mrs. Boonserm Vimuktanandana	Chairperson
2. Mrs. Suthinee Khunwongsa	Member
3. Mr. Pilastpong Subsermsri	Member

- Term in office of the audit committee; 3 years.
- Details of education and experience as shown on page 4-5
- Scope of authorities and responsibilities
 1. Review the Company's financial reports for accuracy, adequacy and in accordance with the generally accepted standard of accountability.
 2. Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer and dismissal of the manager of the internal audit office;
 3. Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;

4. Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;
5. Consider the related transactions or transactions which may have conflicts of interests in accordance with the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the Company;
6. Prepare a report of the Audit Committee, which must be disclosed in the annual report of the Company and signed by the Chairman of the Audit Committee and shall contain at least the data, as follows:
 - (1) Comments on the accuracy, completeness and reliability of the financial reports of the Company;
 - (2) Comments on the adequacy of the internal control system of the Company;
 - (3) Comments on the compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
 - (4) Comments on the appropriateness of the auditor;
 - (5) Comments on the transactions which may have conflicts of interests;
 - (6) The number of meetings of the Audit Committee and attendances of each member of the Audit Committee;
 - (7) Comments or overall remarks that the Audit Committee have received from the performance of duties under the Charter or Regulations of the Audit Committee;
 - (8) Other transactions as shareholders and general investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors;
7. Make sure that the management has corrected the errors found and accelerate the correction of the said errors;
8. Follow up and evaluate the performances of work as the Audit Committee may deem significant;
9. Carry out any other missions as assigned by the Board of Directors;

In the year 2014, the Independent / audit directors had no related business transaction or provided any service on professional activity to the Company.

The Nomination and Remuneration Committee

The Remuneration and Nominating Committee consists of 3 directors, including 2 independent directors. Mr. Pilastpong Subsermsri, independent director, is Chairman of the Nomination and Remuneration Committee.

- Members of the Nomination and Remuneration Committee

Name	Position
1. Mr. Pilastpong Subsermsri	Chairman
2. Mrs. Suthinee Khunwongsa	Member
3. Miss Sriwarin Jirapakkana	Member

- Details of education and experience are shown on page 4-5

- Scope of authorities and responsibilities

1. Determine guidelines for nomination of directors;
2. Select and nominate the qualified individuals to be approved by the Board of Directors;

3. Consider the procedures of determination of remuneration for directors;
4. Determine the amount of remunerations of directors to be proposed to the meeting of the Board of Directors for approval;

(3) **Nomination of Directors and Managing Director :**

Nomination of independent director

Criteria for selection of independent director

1. Having the full qualifications according to the the criteria of the Stock Exchange of Thailand, Public Limited Company Act , B.E. 2535, Securities and Exchange Act, and the Company's qualification
 - (a) Holding shares not over one percent of the total shares with voting right of the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, however, it includes shareholding by related persons of the independent director also.
 - (b) Not being or has been a director with management participation on employees, consultant with regular salary or authorized person of the Company, holding company, subsidiary, affiliate, subsidiary in the same level, major shareholder or of authorized person of the Company for license, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the Company for license.
 - (c) Not being person of whole blood or registration As stated in the law, in the manner of being a father or mother, spouse, brotherhood and offspring, including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the Company for license or subsidiary.
 - (d) Not have or has been in business relation with the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the Company for license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the Company, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office. .
 - The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same personn.

- (e) Not being or has been auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.
 - (f) Not being or has been any professional provider which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.
 - (g) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.
 - (h) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.
 - (i) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.
2. After the appointment to be independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to make decision on the business operation of the Company, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision.
 3. Having experience and understanding in connection with the Company's businesses.
 4. Having visions and sufficient time for performance of duties.

2. Nomination of Director

The Nomination and Remuneration Committee, 2 of all 3 members are independent directors, is to consider candidate, having the qualifications according to the Public Limited Company Act, B.E. 2535 and must have qualifications and prohibitions as follows.

1. Having the qualifications according to the Public Limited Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
2. Being of knowledgeable, capable, independent, dedicated with suitable age and ability to perform director's duties with care and loyalty. Reputable business persons of integrity and superb professional references may also qualify as nominees.

3. Having the skill of industry knowledge, accounting & finance, business judgment, management skill, business strategy, corporate governance and legal.

The Nomination and Remuneration Committee, then, propose the selected director nominees to the Board of Director for approval before proposing to the Shareholders in the directors' agenda of the Shareholders' Annual General Meeting. Thus, the election of directors will be proceeded in accordance with the Company's Articles of Association, as follows:

- One shareholder shall have one vote per one share.
- In the election of directors, one or several directors may be elected at one time, according to the number of directors to be elected in that occasion, as the shareholders' meeting may deem expedient; provided that, in each passing of resolution, shareholders must cast their total votes as specified in Clause 1; and the votes may not be divided to any person or a group of persons.
- Directors shall be elected by the majority votes; in case of equal votes, the chairman of the meeting shall have a casting vote.

3. Nomination of Managing Director

Nomination process for Managing Director, Chairman will propose a nominee who has suitable qualifications, having knowledge, competency, skill and expertise to the benefits for the Company business operation of the Company and capable to manage to meet the defied targets and objectives, to The Board of Directors for approval

(4) Supervising the business operations of subsidiary and associated company

The Company invested in 2 associated companies, which is

- Uni-Fibre Co.,Ltd., dealer, in the proportion of 20.83% of total shares
- TenCate-Union Protective Fabrics Asia Ltd. (TCUA)*, manufacturing and distribution of dyeing and finishing fabrics, in the proportion of 49.35% of total shares.

* TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.

Business operations policy of the Company and associated company

- The Company and its associated companies have separate and independent business management. One or more directors will be appointed being directors of the board of associated companies

(5) Use of Inside Information

The company has a policy to prevent the use of inside information and has issued the rules and regulations of the company. Employees, managements and directors have been informed do not use one's authorities and duties or to make use of authorities and duties of others for one's own benefits, or to help others in an illegal manner and all personnel of the Company must perform their work with honesty. Moreover, the Company has determined the degrees of punishments, in case, the above-mentioned disciplines are violated.

For securities trading, the Company has defied the directors and managements to avoid securities trading of the Company within 14 days before the disclosure of the annual or quarterly financial report and within 24 hours after the disclosure of that information.

The Company has defied the directors and management to report their stakeholders and securities holdings on basis every year or having any changes. The Company Secretary is responsible for keeping these reports.

In the year 2014, not found such violation and no cases of the Company's directors/executives have traded securities by using of the inside information.

(6) Auditor Remuneration.

1) Audit Fee.

The Company's auditor of 2014 is Mr. Termphong Opanaphan or Mr. Kritsada Lertvana or Miss Thipawan Nananuwat of EY Office Limited; and the remunerations for audit of the financial statements for the year was 545,000 Baht; meanwhile, the fees for review of interim financial statements of the Company, covering 3-quarter period, were 375,000 Baht; and other audit-related expenses were amounted to 75,348 Baht; in total, the annual audit fees were amounted to 995,348 Baht. The Company has not paid the audit fees to any auditor or any related person or business in connection with the auditor and the audit office of the auditor

2) Non-audit Fee;

The Company has not paid any non-audit fee; and there was no other incomplete service for which the auditor or such audit office shall be paid in the following year.

(7) Compliance with the Principle of Corporate Governance in Other Matters;

In 2014, the Company has complied with the Principle of Corporate Governance for the Listed Companies for the Year 2012, except for the matters disclosed above, as follows:

Shareholders' Rights and Equitable Treatment;

1. The Company has given its shareholders an opportunity to study the criteria and methods relating to the submission of matters to be included as agenda of the 21st Annual General Meeting of Shareholders or sending of questions relating to the Company in advance as from October 1st, 2013 until December 31st, 2013, thus, to be included as agenda thereof and to be disseminated on the Company's website at <http://www.ut.co.th>;

2. The Company has disseminated an invitation for the 21st Annual General Meeting of Shareholders, including the supporting documents thereof; and on March 21st, 2013, Thailand Securities Depository Co., Ltd., was assigned to send invitations for the 20th Annual General Meeting of Shareholders to all shareholders as per the name list appeared in the Register of Shareholders as of the closing date of the Register of Shareholders of the Company in advance before the date of shareholders' meeting convened on April 23rd, 2013; provided that documents enclosed therewith consisted of:

- 1) (1) Copy of Minutes of the 20th Annual General Meeting of Shareholders convened on April 23rd, 2014;
- 2) CD of the Annual Report, Balance Sheets and Profit and Loss Accounts or Financial Statements for the Year Ended on December 31st, 2013;
- 3) Profiles of Persons Nominated for Director Election (specified with name-surname, educational background, work history, experiences/assumption of directorship, type of directors to be nominated; and in case of nomination of existing directors for re-assumption of directorship, the data of meeting attendances in the previous year shall be provided and the number of terms/years in office of directorship in this Company shall also be given);
- 4) Definitions of "Independent Directors" for Persons Appointed as Independent Directors;
- 5) Criteria and Method of Nomination of Directors;
- 6) The Company's Regulations Relating to Shareholders' Meetings;
- 7) Proxy Form; In order to facilitate a shareholder who is unable to attend the Meeting in person, he/she may authorize an independent director or any person, regardless of being an executive or a director of the Company, to attend the Meeting on his/her behalf; whereby, the voting rights as per the Meeting agenda shall be in accordance with the intention of the shareholder; moreover, the shareholder may download a Proxy Form on the Company's website: www.ut.co.th;
- 8) Map of the Meeting Venue (for facilitation of all groups of shareholders, including institutional investors to travel to and attend the Meeting);

3. In the Invitation for the 21th Annual General Meeting of Shareholders:
 - 1) Objective and reason of each session proposed to the Meeting shall be specified by referring to the related criteria, rules, regulations or the Public Limited Companies Act;
 - 2) Opinions of the Board of Directors in each session of the Meeting shall be clearly given;
 - 3) In the Session “Consideration and Approval of Allocation of Profits”, the Company has clarified its policy and details of dividend payment during 2010-2012, thus, to be used as the data proposed to the shareholders’ meeting for consideration and approval of cancellation of dividend payments of 2013 and rights of the preferred shareholders’
 - 4) In the Session “Consideration and Appointment of the Auditor of 2014; and Determination of Remuneration”, it was clearly specified with details relating to names-surnames of all auditors, the audit office, experiences, abilities of the auditors, including issues relating to independence of the auditors and the audit fees;
 - 5) It was remarked relating to documents/evidences for registration of meeting attendances of shareholders who attended the Meeting in person or by proxies;
4. In the 21st Annual General Meeting of Shareholders convened on Tuesday, April 22nd, 2014:
 - 1) The Meeting was convened at the Meeting Room, 9th Floor, Saha-Union Head Office Building, No.1828 Sukhumvit Road, Bangchak Sub-district, Phra Khanong District, Bangkok;
 - 2) All 9 directors consisting of the Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and the Board of Directors, attended the Meeting; moreover, the Meeting’s participants including the auditor, Finance and Accounting Manager, the Company’s Secretary and Assistant Secretary, discussed and answered the shareholders’ questions relating to the Company
 - 3) The Chairman of the Meeting has clarified about the voting rights; as per the Company’s Regulations, it was prescribed that all shareholders shall be entitled to cast their votes (one vote per one share held) in different sessions of the Meeting; and shareholders were fully given an opportunity to raise questions or to propose their ideas therein;
 - 4) In the Session “Consideration and Election of Directors”; as per the Company’s Regulations, it was prescribed that at each of the annual general meetings of shareholders, one-third of the total number of directors shall be released from office by rotation; and the Chairman of the Meeting has given shareholders an opportunity to determine a method of vote casting in the directors’ election individually or in the whole group, as the Meeting may think fit;
 - 5) In the Session “Consideration and Determination of Directors’ Remuneration”, the Chairman of the Meeting has clarified the policies, criteria and guidelines for annual review thereof in comparison with the listed companies of similar business sizes, as well as duties and responsibilities of the Board of Directors, operating results of the Company and appropriateness to the current economic condition and has proposed the matters to shareholders’ meeting to determine the amount of annual remuneration of directors; and has assigned the Nomination and Remuneration Committee to consider and allocate the amount thereof; provided that the data of remuneration of the Board of Directors and each subcommittee has been disclosed in the heading “Remuneration of Directors and Executives”;
 - 6) In this Meeting, there was no other additional session unspecified in the Invitation for the Annual General Meeting of Shareholders;

5. Minutes of the 21st Annual General Meeting of Shareholders convened on April 22nd, 2014;
 - 1) There was a record relating to notification of method of vote casting and counting of votes to shareholders before starting the Meeting according to the meeting agenda; and all votes shall be cast in ballots;
 - 2) Issues relating to shareholders' inquiries or opinions as well as questions and answers were recorded so that shareholders who failed to attend the Meeting shall be informed;
 - 3) In each session of the Meeting where a resolution thereof shall be passed by means of vote casting and shall be clearly recorded; whereby, the Chairman of the Meeting has reported the number of "agree", "disagree" and "abstain" votes to the Meeting for acknowledgment in each session thereof;
 - 4) Minutes of the Meeting were disseminated on the Company's website on May 6th, 2014.

Roles of Stakeholders:

6. The Company has operated its businesses and transactions with its full awareness that rights of stakeholders, including rights as prescribed by laws or by mutual agreements and good relationship and cooperation among them were crucial factors that helped promote the sustainable growth of the Company and create the competitiveness for its long-term successes; therefore, the Board of Directors has determined the policies by taking account of roles of groups of stakeholders, as follows:

- 1) Promote the process of strengthening good relationship and cooperation between the Company and its stakeholders;
- 2) Adhere to concepts of transparent business operation of the Company and take account of roles of all groups of stakeholders, including policies of environmental, social and community protection;
- 3) Provide all stakeholders with communication channels for inquiries, notification of data, complaints or questions in financial reports through channels, as follows:
 - In case of retrieval of the Company's data, please access the Company's website at <http://www.ut.co.th>; provided that the Company's Secretary shall update the data regularly;
 - In case of doubts in financial reports, please contact the Finance and Accounting Manager and/or the Managing Director via Telephone No.02-3231085-87;
 - In case of notification of data or complaints, please notify the same to the Secretary to the Board of Directors for inspection via Telephone No.02-3231085-87 and reporting to the Chairman of the Audit Committee, the Managing Director or the assigned person for investigation/problem solving as may be suitable, in case, the complaints are well-grounded; provided that the Company had its measures to keep confidentiality of the received data and to protect the data providers;

Disclosure and Transparency:

7. The Board of Directors shall be obliged to supervise the correct, complete and prompt disclosure of significant data relating to the Company by assigning:

- 1) The Managing Director shall supervise and assume the joint responsibilities with the Finance and Accounting Manager; and the Company's Secretary shall be obliged to communicate and give data to shareholders;
- 2) The Company's Secretary shall update the data regularly;

Investors and general interested persons may retrieve data, in addition to the dissemination of data as per the prescribed criteria, through channels of the Stock Exchange of Thailand, Form 56-1 and annual reports; and may access and/or download the Company's annual reports through channel of the Company's website at <http://www.ut.co.th>; provided that the data shall be disseminated both in Thai and English languages; or may contact the Finance and Accounting Division at Tel. No.02-3231085-87 Ext.1113;

Responsibilities of the Board of Directors:

8. In 2014, there were 12 meetings of the Board of Directors as scheduled in advance; whereas, at each of the Board of Directors' meetings:

- 1) The Chairman of the Board of Directors and the Managing Director shall jointly consider and select matters to be included in the agenda of the Board of Directors' meetings; and each director shall have their independence to propose matters relating to the meeting to be included in other sessions;
- 2) The Company's Secretary shall send invitations for the meeting, including the meeting agenda and supporting documents for at least 7 days before the date of the meeting so that the Board of Directors shall be able to study the data thereof;
- 3) It shall take at least 2 hours for the Management to propose matters; and directors shall thoroughly and carefully discuss the main problems; whereas, the Chairman of the Board of Directors has promoted the careful use of discretion; and all directors have paid their attentions to all issues proposed to the Meeting, including the corporate governance;
- 4) The top management shall attend the Board of Directors' meetings to provide additional information and details in issues directly involved with the problems such as marketing situations, procurement of raw materials and production, etc. so that the Board of Directors shall have opportunities to know more about the top management for consideration of the succession plan;
- 5) The Board of Directors may ask for additional necessary data from the Managing Director or the Company's Secretary or other executives as assigned within the scope of the prescribed policy;
- 6) Non-executive directors may have opportunities to meet and discuss among them as may be necessary in order to discuss interesting problems relating to business administration without the management's attendance; and to notify the Managing Director of the results of such meeting;
- 7) The number of meeting attendances of each director shall be as appeared on Page 17;

9. The Board of Directors has jointly and personally considered the performance appraisal of 2014 in comparison with those of 2013 and 2012

Topics of Appraisal	2014	2013	2012
Structure and qualifications of the Board of Directors	97.50%	98.61%	94.44%
Roles, duties and responsibilities of the Board of Directors	93.98%	94.29%	91.51%
Meetings of the Board of Directors	98.26%	100.00%	96.53%
Performance of duties of Directors	95.24%	97.62%	94.84%
Relationship with the Management	99.44%	100.00%	97.22%
Self-development of directors and development of executives	93.06%	96.30%	91.20%
Total	95.83%	97.12%	93.72%

10. The Company has its criteria and methods of recruitment of executives by providing the succession plan; whereas, the Managing Director shall consider persons who have proper qualifications, knowledge, skills, abilities and past performances to the vacancies; and shall then propose the matter to the Board of Directors for consideration and approval;

11. In 2014, there were meetings of different committees, as follows:

- The Board of Directors has convened totally 12 meetings as per the normal agenda as completely as prescribed in advance.
- The Audit Committee has convened totally 4 meetings as per the normal agenda;
- The Nomination and Remuneration Committee has convened 1 meeting as per the normal agenda; and has also convened 1 additional meetings for consideration and recruitment of directors in place of the retiring directors
- The data of meeting attendances of each director is as appeared on Page 17

12. Development of Directors and Executives;

- The Board of Directors has promoted and facilitated the organization of training and provision of knowledge to the related personnel such as DAP Course for the Board of Directors; ACP Course for the Audit Committee; and risk management courses for executives, etc.
- The Management and the Company's Secretary shall be obliged to prepare documents and data in favor of performance of duties of new directors; and to introduce the nature of businesses and guidelines for business operation of the Company;
- The Managing Director shall be obliged to report the development and succession plan on a regular basis; and to have the preparedness in case, the Managing Director is unable to perform the duties;
- The Managing Director shall be obliged to report the executive development programs, on a yearly basis, and relating to what has been done during the year;

Corporate Social Responsibility

The Company has done business under the core values of Saha-Union group of companies, "Integrity, Quality Service" that comply with the principle of good corporate governance, including in accordance with rules and regulations. In addition, the Company's business operations will adhere to operate with social responsibilities and protection of the environment and stakeholders. The Company organized employees having the opportunity to express their comments concerning the definition of values that firmly upheld practices and complied with, becoming the company's culture, which are the followings;

Values :

- | | |
|------------------|--|
| Integrity | <ul style="list-style-type: none">● Love and respect ourselves, family and society.● Do the right things.● Open mind. |
| Quality | <ul style="list-style-type: none">● Attention to detail that customers expect.● Brainstorming and doing to achieve the goal.● Learn and develop themselves continuously. |
| Service | <ul style="list-style-type: none">● Value for money.● Change is opportunity.● Enhancing Competitiveness continuously |

The Board of Directors has considered and reviewed the vision and mission as per existing business environment as follows:

Vision :

A textile company that has gained the trust in terms of quality and delivery. Having a good corporate governance practice able to achieve business on-going and sustainable.

Mission :

- Operate textile business to achieve a satisfactory yield and increase revenue from existing resources.
- Strengthening stakeholder relationships for mutual benefits.
- Loyalty to customers, as well as maintain the business secrets and strengthening customer relationships and satisfaction.
- Practice to employees fairly and equally and provide appropriate compensation, including training and competence development continuously.
- Commit to do business with social responsibilities, not involving violations of human rights, preserve the environment that might be caused by business operations under international standards, rules and regulations and participate in the activities of the community and society.
- Increase the competitiveness of the company continuously.

(1) Policy Overview:

The Board of Directors has considered and approved corporate social responsibility policy to guide operation for managers and employees, as follows:

1. Fair business operations;

The Company shall have fair and equal treatment to all parties based on fair returns and shall avoid operations which may cause any conflict of interests and infringement of intellectual property rights; and shall act against all kinds of malfeasance;

2. Anti-corruption;

The Company shall not demand, receive or offer any benefits other than those under the Trade Agreement; in case, it is found that any person has demanded, received or offered any benefits in bad faith, the Company shall cooperate with its business partners to audit the matters of facts and to solve the problems rapidly and successfully.

3. Respect for Human Rights;

The Company shall avoid any actions which may impair or violate the rights; and shall equally accept opinions and suggestions from all groups of stakeholders.

4. Fair Treatment to All Employees;

The Company shall have fair and equal treatment to all employees; shall provide welfare, safety and health in the workplace; and shall take care of and give importance to the development, knowledge transfer and abilities of employees; and shall give opportunities to all employees thoroughly and regularly; and shall provide remunerations which are suitable for knowledge, abilities, responsibilities and work performances.

5. Responsibilities to Consumers;

The Company shall manufacture, deliver and provide quality products and services in accordance with the standards, requirements or beyond the expectations; and shall provide units, systems or processes of accepting the recommendation, opinions, or complaints relating to products or other services; whereby, the Company shall take such matters into consideration and shall improve and correct the same rapidly and within a reasonable time.

6. Environmental Protection;

The Company shall comply with the related laws, rules and regulations; and shall not support all stakeholders to destroy natural resources and the environment;

7. Participation in Social or Community Development;

The Company shall support the organization of activities or shall participate activities in connection with the community development.

8. Innovation and Diffusion;

Improve its production processes and operations continuously in order to prevent from any potential undesirable impacts; and has used the natural resources with awareness of their value and has reduced any unnecessary losses.

(2) Operation and reporting

1. Reporting process

The company adheres to do business with social responsibility practice, which will help the Company can conduct business continued to attain a stable and enduring vision that has defined the company applied the principle of. Best practices at the stock exchange, Thai set approach to corporate social responsibility report. In identifying stakeholders, the Company has analyzed who might be affected and benefits resulting from the outcome of activities or products relating to economic, environmental, social and other stakeholders involved, who are shareholders, employees, customers, business partners, creditors, competitors and community surrounding the company.

2 Operation.

The Company developed the Company's Corporate Governance and Business Code of Conduct Handbook specified guidance practice, including corporate social responsibility, for managers and employee to deal with

stakeholders. However, with the current circumstance of company performance and resource availability, the Company focuses on human resources as the first priority since they are the mechanism driving the company, achieving both economic. Society and the environment.

Employment and Benefits

The Company's human resource management policy is set up criteria for employment, benefits, salary based on job position and fringe benefits. Employees will be treated fairly and will not be exploited. Employees will receive their pay in full and on time, the Company will set up payroll twice a month. In addition to the benefits offered to employees in accordance with the Company's rules and regulations, the contributions and benefits from employees' provident funds, based on the funds' regulations are included. Moreover, the employees are offered the benefits from Employee Savings and Credit Cooperatives of Saha-Union Group. The Company will allow employees holidays, sick leave and annual vacation based on years of service to the company. Moreover, the employees benefit the right of yearly physical examination according to the regulations.

In 2014, the Company had 715 employees in total, 2.17% were newly employed and 2.62% were out of employment status.

Occupational Health and Safety.

The Company has given the importance to its employees' health and has managed its businesses in accordance with the Rules of the Ministry of Labor Governing the Provision of Standards in Management of Safety, Sanitation and Work Environment Relating to Heat, Light and Sound B.E.2549; the Company has reported the results of measurement and evaluation of the work environment performed by the Occupational Health, Safety and Environment Technological Center, the Safety and Health at Work Promotion Association (Thailand) to be proposed to the Labor Protection and Welfare Office, Samutprakarn Province.

The Company has used the results of measurement and evaluation of the work environment for hazard control, monitoring and protection of hazards and work-related diseases which may occur to its employees; for examples:

- Provide knowledge on hazards from the work environment and hazard control methods.
- Select and use suitable and convenient personal safety equipment.
- Correct and improve the work environment.
- Provide an audiometric and lung function test.

Respect Human Rights Principles at Work

The Company has a policy of basic human rights, for example, employee rights to express their opinions. The Company will indiscriminately listen to employees' agendas and put it into consideration to find measures to prevent or release, and or correct the effects of the matters caused by the organization's activities. As for the right of investors or shareholders.

Diversity and Equal Opportunity.

The Company employs a diversified group of employees, regardless of their genders, races, religions, age, education and others. The policy of equal treatment and opportunity employment is firmly held in place. For example, employees, regardless of gender, will receive their pay equally such as basic salary rate based on the job description. Moreover, the Company gives employees the opportunities to improve their learning and competences which match their job description, including promotion potential for a higher position.

Resulting from participating in many projects Company has been awarded;

● An outstanding workplace award on labor relations and welfare for 5 consecutive years (2009-2013) by the Department of Labor Protection and Welfare, Ministry of Labor; and with the award received this year, it was regarded that the Company have been awarded for 9 consecutive years since 2005;

● Accredited certificate under the standard of narcotics control in workplaces by the Department of Labor Protection and Welfare, Ministry of Labor.

(3) Business Operations Affecting the Corporate Social Responsibilities:

The Company has never been inspected or being inspected by the competent authorities that the Company's business operations significantly breached the provisions of laws relating to 8 principles;

The Company's business operations have never been involved or accused of causing negative impacts on society and the environment or not in accordance with 8-item principles; particularly those making the headlines in newspapers and negatively known to the general public or those significantly affecting the business operations, reputations or credibility of the Company

(4) CSR and Environmental Protection Activities:

The Company has organized CSR and environmental protection activities which were brainstormed by its employees and can be summarized, as follows:

- Participated in royal khatin at Wat Rakang Kositaram Woramahawihan with Saha-Union Plc., and Saha Union group of companies.
- Organized the Candle Offering and Kathina Robe Offering Ceremonies with communities;
- Donated supplies to schools;
- Participated in Aerobic Dance Show with communities on the National Mother's Day;
- Participated in blessing for His Majesty the King on the National Father's Day with communities and Office of Bang Pu;
- Organized the "Big Cleaning" activities, including anti-mosquito and pest control in the compound of factories, dormitories and cafeteria;
- Organized the sporting events for unity with companies in Bangpu area;

(5) Prevention of Corruption Involvements:

1. Anti-corruption policy.

The Company holds a policy of doing business based on core values, "Intrigity Quality Service", and good business management that is to work honestly without corruption. All the accounting reports must be done with completeness, accuracy and correct tax calculation including pay taxes correctly. There are not any bribes paid to any persons involved. The Company has adhered this practice consistently. The Company, thus, has been trustworthy from both the government sector and the society.

2. Operations

The Board of Directors has committed to cooperate and support the Government's measures and Thailand's Private Sector Collective Action Coalition against Corruption (CAC) by defining practices as follows;

- Promote and instill the Company's values that is a function and responsibilities of the directors, executives and employees must acknowledge the understanding, through communication and training, and implement strictly.
- Provide a system of internal controls sufficient and appropriate in order to prevent the company's business operations related to fraud corruption.
- Provide internal auditing to monitor on a regular basis and reporting to the Audit Committee and/or the Managing Director. This fraud auditing will be integrated into the internal audit plan.
- Adopting anti-corruption measures of the Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) to improve the Company's Corporate Governance and Code of Business Conduct Handbook and the Rules and Regulations for Employees in order to have a clear best practices. and comprehensive.

Social Activities



Participate in the Royal Kathin Robe Offering Ceremony at wat Rakang Kositaram Woramahawihan with Saha-Union Plc., and Saha Union group of Companies



Tradition Khatin Ceremony at wat Tumrhu on 19 December 2014



Communication on environment activities with nearby community



Provided book "Mor chao baan" to Tumrhu school and nearby communities



Received Industrial Ecology certificate



An outstanding workplace award on labor relations and welfare



Received plaque from Minister of Social Development and Human Security on occasion of Social Day of Persons with Disabilities held on 3 December 2014

Internal Control and Risk Management

Summary of Opinions of the Board of Directors on the Internal Control System:

In the Board of Directors' Meeting No.12/2014 convened on December 16th, 2014, attended by all 3 independent directors/Audit Committee members, the Board of Directors has evaluated the internal control system by checking Adequacy Assessment Form for the Internal Control System and has interviewed the management and has also reviewed the Report of the Audit Committee. According to the adequacy assessment of the internal control system in 2013, it can be summarized that the Company's internal control system was adequate and suitable; whereby, the Company has provided enough personnel to operate works effectively in accordance with the system as per 5 main parts, as follows:

Part 1: Control Environment.

The Company has made manual for maintaining the business in good and ethical condition, this involves compiling directives which is announced or specified as regulations, for the information and implementation by the staff to practice with honesty and ethics.

The Company has assigned independent directors to supervise and create clear and measurable business target of the operation. To be considered, reviewed and approved for the annual plan. The Company has made operation plan for various situations in accordance with changes in the business environment, also to there is no creation of excessive motivation for staff to work toward an unrealistic target which can lead to malfeasance.

The Company has set rules and regulations for the audit committee, including the roles and responsibilities of various departments concerned with the audit committee; in order to enable the audit committee to meet their target in accordance with their duty and responsibility. For example a review of the Company to create an internal control system and internal audit system which is both effective and appropriate. Management of the various risks involved in the Company's achievement of aims and objectives.

The organizational structure of the company has set a clear chain of command through issuing manuals, documents and job specification sheets. The human resources department is responsible for the management of staff, including activities, recruitment, skills development as appropriate, including communication evaluation of work and motivation rewards for staff who have done good work and plan for succession of the positions.

Part 2: Risk Management.

The Board of Directors has prescribed that the management shall report to the Board of Directors' Meeting relating to the internal and external risk factors which may significantly affect the business operations of the Company in 2014, including the marketing condition, exchange rates, procurement of raw materials and climate changes that affect cotton yield. The domestic textile market requirement which has an impact on price or quantity of cotton, the economic crisis and exchange rates are also taken into account.

The Company has made a manual for risk management to be used as a guide for accounting of risky activities or various internal operations, the internal audit office will bring the result of their risk assessment to form a plan for checking and reporting the result to directors audit committee. In 2014, there has been a review on purchase and procurement, labor costs and salaries, information system, stocks control, accounts receivable and accounts payable, bank deposits and petty cash and compliance with the Requirements; and according to the results of review, there has been a compliance with the prescribed processes; and the few errors found were not significant enough to imply any malfeasance.

Part 3: Control Activities.

The Board of Directors and risk management committee have regular meetings to monitor, advice and set policies to control, to reduce the risk to an acceptable level. For example, communication with customers to stay up to date of situations which may affect customers' orders, usage of financial instruments such as pairing of revenue and expenditures in US Dollars. The forward currency contracts suitable for reducing exchange risk, the setting of raw material stock level to reduce the risk of raw material costs fluctuate and as a guide to purchasing raw material in advance based on production requirement, the balance in stock, and the delivery time. The Company has assigned the person responsible for the guideline, progress report and the end result.

The Company has set internal control measures to cover activities and processes as documented in the form of orders, announcements, regulations, guidelines, or instruction manual appropriate for the processes or activities. The Company has set very clear, separate duties for responsibilities concerning authorization, recording and supervision of assets; including limiting the authority and budget of the management of each level clearly in writing.

In 2014 The Company did not have transactions with major shareholders, managing directors or persons connected to them except for normal business transactions under fair trade conditions and will not cause any conflict of interests. The directors concerned are treated the same as any unconnected outsiders, and propose to audit committee for consideration before submitting for authorization at Board of Directors meeting. The Director involved in the transaction will not attend such meeting.

The Company use AS/400 information system to support accounting, purchasing, stock control, and labor management by assigning an information system developer to supervise access to The Company's information in accordance with The Company's AS/400 safety policy and information security.

Part 4: Information & Communication.

The Board of Directors has assigned the management to prepare information about items to be presented to the Board of Directors for consideration including answering questions, clarifying any issues. This will be recorded with the opinion or observation of the directors which will be recorded in the Minutes of the Board of Directors' Meeting.

The Board of Directors can also contact the company secretary, auditors, internal auditors or financial and accounting manager for further information. The documentation of accounting practice for various accounts organized in groups as per the time frame of legal requirement and the accounting policies is checked to ensure they comply with general accounting principle and appropriate for nature of The Company's business.

The Company has a process for communicating the internal information by announcements, notices, or through a computer network including informing each department. The Company set the human resources to take comments and information from a comments box to send to the departments concerned for consideration. As for the information related to malfeasance within the company the internal auditor will take the information to report to audit committee. External communication is assigned to the administration to make contact and coordinate when there is a complaint from a community around the Company. In 2014 there was no complaint or report of malfeasance

Part 5 Monitoring Activities.

The Company report business operation on a monthly basis during the Board meeting and explain and make suggestions when the operation result falls short of the plan and considered as continuous agenda which need to be handled correctly and report to the monthly Board of Directors. The Company has a policy for the management to report to the board immediately if there is a situation or suspicion of serious malfeasance, unlawful activities or unusual activities which may significantly affect the reputation and financial standing of The Company. In 2014 there was no such situation.

The Company sets the internal audit office the duty of reviewing the practice and report the result of the auditing directly to the audit committee for consideration and advice useful suggestion for management and report to Board of Directors on a quarterly basis.

Opinions of the Audit Committee on the Internal Control:

In 2014, the Audit Committee has considered and approved the internal audit plan; and has acknowledged the audit results; and has considered the management's report and has also given recommendations which were beneficial to the management of correction of defects; and has followed up the results of improvements thereof; and has reported the same to the Board of Directors on a quarterly basis.

Moreover, the Audit Committee has discussed with the certified public accountant of Ernst and Young Office Limited without the management's attendance in order to acknowledge the key observations of the auditor; and to give comments on the audit plan to ensure that the process of preparation and disclosure of data in the financial report is correct, complete and reliable; whereas, the auditor has given the comments that no significant defect was found.

Internal Audit Supervisor and the Compliance Supervisor;

(1) The Audit Committee has approved as proposed by the management to appoint Miss Wanida Chokmoh as the Internal Audit Supervisor. Regarding the qualifications of Miss Wanida Chokmoh, Miss Wanida Chokmoh had experiences in internal audit and used to receive training in courses relating to internal audit operations, including Internal Auditor as per ISO 9000 Quality Management System and "anti-corruption in the organization" course; and understood the activities and business operations of the Company; therefore, Miss Wanida Chokmoh was deemed expedient to perform such duties.

(2) The Company has assigned Miss Prayoon Sripraram, the Finance and Accounting Manager to supervise the operations and compliance with the rules and regulations of the government agencies supervising the business operations of the Company. Regarding the qualifications of Miss Prayoon Sripraram, Miss Prayoon Sripraram has experience in finance and accounting operations; and used to receive bookkeeping training course; and at present, has been assigned as user and coordinator with the Stock Exchange of Thailand, with the roles of creator, contact person, SHLD report creator; and issuer member; therefore, Miss Prayoon Sripraram was deemed suitable to perform such duties.

Connected Transactions

(1) In 2014, the Company had significant transactions with connected persons, which disclosed in the Notes to financial statements' item 6 Related party transactions of the Auditor's Report and financial statement for the year ended 31 December 2014 as follows;

Connected person	Transaction	Value (million Baht)		Reason and needs
		2014	2013	
Saha-Union Plc. (SUC) - SUC holds 49.88 % of UT's shares UT and SUC have common directors	Purchases of cotton and synthetic fibers.	343	395	Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity
	Trade account payable			
	- At beginning of year.	98	98	
	- At end of year	45	98	
Union Garment Co., Ltd. (UG) - SUC holds 49.88% of UG's shares UT and UG have common directors	Sales of fabrics.	12	1	Support normal doing business such supply chain.
	Rental parts of building	3	3	Economic benefits of a property that is not in use
	Provide utilities	2	2	Joint uses
	Trade receivables			
	- At beginning of year	1	1	
	- At end of year	2	1	
Union Pioneers Plc. (UPF) - SUC holds 48.96% of UPF's shares. UT and UPF have common directors.*	Sales of yarns	7	7	Support normal doing business such supply chain
	Trade receivables			
	- At beginning of year	1	1	
	- At end of year	1	1	
Union Micron Clean Co.,Ltd. (MRC) - SUC holds 25.00% of MRC's shares UT and MRC have common directors*	Sales of fabrics	2	-	Support normal doing business such supply chain Economic benefits of a property that is not in use or not suitable for the company's current production.
	Rental parts of SP Building	2	1	
	Trade receivables			
	- At beginning of year	-	-	
	- At end of year	-	-	
Union Spinning Mills Co.,Ltd. (USM) - SUC holds 25.00% of USM's shares - Union Thread Industries Co., Ltd. (Darakananda group) holds 6.11% of UT's shares and 74.99% of USM's shares - UT and USM have common directors*	Rental spinning machineries	2	2	Economic benefits of a property that is not in use or not suitable for the company's
	Trade receivables	-	-	
	- At beginning of year			
	- At end of year			

Remarks: * Details of UT's directors holding a position in associated company or related companies are shown on page 4-6

Pricing policies and transaction conditions;

- Purchasing/Sales of goods; Price and condition are normal doing business as does with other unrelated companies and the same as market prices.
- Rental parts of buildings and machineries not in use; these assets are exceptionally or hard to demonstrate that it is within normal commercial terms. Rental calculation, thus, is based on concerned cost, fairness and acceptability.
- Providing utilities; Services are calculated from various costs basis depended on proportion uses and acceptable.

(2) The need and rational of the transactions; Most benefits to the Company.

(3) Policy or trend on related party transactions in the future, which are normal doing business or under the term of the on-going agreement should be based on fairness and agree with both parties and does not cease to transfer benefits

(4) There was no other type of related party transactions, including acquisition or disposal of assets in such a manner that breach of / did not comply with the regulations of the Stock Exchange of Thailand.

Management Discussion and Analysis (MD&A)

Business operating results and financial position for the year 2014, in which the equity method is applied, of the Company could be analyzed and explained as follows:

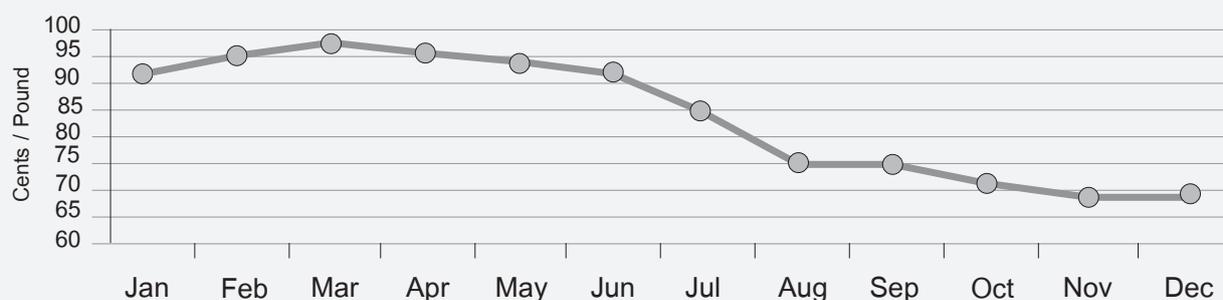
Overview

The company produces greige fabrics based on the specification indicated by customer, which includes a 100% cotton fabric, mixed cotton fabric, polyester and other synthetic fiber, through production process of yarn spinning and fabric weaving. Such nature of business operation, the Company has set guidelines to keep cotton, which is the main raw material, approximately 3 – 4 months of inventory to support customer as required.

Factors that affect business operations.

The world economy in 2014 continued to recover from the previous year, but remained fragile and varied in each region. The US economy showed strong expansion, resulting from the economy infrastructure improved continuously. Meanwhile, the EU and the Japanese economies are recovering gradually, however, the expansion of Asian economies have slowed down; especially the Chinese economy which has slowed down due to the economic reform measures. The demand for textile fabric is generally inelastic as it is one of the four basic goods, however, the consumers can postpone their purchases or reduce the quantity they purchase. As a result, overall demand is reduced while supply has not decreased in line with demand. Furthermore, the price of cotton – which is the main raw material used in the Company's production – dropped substantially towards the end of 2014 compared to the beginning of the year, due to China's reduction of cotton import quotas. This increased the stock level of cotton on the world market and caused an increase in price competition between domestic and overseas textile manufacturers.

Cotton market price in 2014



Source : National Cotton Council of America, www.cotton.org

These effects make the cost of the remaining cotton in inventory higher than current market price, while greige fabric selling price will be referred to current cotton market price. The Company has to make judgments and estimates the net realizable value that is expected to receive the remaining goods, subject to the accounting standards 2 Inventories. The Company, thus, made an allowance of diminution in value of inventories to be able to compete.

Summary of operating results

For the year ending 31 December 2014, the Company had net loss amounting Baht 21.98 million, loss increased Baht 38.39 million compared to the year 2013 having a net profit Baht 16.41 million. The comparative of operating results between year 2014 and 2013 is shown as follows

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2014	2013	Amount	%
Total revenues	983.89	899.02	84.87	9.44
Total expenses and finance cost	1,011.16	890.19	120.97	13.59
Share of profit from investments in associated companies	5.34	4.84	0.50	10.34
Gross Profit (loss)	10.37	59.52	(49.15)	(82.58)
Income (expense) tax revenue	(0.05)	2.74	(2.79)	(101.87)
Net Profit (loss)	(21.98)	16.41	(38.39)	(233.90)

Results of Operations

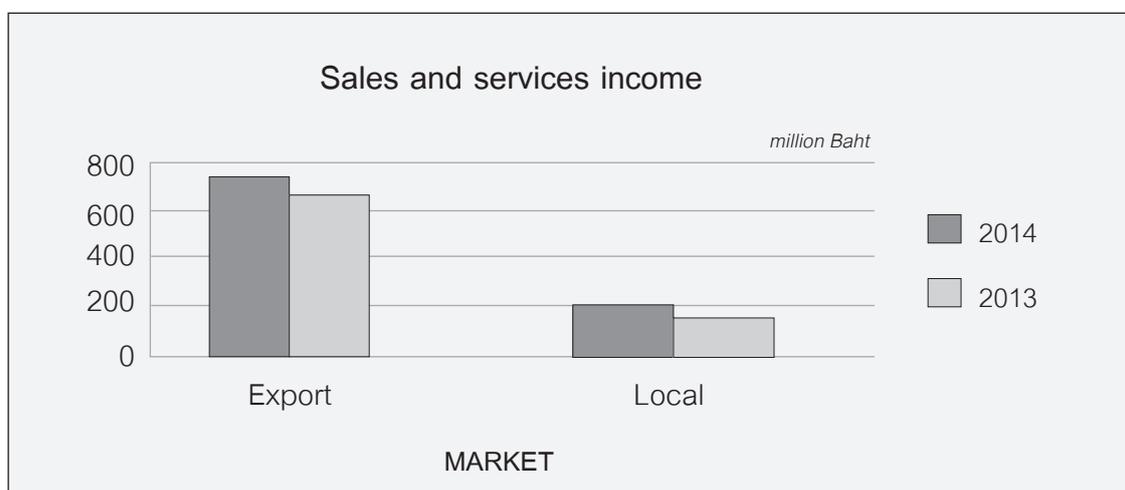
Revenue

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2014	2013	Amount	%
Sales and services income	925.37	800.91	124.46	15.54
- Export sales	741.66	650.79	90.87	13.96
- Local sales	183.71	150.12	33.59	22.38
Other income	58.52	98.11	(39.59)	(40.35)
Total revenues	983.89	899.02	84.87	9.44

1) Sales and services income

The Company had sales and services income increased by Baht 124.46 million or 15.54 %, divided into export sales to Europe and Japan increased Baht 90.87 million or 13.96% and local sales increased Baht 33.59 million or 22.38%. This increase in sales due to economics has improved early this year.



2) Other income

The Company had other income decreased by Baht 39.59 million or 40.35% comprised of

- Sales of scrap decreased Baht 3.07 million.
- Rental income decreased Baht 0.05 million.
- Dividend income increased Baht 0.04 million.
- Gains on sales of assets decreased Baht 0.64 million.
- Gains on exchange rate increased Baht 8.04 million.
- Others increased Baht 3.53 million.

In the year 2014, there was no earnings that were not caused by normal operations, but in the year 2013, the company recognizes deferred income from the use of plants amounting Baht 47.44 million, resulting Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") filed for deregistration, as a result, the Company's commitments with respect to the plants contributed to the investment had been fulfilled.

Costs and expenses

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2014	2013	Amount	%
Total cost of sales	915.00	741.38	173.62	23.42
Selling expenses	32.04	31.46	0.58	1.86
Administrative expenses	62.35	75.88	(13.53)	(17.83)
Doubtful debts	-	38.99	(38.99)	(100.00)
Financial Cost	1.77	2.48	(0.71)	(28.45)

- Cost of sales and services increased by Baht 173.62 million or 23.42%, mainly from cost of cotton due to greige fabric sales price decreased in response to cotton market price. The Company must make judgments and estimates the net realizable value of inventory based on the amount the inventories are expected to be realized in order to comply with the accounting standards 2 Inventories.
- Selling expenses increased Baht 0.58 million or 1.86%, as a result of the export sales increased.
- Administrative expenses decreased Baht 13.53 million due to labor expenses decreased and the Company had no loss on exchange rate
- In 2014, the Company had no doubtful debts.
- The Company had a financial cost decreased Baht 0.71 million or 28.45% due to a better cash inflow, resulting able to repay some loans from financial institutions

Net profit (loss)

The Company accounted for a net loss of Baht 21.98 million, increased Baht 38.39 million compared with the year 2013. The net loss consisted of Baht 27.32 million net loss in the Separate financial statement and share of profit from investment in associated company amounted Baht 5.34 million.

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 1.40 Baht per share or the sum of Baht 21.00 million. The Company had net loss 0.96 Baht per common share, the loss increased 0.86 Baht per common share compared with the year 2013.

Profitability

Description	Unit	For the year ending 31 December	
		2014	2013
Net profit (loss)	Million Baht	(21.98)	16.41
Total revenues	Million Baht	983.89	899.02
Total assets	Million Baht	936.88	1,054.05
Shareholders' equity	Million Baht	792.56	800.70
Net profit margin	%	(2.23)	1.83
Total Assets Turnover	Times	1.05	0.85
Financial Leverage	Times	1.18	1.32
ROE	%	(2.76)	2.05

Profitability in 2014 decreased due to the followings;

- Net profit margin decreased due to the Company had a net loss.
- Total Assets Turnover was higher than the previous year.
- Financial Leverage was still at low level

Asset management

Financial position

The comparison of the Company's financial position as of 31 December 2014 with the previous year was the followings;

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2014	2013	Amount	%
Total Assets	936.88	1,054.05	(117.17)	(11.12)
Total Liabilities	144.32	253.35	(109.03)	(43.04)
Total Shareholders' equity	792.56	800.70	(8.14)	(1.02)

Assets

The Company had total assets amounting Baht 936.88 million, decreased Baht 117.17 million or 11.12%. Details of the changes were the followings:

- Cash and cash equivalent were Baht 23.57 million, increased Baht 14.60 million or 162.77%, due to receive payment.
- Trade and other receivables were Baht 112.14 million, increased Baht 4.32 million or 4.00% as a result of sales increased
- Inventories were Baht 146.77 million, decreased Baht 121.09 million or 45.21%, mainly were finished goods and raw material.
- Property, plant and equipment were Baht 260.12 million, decreased Baht 34.20 million or 11.62% as per normal depreciation.

Liabilities

The Company had total liabilities of Baht 144.32 million, decreased by Baht 109.03 million or 43.04%, details as follows;

- Bank overdrafts were Baht 14.02 million, decreased Baht 14.88 million resulting from repayment of any loans to financial institutions.
- Trade and other payables were Baht 76.64 million, decreased Baht 92.97 million or 53.86 % because of less purchase of raw materia.
- Provision for long-term employee benefits were Baht 49.75 million, decreased Baht 1.06 million or 2.09%, due to decreasing of the employee.

Shareholders' equity

As of 31 December 2014, the Company accounted for shareholders' equity amounting Baht 792.56 million, decreased by Baht 8.13 million or 1.02%, resulting from;

- Net loss Baht 21.98 million,
- Profit recognized of Baht 13.85 million, derived from the adjustment of the market value of the stocks invested in the Stock Exchange of Thailand which was not the actual loss.

Analysis of financial status

As of 31 December 2014, the Company had total liabilities amounting to Baht 144.32 million and total shareholders' equity amounting to Baht 792.56 million. The Debt to Equity ratio was 0.18 to 1, indicating the Company is in strong financial status.

Liquidity and capital adequacy

1) Capital Sources

Analysis of changes in capital sources

As of December 31, 2014, the Company had cash and cash equivalent at Baht 23.57 million increased Baht 14.60 million compared with the previous year. Details of cash flow were as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2014	2013	Amount	%
Net cash flows from (used in) operating activities	47.94	18.63	29.31	157.33
Net cash flows from (used in) investing activities	(18.46)	(14.68)	(3.78)	(25.75)
Net cash flows from (used in) financing activities	(14.88)	(31.10)	16.22	52.32
Cash and cash equivalent	23.57	8.97	14.60	162.77

Cash and cash equivalents increased Baht 14.60 million or 162.77%. The details of the source of the acquisitions and spending of the money are as follows:

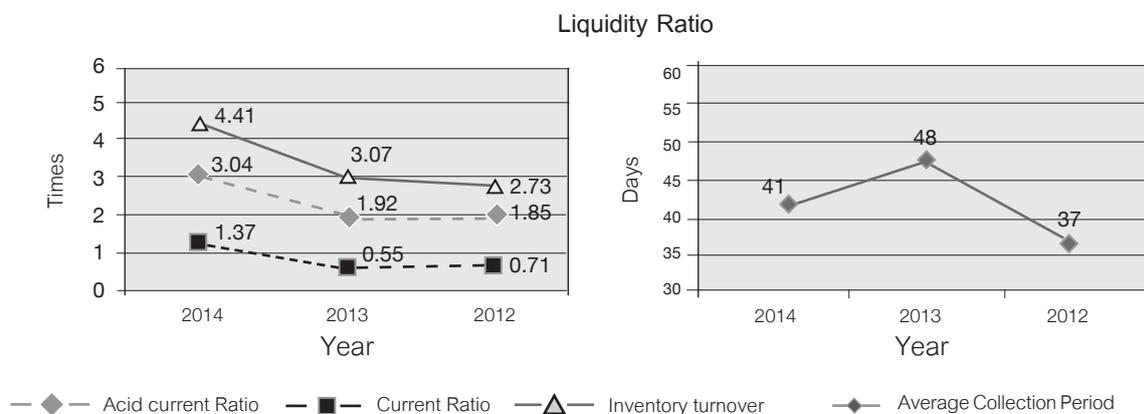
- Net cash flows from operating activities increased since the Company had more trade and other receivables, while decreased on trade and other payables and paying less on liabilities, interest and tax.
- Net cash flows used in investing activities increased since the Company bought machines and equipment as needs.
- Net cash flows used in financing activities, the Company repaid short term loans.
- Analysis of the optimal capital structure
Debt to Equity ratio was 0.18 times, lower than that of 2013.

2) Capital expenditure

In the year 2014, the Company had capital expenditure for the replacement of machinery and equipment to support employees' operations amounted Baht 23.31 million.

3) Liquidity adequacy

- Current ratio was 3.04 times, being higher than that of the year 2013 which was 1.92 times.
- Quick ratio was 1.37 times, being better than that of the year 2013 which was 0.55 times
- Inventory turnover was 4.41 times, better than that of the year 2013 which was 3.07 times
- Average debt collection was 41 days shorter than that of the year 2013 which was 48 days, but was about the same as credit term given to each customer.



4) The ability to procure additional sources of capital.

The company already has adequate financial facility, therefore no need for additional capital.

5) The ability to repay debt and to follow the terms of the loan, and fundamentally important for several bindings

In the past, the company was able to repay debts and doing business as per commitment.

Contractual Obligations and Off-Balance Sheet Arrangements

Please see Note to Financial Statements for the year ended 31 December 2014 Item 24.

Forward looking

The Company has not yet any project or research and development that will affect the operating result and financial position within one year.

At present, the Company is able to carry out business operations continuously. However, in preparing the financial statements in accordance with Thai Financial Reporting Standards, it is necessary for the Company to make judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

- Allowance of diminution in value of inventories
- Impairment of equity investments
- Property, plant and equipment/Depreciation.
- Post-employment benefits under defined benefit plans
- Inherently uncertain of raw material procurement, i.e. fluctuation of price, quantity and delivery
- Business operation capability of customers.

Audit Committee Report

To Shareholders:

In 2014, the Audit Committee comprises 3 independent directors, having Associate Professor Boonserm Vimuktanandana as the Chairperson of the Audit Committee; Mrs. Suthinee Khunwongsa and Dr. Pilastpong Subsermsri being members. There were 4 meetings and all member of the audit committee attended every meeting. Each meeting, the Audit Committee discussed with the management, the internal auditor and the auditor on the related matters; and has performed their duties, which can be summarized, as follows:

1. Review of Financial Statement: The Audit Committee has reviewed the quarterly financial statements and the financial statements of 2014 in conjunction with the management and the Internal Audit Office by inviting the auditor to attend all meetings which the quarterly financial statements and the annual financial statements shall be reported, thus, to ensure that the financial statements have been prepared in accordance with the Generally Accepted Accounting Standards and with the criteria of the Stock Exchange of Thailand; moreover, the Audit Committee also held a meeting with the Auditor without the management's attendance in order to discuss freely on the Auditor's remarks and to give comments to the audit plan of the Auditor.

2. Review of Good Corporate Governance: The Audit Committee has reviewed the company business operation relating to the compliance with the Company's Corporate Governance and Business Code of Conduct Manual and found that the Company's directors, the management and employees have operated the business with integrity and had no problem relating to the code of conduct.

3. Review of the Risk Management: The Audit Committee has reviewed the risk management of the Company and found that the Board of Directors and management have conducted this matter on a regular basis. That is, there are, in the Board of Directors' meeting, discussion and risk assessment by analyzing various risk factors to defied guidelines and assign responsible for the operation, as well as the progress report on the implementation and the actual results. In addition, the Company had its risk management at the operational level, preparing risk management manual and risks profiles used for preparing internal audit plan.

4. Review of Internal Control and Internal Audit: The Audit Committee has reviewed, considered and approved the internal audit annual plan and evaluated the adequacy of the internal control system in conjunction with the auditor and the internal auditor and found that the Company's internal control has been adequate and effective; and has also given recommendations which are beneficial to improvement of efficiency of the internal control system.

5. Review of Related Party Transactions: The Audit Committee has considered and given its comments on the entry into related party transactions by taking account of the Company's interest, transparency and equitable treatment to all shareholders and without any transfer of interest, thus, to ensure that the Company has operated in accordance with the normal business conditions and has disclosed the data completely and adequately.

6. Self-assessment: The Audit Committee has assessed the performance of individual by oneself and evaluation the committee as a whole under the Charter of the Audit Committee and in accordance with the operational guidelines of the Stock Exchange of Thailand. Whereas, the results of assessment, the Audit Committee has completely operated its work under the scope, duties and responsibilities assigned by the Board of Directors.

7. Appointment of the Independent Auditor: The Audit Committee, having considered audit fee and audit plan, presented the recommendation to the Board of Directors to be approved by the Shareholders' meeting relating to the appointment of EY Office Limited as the Company's auditor of 2015.

In summary, the Audit Committee has continuously given its importance to the internal control so that the Company shall have its good corporate governance and proper and adequate internal control in compliance with the law, rules and regulations relating to the Company's business operation.

On behalf of the Audit Committee



(Associate Professor Boonserm Vimuktanandana)
Chairperson of the Audit Committee

Responsibilities Report of the Board of Directors to the Financial Statement

The Board of Directors shall assume the full responsibilities for all financial statements of the company and financial information appeared in the annual report. The financial statements were prepared in accordance with generally accepted accounting standards in Thailand, while the company applied appropriate accounting policies, with careful consideration and estimates and also revealed important information in Notes to Financial Statements.

The Board of Directors has maintained the effective internal control system to reasonably ensure that the recording of accounting information was correct, complete, and enough to maintain the assets and to realize the weakness to prevent from any corruption or abnormal operations significantly.

For this purpose, the Board of Directors has appointed the Audit Committee comprising independent directors and non-executive directors responsible for quality of financial reports and the internal control system. Comments made by the Audit Committee on this subject are listed in the Annual Report.

The Board of Directors concluded that the company's overall internal control system was satisfactory and adequate to give credibility to the financial statements of company as of 31 December 2014.

On behalf of the Board of Directors



(Miss Sriwarin Jirapakkana)
Chairman



(Mrs. Pimporn Chotirattanakul)
Managing Director

Report and financial statements

31 December 2014

Independent Auditor's Report

To the Shareholders of Union Textile Industries Public Company Limited

I have audited the accompanying financial statements, in which the equity method is applied, of Union Textile Industries Public Company Limited, which comprise the statements of financial position as at 31 December 2014, and the related statements of income, 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 Union Textile Industries 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

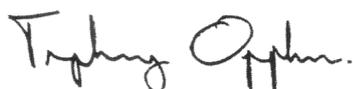
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

Opinion

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



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 24 February 2015

Statements of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	23,567,959	8,969,100	23,567,959	8,969,100
Trade and other receivables	8	112,141,859	107,827,304	112,141,859	107,827,304
Inventories	9	146,771,836	267,864,672	146,771,836	267,864,672
Other current assets		5,464,329	4,205,151	5,464,329	4,205,151
Total current assets		<u>287,945,983</u>	<u>388,866,227</u>	<u>287,945,983</u>	<u>388,866,227</u>
Non-current assets					
Investments in associated companies	10	205,860,181	190,269,747	25,000,100	25,000,100
Other long-term investments	11	135,649,300	131,149,300	135,649,300	131,149,300
Investment properties	12	41,927,986	43,571,968	41,927,986	43,571,968
Property, plant and equipment	13	260,115,744	294,315,868	260,115,744	294,315,868
Deferred tax assets	20	4,564,101	5,515,490	4,564,101	5,515,490
Other non-current assets		820,699	360,499	820,699	360,499
Total non-current assets		<u>648,938,011</u>	<u>665,182,872</u>	<u>468,077,930</u>	<u>499,913,225</u>
Total assets		<u>936,883,994</u>	<u>1,054,049,099</u>	<u>756,023,913</u>	<u>888,779,452</u>

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

Statements of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	14	14,019,466	28,895,208	14,019,466	28,895,208
Trade and other payables	15	79,636,162	172,608,237	79,636,162	172,608,237
Other current liabilities		918,447	1,040,325	918,447	1,040,325
Total current liabilities		<u>94,574,075</u>	<u>202,543,770</u>	<u>94,574,075</u>	<u>202,543,770</u>
Non-current liabilities					
Provision for long-term employee benefits	16	49,745,358	50,809,191	49,745,358	50,809,191
Total non-current liabilities		<u>49,745,358</u>	<u>50,809,191</u>	<u>49,745,358</u>	<u>50,809,191</u>
Total liabilities		<u>144,319,433</u>	<u>253,352,961</u>	<u>144,319,433</u>	<u>253,352,961</u>
Shareholders' equity					
Share capital					
Registered					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
		<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and fully paid					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
Retained (deficit) earnings					
Appropriated - statutory reserve	18	150,000,000	150,000,000	150,000,000	150,000,000
Unappropriated		(31,992,981)	(10,014,784)	(157,343,120)	(130,021,109)
Other components of shareholders' equity		74,557,542	60,710,922	19,047,600	15,447,600
Total shareholders' equity		<u>792,564,561</u>	<u>800,696,138</u>	<u>611,704,480</u>	<u>635,426,491</u>
Total liabilities and shareholders' equity		<u>936,883,994</u>	<u>1,054,049,099</u>	<u>756,023,913</u>	<u>888,779,452</u>

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

Income statements

For the year ended 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Sales		925,373,167	800,908,071	925,373,167	800,908,071
Other income					
Income from use of plants	12	-	47,444,566	-	47,444,566
Sales of scrap		17,330,031	20,404,207	17,330,031	20,404,207
Rental income		16,266,272	16,314,306	16,266,272	16,314,306
Dividend income	11	3,040,000	2,995,000	3,040,000	2,995,000
Gains on sales of machinery and equipment		877,795	1,522,243	877,795	1,522,243
Exchange gains		8,044,631	-	8,044,631	-
Others		12,956,279	9,430,230	12,956,279	9,430,230
Total revenues		983,888,175	899,018,623	983,888,175	899,018,623
Expenses					
Cost of sales		916,446,001	749,344,495	916,446,001	749,344,495
Reversal of allowance for diminution in value of inventories	9	(1,444,373)	(7,960,995)	(1,444,373)	(7,960,995)
Total cost of sales		915,001,628	741,383,500	915,001,628	741,383,500
Selling expenses		32,039,208	31,454,675	32,039,208	31,454,675
Administrative expenses		62,346,986	75,880,183	62,346,986	75,880,183
Doubtful debts		-	38,994,732	-	38,994,732
Total expenses		1,009,387,822	887,713,090	1,009,387,822	887,713,090
Profit (loss) before share of profit from investments in associated companies, finance costs and income tax expense					
		(25,499,647)	11,305,533	(25,499,647)	11,305,533
Share of profit from investments in associated companies	10.2	5,343,814	4,842,975	-	-
Profit (loss) before finance cost and income tax expense					
		(20,155,833)	16,148,508	(25,499,647)	11,305,533
Finance costs		(1,770,975)	(2,475,329)	(1,770,975)	(2,475,329)
Profit (loss) before income tax expense		(21,926,808)	13,673,179	(27,270,622)	8,830,204
Income (expenses) tax revenue	20	(51,389)	2,741,100	(51,389)	2,741,100
Profit (loss) for the year		(21,978,197)	16,414,279	(27,322,011)	11,571,304
Basic loss per share (Baht)					
Loss for the year	21	(0.96)	(0.10)	(1.07)	(0.21)

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

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) for the year	<u>(21,978,197)</u>	<u>16,414,279</u>	<u>(27,322,011)</u>	<u>11,571,304</u>
Other comprehensive income:				
Gain (loss) on change in value of available-for-sale investments				
Available-for-sale securities of the Company - net from income tax	3,600,000	(3,600,000)	3,600,000	(3,600,000)
Available-for-sale securities of the associated company - net from income tax	10,246,620	(10,261,023)	-	-
Other comprehensive income for the year	<u>13,846,620</u>	<u>(13,861,023)</u>	<u>3,600,000</u>	<u>(3,600,000)</u>
Total comprehensive income for the year	<u>(8,131,577)</u>	<u>2,553,256</u>	<u>(23,722,011)</u>	<u>7,971,304</u>

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

Statements of changes in shareholders' equity

For the year ended 31 December 2014

	Financial statements in which the equity method is applied							(Unit: Baht)
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity		Total shareholders' equity	
Balance as at 31 December 2012	150,000,000	450,000,000	150,000,000	(26,429,063)	19,047,600	55,524,345	798,142,882	
Total comprehensive income for year	-	-	-	16,414,279	(3,600,000)	(10,261,023)	2,553,256	
Balance as at 31 December 2013	150,000,000	450,000,000	150,000,000	(10,014,784)	15,447,600	45,263,322	800,696,138	
Balance as at 31 December 2013	150,000,000	450,000,000	150,000,000	(10,014,784)	15,447,600	45,263,322	800,696,138	
Total comprehensive income for year	-	-	-	(21,978,197)	3,600,000	10,246,620	(8,131,577)	
Balance as at 31 December 2014	150,000,000	450,000,000	150,000,000	(31,992,981)	19,047,600	55,509,942	792,564,561	

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

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2014

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity		
	Preference shares	Ordinary shares	Appropriated statutory reserve	Unappropriated	Surplus on changes in value of investment in available-for-sale investments of the Company	Total shareholders' equity	
Balance as at 31 December 2012	150,000,000	450,000,000	150,000,000	(141,592,413)	19,047,600	627,455,187	
Total comprehensive income for the year	-	-	-	11,571,304	(3,600,000)	7,971,304	
Balance as at 31 December 2013	150,000,000	450,000,000	150,000,000	(130,021,109)	15,447,600	635,426,491	
Balance as at 31 December 2013	150,000,000	450,000,000	150,000,000	(130,021,109)	15,447,600	635,426,491	
Total comprehensive income for the year	-	-	-	(27,322,011)	3,600,000	(23,722,011)	
Balance as at 31 December 2014	150,000,000	450,000,000	150,000,000	(157,343,120)	19,047,600	611,704,480	

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

Cash flow statement

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before tax	(21,926,808)	13,673,179	(27,270,622)	8,830,204
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	58,223,559	61,634,421	58,223,559	61,634,421
Doubtful debts	-	38,994,732	-	38,994,732
Reversal of allowance for diminution in value of inventories	(1,444,373)	(7,960,995)	(1,444,373)	(7,960,995)
Gains on sales of machinery and equipment	(877,795)	(1,522,243)	(877,795)	(1,522,243)
Share of profit from investments in associated companies	(5,343,814)	(4,842,975)	-	-
Unrealised gains on exchange	(904,985)	(2,578,580)	(904,985)	(2,578,580)
Recognition of deferred income from use of plants	-	(47,444,566)	-	(47,444,566)
Provision for long-term employee benefits	5,095,478	13,159,870	5,095,478	13,159,870
Dividend income	(3,040,000)	(2,995,000)	(3,040,000)	(2,995,000)
Interest expenses	1,353,936	1,933,268	1,353,936	1,933,268
Profit from operating activities before changes in operating assets and liabilities	31,135,198	62,051,111	31,135,198	62,051,111
Operating				
Trade and other receivables	(3,409,570)	(22,871,234)	(3,409,570)	(22,871,234)
Inventories	122,537,209	(44,819,328)	122,537,209	(44,819,328)
Other current assets	(2,131,636)	817,065	(2,131,636)	817,065
Other non-current assets	(460,200)	(36,630)	(460,200)	(36,630)
Operating liabilities increase (decrease)				
Trade and other payables	(92,972,075)	29,585,296	(92,972,075)	29,585,296
Other current liabilities	(121,878)	946,855	(121,878)	946,855
Provision for long-term employee benefits	(6,159,311)	(4,196,321)	(6,159,311)	(4,196,321)
Cash flow from operating activities	48,417,737	21,476,814	48,417,737	21,476,814
Cash paid for interest expenses	(1,353,936)	(2,069,152)	(1,353,936)	(2,069,152)
Cash paid for income tax	872,458	(775,068)	872,458	(775,068)
Net cash flows from operating activities	<u>47,936,259</u>	<u>18,632,594</u>	<u>47,936,259</u>	<u>18,632,594</u>

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

Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Acquisition of machinery and equipment	(23,312,136)	(19,451,788)	(23,312,136)	(19,451,788)
Proceeds from sales of machinery and equipment	1,810,478	1,777,957	1,810,478	1,777,957
Dividend received from other long-term investments	3,040,000	2,995,000	3,040,000	2,995,000
Net cash flows used in investing activities	<u>(18,461,658)</u>	<u>(14,678,831)</u>	<u>(18,461,658)</u>	<u>(14,678,831)</u>
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(14,875,742)	(31,104,792)	(14,875,742)	(31,104,792)
Net cash flows used in financing activities	<u>(14,875,742)</u>	<u>(31,104,792)</u>	<u>(14,875,742)</u>	<u>(31,104,792)</u>
Net increase (decrease) in cash and cash equivalents	14,598,859	(27,151,029)	14,598,859	(27,151,029)
Cash and cash equivalents at beginning of year	8,969,100	36,120,129	8,969,100	36,120,129
Cash and cash equivalents at end of year	<u>23,567,959</u>	<u>8,969,100</u>	<u>23,567,959</u>	<u>8,969,100</u>

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

Notes to financial statements

For the year ended 31 December 2014

1. General information

Union Textile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of textiles. The Company’s registered addresses are as follows :

Head office: 1828 Sukhumvit Road, Bangchak Sub District, Phrakanong District, Bangkok

Branch: 205 Moo 4, Sukhumvit Road (Km. 39.5), Tambol Bangpoo Mai, Amphur Muang Samutprakarn, Samutprakarn

2. Basis of preparation

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

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

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

- 2.2 The separate financial statements, which present investments in associated companies under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

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 <i>Financial Reporting in Hyperinflationary Economies</i>
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

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company is that when the revised standard is applied in

2015 and the method of recognizing those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in *TAS 27 Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company has control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company believes that this standard will not have any impact on the Company's financial statements as the Company does not have an investment in a jointly controlled entity.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and reward of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

4.5 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in comprehensive income when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The weighted average method is used for computation of the cost of investments

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

c) Investments in associated companies are accounted for in the financial statements in which the equity method is applied using the equity method less allowance for loss on impairment (if any).

d) Investments in associated companies are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties which is a plant for use in investment is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the properties is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

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

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

Buildings and building improvement	20 years
Machinery and equipment	5, 10, 20 years
Furniture, fixtures and office equipment	3, 5, 10 years
Motor vehicles	5, 10 years

Depreciation is included in determining income.

No depreciation is provided on land, assets under installation and under construction and unused assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Related party transactions

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

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

4.9 Long-term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in profit or loss.

Defined benefits liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company's creditors and cannot be returned to the Company. The Company measures the fair value of plan assets by using market price and; in case that plan assets are debt instruments in active market the Company measures them by using quoted price.

4.13 Provisions

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

4.14 Deferred income from use of plants

Deferred income arising from allowing another party to use plants is recorded at the value of investment in the associated company which the Company has acquired through contribution of such plants as capital. The deferred income is recognised as income on a straight-line basis over a period of 15 years in accordance with the terms of in the land lease agreement.

4.15 Income Tax

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

Current tax

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

Deferred tax

Deferred income 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 Company recognises deferred tax liabilities for all taxable temporary differences while they recognise 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 which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces 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 utilised.

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance of diminution in value of inventories

In determining an allowance of diminution in value of inventories, the management makes judgement and estimates net realisable value of inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Impairment of investment in associated company

Impairment testing on investment in associated company requires management to make estimates of the cash flows to be generated by the associated company and to determine an appropriate discount rate to calculate the present value of those cash flows.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

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

(Unit: Million Baht)

	2014	2013	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	343	395	Cost plus margin of parent company
<u>Transactions with associated company</u>			
Sales of goods	-	2	Cost plus margin
Purchase of goods	-	1	Cost plus margin of associated company
Rental income	-	5	Contract price
Other income	-	1	Contract price
<u>Transactions with related companies</u>			
Sales of goods	21	8	Cost plus margin
Purchases of goods and raw materials	2	1	Cost plus margin of related companies
Rental income	7	6	Contract price
Other income	2	2	Contract price

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
<u>Trade and other receivables - related parties (Note 8)</u>		
Associated company	38,995	38,995
Related companies (Has common shareholders)	3,220	1,769
Related company (Held by the Company)	120	106
Others	10	10
Total	<u>42,345</u>	<u>40,880</u>
Less: Allowance for doubtful debt	<u>(38,995)</u>	<u>(38,995)</u>
Total trade and other receivables - related parties, net	<u><u>3,350</u></u>	<u><u>1,885</u></u>
<u>Trade and other payables - related parties (Note 15)</u>		
Parent company	44,842	98,132
Associated company	629	629
Related companies (Has common shareholders)	57	23
Others	68	62
Total trade and other payables - related parties	<u><u>45,596</u></u>	<u><u>98,846</u></u>

Directors and management's benefits

During the year ended 31 December 2014 and 2013, the Company had employee benefit expenses of its directors and management as below.

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Short-term employee benefits	9,814	10,193
Post-employment benefits	31	131
Total	<u><u>9,845</u></u>	<u><u>10,324</u></u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Cash	39	90
Bank deposits	<u>23,529</u>	<u>8,879</u>
Total	<u><u>23,568</u></u>	<u><u>8,969</u></u>

As at 31 December 2014, bank deposits in saving accounts carried interests between 0.38 and 0.50 percent per annum (2013: 0.50 and 0.63 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>		
Age of receivables		
Not yet due	2,669	1,180
Past over 12 months	9,635	9,635
Total	12,304	10,815
Less: Allowance for doubtful debts	(9,635)	(9,635)
Total trade receivables - related parties, net	2,669	1,180
<u>Trade receivables - unrelated parties</u>		
Age of receivables		
Not yet due	102,657	96,480
Past due up to 3 months	3,497	4,718
Total trade receivables - unrelated parties, net	106,154	101,198
Total trade receivables - net	108,823	102,378
<u>Other receivables</u>		
Other receivables - related parties	30,041	30,065
Other receivables - unrelated parties	2,638	4,744
Total	32,679	34,809
Less: Allowance for doubtful debts	(29,360)	(29,360)
Total other receivables - net	3,319	5,449
Total trade and other receivables - net	112,142	107,827

The balances of trade and other receivables above include trade and other receivables of Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") amounting to Baht 39 million. There is uncertainty about the recoverable amount of this receivable because TCUA has filed for deregistration with the Ministry of Commerce and is in the process of liquidation. At the present, it still not finalized the net asset value. For prudent reasons, the Company has therefore set aside full allowance for doubtful debts for this receivable.

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	39,014	123,215	(1,988)	(3,308)	37,026	119,907
Work in process	30,368	43,388	-	-	30,368	43,388
Raw materials and chemicals	79,125	100,980	(225)	(227)	78,900	100,753
Spare parts and factory supplies	2,059	1,956	(1,581)	(1,704)	478	252
Goods in transit	-	3,565	-	-	-	3,565
Total	150,566	273,104	(3,794)	(5,239)	146,772	267,865

10. Investments in associated companies

10.1 Details of associated companies

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			2014	2013	2014	2013	2014	2013
Unifibre Co., Ltd.	Agent	Thailand	% 20.83	% 20.83	205,860	190,270	25,000	25,000
Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA")	Production of work wear and safety wear fabric	Thailand	49.35	49.35	16,950	16,950	190,000	190,000
Total investments in associated companies					222,810	207,220	215,000	215,000
Less: Allowance for impairment loss on investment in TCUA					(16,950)	(16,950)	(190,000)	(190,000)
Total investments in associated companies - net					205,860	190,270	25,000	25,000

The joint venture agreement between the Company and Ten Cate Advanced Textiles BV, a company incorporated in the Netherlands, for the establishment of TCUA contains certain conditions and restrictions, including a restriction on the transfer of shares of TCUA unless prior consent has been obtained in writing from the other party

The agreement also describes material events in case of which either shareholder may request TCUA's board of directors to call a shareholders' meeting to decide whether to dissolve and liquidate TCUA. Such material events are as follows:

- 1) The return on equity (ROE) of TCUA is less than 5 percent for any 3 consecutive years, commencing from 2009, or
- 2) TCUA has accumulated losses in excess of 50 percent of its registered capital.

As at 31 December 2012, the return on equity of TCUA had been less than 5 percent for 4 consecutive years, commencing from 1 January 2009, and TCUA has accumulated losses in excess of 50 percent of its registered capital. In view of above-mentioned contractual requirement, there is uncertainty as to whether TCUA will be able to continue as a going concern especially when it had lost one major customer in the fourth quarter of 2012. For prudent reasons, the Company has set aside full allowance for impairment of its investment in TCUA.

Subsequently on 11 March 2013, TCUA held an Extraordinary General Shareholders Meeting and this meeting resolved to dissolve TCUA's business operations. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.

10.2 Share of profit

During the years, the Company has recognised its share of profit from investments in associated companies in the financial statements in which the equity method is applied as follows:

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied	
	Share of profit from investments in associated companies during the year	
	2014	2013
Unifibre Co., Ltd.	5,344	4,843
Total	5,344	4,843

The Company ceased recognising its share of profit/loss from Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") because the Company has set aside full allowance for impairment of its investment in TCUA, as discussed in Note 10.1 to financial statements.

The Company had no dividend received from associated companies in 2014 and 2013.

10.3 Summarised financial information of associated companies

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Profit for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Unifibre Co., Ltd.	120	120	1,059	973	71	59	42	41	26	23

11. Other long-term investments

	Shareholding percentage		Investment value	
	2014	2013	2014	2013
	%	%	Thousand Baht	Thousand Baht
Investment in available-for-sale securities				
Saha-Union Plc.	0.33	0.33	16,191	16,191
Add: Unrealised gain from change in value of investment			23,809	19,309
Investment in available-for-sale securities, net			40,000	35,500
Investment in other companies				
Union Business Management Co., Ltd.	19.00	19.00	94,999	94,999
Union Micronclean Co., Ltd.	13.00	13.00	650	650
Total Investments in other companies			95,649	95,649
Total other long-term investments - net			135,649	131,149

During the current year, the Company received dividends of Baht 1.0 million from Union Micronclean Co., Ltd (2013: Baht 1.5 million) and Baht 2.0 million from Saha-Union Plc. (2013: 1.5 million).

12. Investment properties

The net book value of investment properties as at 31 December 2014 and 2013 is presented below

(Unit: Thousand Baht)

	Land awaiting sales / Leased land	Plants for use in investment	Total
31 December 2014			
Cost	41,227	167,538	208,765
<u>Less</u> Accumulated depreciation	-	(166,837)	(166,837)
Net book value	<u>41,227</u>	<u>701</u>	<u>41,928</u>
31 December 2013			
Cost	41,227	167,538	208,765
<u>Less</u> Accumulated depreciation	-	(165,193)	(165,193)
Net book value	<u>41,227</u>	<u>2,345</u>	<u>43,572</u>

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	2014	2013
Net book value at beginning of year	43,572	47,223
Depreciation charged	(1,644)	(3,651)
Net book value at end of year	<u>41,928</u>	<u>43,572</u>

As at 31 December 2014, the fair value of land was Baht 308 million, which was estimated by an accredited independent valuer using the market approach. The Company did not engage an independent professional valuer to appraise the value of the plants for use in investment. However, the management believes that the fair value of this asset is not significantly different from its net book value.

In 2008, the Company contributed part of its investment properties, consisting of plant and all structures of a dyeing factory, including the wastewater treatment plant, to its investment in Ten Cate-Union Protective Fabrics Asia Ltd. (TCUA). The Company has not derecognised these assets from its accounts because the Company has certain commitments to fulfill under a land lease agreement with TCUA. The Company has therefore recorded the value of the investment under the caption of "Deferred income from use of plants" in the statement of financial position and is amortising it to revenue in profit or loss.

Since TCUA has not renewed the land lease in accordance with the notice sent by the Company and on 22 March 2013, TCUA filed for deregistration with the Ministry of Commerce, as a result, the Company's commitments with respect to the plants contributed to the investment have been fulfilled, and the balance of "Deferred income from use of plants" amounting to Baht 47 million has therefore been recognised as income in profit or loss for the year 2013.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Assets used in the operations						Unused assets not qualified to be classified as held for sale	Total
	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Machinery and equipment	
Cost								
As at 1 January 2013	35,498	201,167	1,698,897	27,114	17,095	10,723	7,285	1,997,779
Additions	-	-	534	959	-	17,959	-	19,452
Disposals / write-off	-	(13,923)	(52,461)	(995)	(1,133)	-	(7,285)	(75,797)
Transfer between classes of accounts	-	12,566	16,043	61	-	(28,670)	-	-
As at 31 December 2013	35,498	199,810	1,663,013	27,139	15,962	12	-	1,941,434
Additions	-	-	226	726	1,400	20,960	-	23,312
Disposals / write-off	-	(4,667)	(47,498)	(4,152)	(1,558)	-	-	(57,875)
Transfer between classes of accounts	-	2,663	17,256	230	-	(20,149)	-	-
As at 31 December 2014	35,498	197,806	1,632,997	23,943	15,804	823	-	1,906,871
Accumulated depreciation								
As at 1 January 2013	-	185,098	1,434,405	23,805	14,090	-	7,278	1,664,676
Depreciation for the year	-	4,589	51,287	1,180	927	-	-	57,983
Depreciation on disposals / write-off	-	(13,923)	(52,215)	(992)	(1,133)	-	(7,278)	(75,541)
As at 31 December 2013	-	175,764	1,433,477	23,993	13,884	-	-	1,647,118
Depreciation for the year	-	5,195	49,385	1,267	732	-	-	56,579
Depreciation on disposals / write-off	-	(4,667)	(46,900)	(4,142)	(1,233)	-	-	(56,942)
As at 31 December 2014	-	176,292	1,435,962	21,118	13,383	-	-	1,646,755
Net book value								
1 January 2013	35,498	16,069	264,492	3,309	3,005	10,723	7	333,103
31 December 2013	35,498	24,046	229,536	3,146	2,078	12	-	294,316
31 December 2014	35,498	21,514	197,035	2,825	2,421	823	-	260,116
Depreciation for the year								
2013 (Baht 49 million included in manufacturing cost, and the balance in administrative expenses)								57,983
2014 (Baht 48 million included in manufacturing cost, and the balance in administrative expenses)								56,579

As at 31 December 2014, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,166 million (2013: Baht 1,159 million).

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

Bank overdrafts and short-term loans from financial institutions carried interest between 3.75 to 6.75 percent per annum. These credit facilities are unsecured; however, the Company has undertaken not to dispose of or transfer or create any obligations on its immovable properties as specified in the credit facilities agreement, unless prior consent has been obtained in writing from the banks.

15. Trade and other payables

(Unit: Thousand Baht)

	2014	2013
Trade accounts payable - related parties	45,251	98,501
Trade accounts payable - unrelated parties	14,560	16,175
Other payable - related parties	345	345
Advance received for goods	1,262	35,126
Accrued expenses	18,218	22,461
Total trade and other payables	<u>79,636</u>	<u>172,608</u>

16. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2014 and 2013, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	2014	2013
Present value of defined benefit obligation	82,582	83,417
Fair value of plan assets	(32,837)	(32,608)
Net defined benefit liability	<u>49,745</u>	<u>50,809</u>

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

(Unit: Thousand Baht)

	2014	2013
Defined benefit obligation at beginning of year	83,417	73,244
Current service cost	4,117	4,232
Interest cost	2,700	2,823
Actuarial loss	-	6,793
Benefits paid during the year	(7,652)	(3,675)
Defined benefit obligation at end of year	<u>82,582</u>	<u>83,417</u>
Fair value of plan assets at beginning of year	32,608	31,398
Change in fair value	1,722	688
Contribution by the Company	2,936	2,995
Paid during the year	(4,429)	(2,473)
Fair value of plan assets at end of year	<u>32,837</u>	<u>32,608</u>

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)	
	2014	2013
Current service cost	4,117	4,232
Interest cost	2,700	2,823
Change in fair value of plan assets	(1,722)	(688)
Actuarial loss	-	6,793
Total expense recognised in profit or loss	5,095	13,160
Line items under which such expenses are included in profit or loss		
Cost of sales	3,890	8,295
Selling and administrative expenses	1,205	4,865

Principal actuarial assumptions at the valuation date were as follows:

	2014	2013
	(% per annum)	(% per annum)
Discount rate	3.7	3.7
Future salary increase rate (depending on age of employee)	3.5 - 6.5	3.5 - 6.5
Staff turnover rate (depending on age of employee)	0 - 30	0 - 30

Amounts of defined benefit obligation for the current and previous four periods are as follows:

	(Unit: Thousand Baht)
	<u>Defined benefit obligation</u>
Year 2014	49,745
Year 2013	50,809
Year 2012	41,846
Year 2011	40,912
Year 2010	38,080

17. Preference shares

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 14 percent of the paid up value of the shares each year, before the ordinary shareholders. In years in which the Company is unable to pay any dividend due, the unpaid dividend may be accumulated for up to 7 years. In addition, if ordinary shareholders receive a dividend in excess of 14 percent of the par value of the shares in any year, the preference shareholders are entitled to receive a dividend at the same rate. Upon dissolution of the Company, the preference shareholders are entitled to return of capital before the common shareholders. Other than the aforementioned rights, ordinary and preference shareholders have the same rights.

The cumulative unpaid dividend to the preference shares as of 31 December 2014 totalled Baht 81 million (2013 : Baht 60 million).

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

However, the Company's regulations require the Company to set aside to a statutory reserve at least 10 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 25 percent of the registered capital.

As at 31 December 2014, the statutory reserve was Baht 150 million (equivalent to 25 percent of its registered share capital) had reached the minimum amount as stipulated in the Company's regulations.

19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2014	2013
Salary and wages and other employee benefits	157,284	160,851
Depreciation	58,223	61,634
Utilities expenses	130,929	128,982
Raw materials and consumables used	520,316	508,396
Changes in inventories of finished goods and work in process	95,902	(59,105)

20. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)	
	For the years end 31 December	
	2014	2013
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	51	(2,741)
Income tax expenses (revenues) reported in the income statement	<u>51</u>	<u>(2,741)</u>
Income tax relating to other comprehensive income		
Deferred tax relating to gain on change in value of available-for-sale investments	(900)	900

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statement	
	2014	2013	2014	2013
Accounting profit (loss) before tax	(21,927)	13,673	(27,271)	8,830
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(4,385)	2,735	(5,454)	1,766
Effects of:				
Non-deductible expenses	433	24	433	24
Tax-exempt dividend income	(608)	(599)	(608)	(599)
Share of profit from investment in associate companies	(1,069)	(969)	-	-
Unrecognised deferred tax on deductible temporary differences and unused tax losses	5,680	(3,932)	5,680	(3,932)
Total	4,436	(5,476)	5,505	(4,507)
Income tax expenses (revenues) reported in the statement of comprehensive income	51	(2,741)	51	(2,741)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Financial statements in which the equity method is applied / Separate financial statements	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets		
Provision for long-term employee benefits	9,949	9,916
Deferred tax liabilities		
Unrealised gain from revaluation of investments	(4,762)	(3,862)
Accumulated depreciation of assets	(188)	(539)
Others	(435)	-
Total	4,564	5,515

As at 31 December 2014, the Company has deductible temporary differences and unused tax losses totaling Baht 506 million (2013: Baht 491 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

21 . Basic earnings (loss) per share

Basic earnings (loss) share is calculated by dividing profit (loss) for the year (excluding other comprehensive income), after deducting the dividend payable to the preference shareholders, by the weighted average number of ordinary shares in issue during the year

The following table sets forth the computation of basic earnings (loss) per share:

	Financial statements in which the equity method is applied					
	Profit (loss)		Weighted average number of ordinary shares		Basic loss per share	
	2014	2013	2014	2013	2014	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit (loss)	(21,978)	16,414				
Less: Dividend of preference shares	(21,000)	(21,000)				
Loss attributable to ordinary shares	(42,978)	(4,586)	45,000	45,000	(0.96)	(0.10)

	Separate financial statements					
	Profit (loss)		Weighted average number of ordinary shares		Basic loss per share	
	2014	2013	2014	2013	2014	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit (loss)	(27,322)	11,571				
Less: Dividend of preference shares	(21,000)	(21,000)				
Loss attributable to ordinary shares	(48,322)	(9,429)	45,000	45,000	(1.07)	(0.21)

22. Segment information

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 Company is principally engaged in the manufacture and distribution of textiles. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	2014	2013
Revenue from external customers		
United Kingdom	350	341
Italy	294	265
Others	281	195
Total	925	801

Major customers

For the year 2014, the Company has revenue from two major customers in totaling amount of Baht 644 million (2013: Baht 606 million).

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 3 million (2013: Baht 3 million) to the fund.

24. Commitment and contingent liabilities

24.1 Capital commitment

As at 31 December 2014, the Company had capital commitments amounting to Baht 1 million, relating to the improvement of electric system (2013: Baht 1 million)..

24.2 Operating lease commitment

The Company has entered into a lease agreement in respect of the lease of car rental, a security service agreement and other agreement. The terms of the agreement are generally within 1 year. The operating lease agreement is non-cancellable.

As at 31 December 2014, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 2 million (2013: Baht 3 million).

24.3 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of Baht 12 million issued by banks on behalf of the Company to guarantee the usage of electricity (2013: Baht 12 million).

25. Financial instruments

25.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, bank overdrafts and short-term loans from financial institutions and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivables, as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and bank overdrafts and short-term loans from financial institutions. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Company is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the reprising date if this occurs before the maturity date.

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2014

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	24	-	24	0.38 - 0.50
Trade and other receivables	-	-	112	112	-
Investments in associated companies	-	-	206	206	-
Other long-term investments	-	-	136	136	-
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	14	-	-	14	3.75 - 6.75
Trade and other payables	-	-	80	80	-

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2013

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	8	1	9	0.50 - 0.63
Trade and other receivables	-	-	108	108	-
Investments in associated companies	-	-	206	206	-
Other long-term investments	-	-	131	131	-
Financial liabilities					
Bank overdrafts and short-term loans					
from financial institutions	29	-	-	29	3.28 - 3.90
Trade and other payables	-	-	173	173	-

(Unit: Million Baht)

Separate financial statements
as at 31 December 2014

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	24	-	24	0.38 - 0.50
Trade and other receivables	-	-	112	112	-
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	136	136	-
Financial liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	-	-	14	3.75 - 6.75
Trade and other payables	-	-	80	80	-

(Unit: Million Baht)

Separate financial statements
as at 31 December 2013

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	8	1	9	0.50 - 0.63
Trade and other receivables	-	-	108	108	-
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	131	131	-
Financial liabilities					
Bank overdrafts and short-term loans					
from financial institutions	29	-	-	29	3.28 - 3.90
Trade and other payables	-	-	173	173	-

Foreign currency risk

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

The balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2014 (Million)	2013 (Million)	2014 (Baht per 1 foreign currency unit)	2013 (Baht per 1 foreign currency unit)
US dollar	0.33	0.05	32.9630	32.8136
Euro	1.32	1.65	40.0530	45.0216

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2014

Foreign currency	Sold amount (Million)	Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	0.60	32.48 - 33.12	23/03/15 - 26/06/15
Euro	2.37	40.95 - 45.29	25/02/15 - 15/06/15

As at 31 December 2013

Foreign currency	Sold amount (Million)	Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	1.79	31.26 - 32.62	24/01/14 - 18/06/14
Euro	4.19	38.38 - 44.15	17/01/14 - 11/06/14

25.2 Fair value of financial instruments

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

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

26. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.18:1 (2013: 0.32:1) and debt to equity ratio in the separate financial statements was 0.24:1 (2013: 0.40:1).

27. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 24 February 2015.

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