

SUMMARY REHABILITATION PLAN  
OF  
THAI DURABLE TEXTILE PUBLIC COMPANY LIMITED  
(Incorporated in Thailand)

Financial Adviser in relation to the Rehabilitation Plan

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SUMMARY OF THE PLAN

1.1 OVERVIEW

Thai Durable Textile Plc. (the "Company" or "TDT") was incorporated on 19th August 1960 with a registered capital of Baht 10 million as Thai Kriang Karn Tor Co., Ltd. by the Tirachaimongkol, Tanyavutti and Ophaswongs families to manufacture woven fabric and textile yarn. The Company listed its shares on the SET on 10th August 1992. Its current registered capital is Baht 5,018.52 million and

current paid-up capital is Baht 3,005.10 million.

Its head office is at 11th Floor, Ocean Tower 1 Building,170/29-31 Ratchadapisek Road(Sukhumvit 16), Klongtoey, Bangkok,10110 Thailand, and its factory is located at 33 Suksawadi Road, Phrapradaeng, Samut Prakan 10130. The Company manufactures yarn and fabrics from natural fibre and synthetic fibre yarn in Thailand for local and export sales.

SHAREHOLDING STRUCTURE (as at 30th September 2002)

Name	No. of shares	% of holding
1. Mr. Wei-Lieh Chueng	39,888,878	13.27
2. Integrity Asset Management	37,987,223	12.64
3. Mrs. Yan Wai Man	37,072,292	12.34
4. Mrs. Srisamai Sornthip	31,875,525	10.61
5. Bangkok Bank Plc.	30,051,000	10.00
6. Mrs. Sumana Varongsurat	23,751,909	7.90
7. Mrs. Yen Denduangrudee	22,034,985	7.33
8. Ms. Tassawan Denduangrudee	21,387,501	7.12
9. Mrs. Duangjan Jongtiengtong	15,025,250	5.00
10. Mrs. Lalit Denduangrudee	14,164,013	4.71
Subtotal	273,238,576	90.92
Minority Shareholders	27,271,424	9.08
Total	300,510,000	100.00

The current Board of Directors and Management Team are as follows:

Name	Position
Directors	
1. Khun Pakarat Visudhimark	Managing Director and Authorised Director
2. Khun Mongkorn Dhanasukanachana	Director and Authorised Director
3. Khun Tasawan Denduangrudee	Director

4. Khun Tieng Chongtiengtong Audit Committee	Director
1. Khun Annop Pitakannop	Chairman of Audit Committee
2. Khun Kamol Kongton	Audit Committee and Authorised Director
3. Khun Chavalit Thonglim	Audit Committee and Authorised Director

Members of management are as follows:

Name	Position
1. Khun Phakarat Visudhimark	Managing Director
2. Khun Mongkorn Dhanasukanachana	Vice President, Administrative
3. Khun Prakob Pengprapa	Vice President, Accounting
4. KhunYongkiatTirachaimongkol	Vice President, Finance & MIS
5. Mr. Atul Mohan	Vice President, Sales & Marketing
6. Khun Wichin Chuladesa	Vice President, Finance & Logistic - Plant
7. Being recruited	Vice President, Production

Apart from the above management, TDT's major shareholders are represented by Khun So Denduangrudee, an Adviser to the Board for TDT's day-to-day operations.

#### SUMMARY OF THE PLAN (continued)

##### 1.2 REASONS WHY THE PLAN IS REQUIRED

1.2.1 The Company does not comply with Clause 30(6) (Jor.) and (Chor) in regard to issued capital/NTA ratios

According to the SET's delisting regulation under Clause 30(6) (Jor.) and (Chor.) dated

16th January 1995, a company may be delisted if it is "a listed company whose net tangible assets (the 'NTA') of the company's account or consolidated account in recent audited financial statements are less than 50 per cent of paid-up capital and result in consecutive losses for five years". This was later revised.

The Company's balance sheet as at 31st December 1997 showed that its net asset value of Baht 155.86 million, or equal to 22.26 per cent of paid-up capital, was below 50 per cent of its paid-up capital, and the Company's income statements showed losses for five consecutive years. On 3rd March 1998, the SET notified the Company that it may be delisted under Clause 30 and suspended trading of the Company's shares from 3rd April 1998 until approval and implementation of the Plan was finalised. The closing share price on 2nd April 1998 (the last day of trading) was Baht 3 per share. The SET also removed the Company's shares from the "Textile Clothing and Footwear Sector" to the "Rehabilitation Sector" (REHABCO) on 3rd April 1998.

However, the SET issued a revised regulation in regard to Clause 30 to be consistent with economic conditions. The SET cancelled the previous regulation which emphasised the result of operations and financial status, which stated that: "Where a listed company has consecutive losses and its net tangible assets are below the criteria, it may be delisted." The new regulation was adjusted to say that a listed company may be delisted "where its shareholders' equity is less than zero". The Company's latest audited financial statement as at 30th September 2002 showed that shareholders' equity was Baht 1,030.47 million. The increase in shareholders' equity was attributed to the restructuring of debt, an increase in shareholder capital and land reappraisal in the past three years.

#### 1.2.2 Analysis of the problem

TDT incurred consecutive losses every year from 1993 to 2001. Further losses occurred (excluding extraordinary items) during the nine months of 2002. Its retained loss totalled Baht 926.10 million as at 30th September 2002.

The major reasons identified for these losses include, inter alia:

1. Strong competition and price dumping are prevalent in the textile industry since 1993.
2. Increase in a gearing and interest expenses.
3. The downturn of economies in Thailand and the Asian Region.
4. The effect from the change in foreign exchange rate to a managed float system in July 1997, which resulted in continuous economic decline.
5. Severe worker industrial unrest suffered by the Company (from May to July 2000).
6. A devastating fire destroyed over 70 per cent of the Company's yarn production facilities in November 2000.
7. Lack of working capital and credit facilities from financial institutions.

#### SUMMARY OF THE PLAN (continued)

Taking the above into account, the Company's management determined that the Company was unable to continue in business with the existing financing and equity structure for the following reasons:

- The Company was insolvent both on balance sheet (total liabilities exceeded total assets) and cash flow basis (unable to repay debts when they fell due). The Company could not generate gross profit.
- The Thai textile market was not expected to turn around in time for the Company to solve its

insolvency in short or medium term.

- The Company required an injection of cash in order to meet ongoing working capital commitments and continue its business.

- If the Company was not able to restructure its operations and finances and return to profitability, the Company would likely be forced into formal insolvency proceedings.

### 1.3 PROCESSES WHICH WERE CORRECTED PRIOR TO RELISTING ACCORDING TO THE SET'S REGULATION

On 10th March 1998, the Company notified the SET that it wished to prepare a Rehabilitation Plan in order to continue its normal business and to strengthen its financial status for future business operations. The Company intends to have its shares traded in the SET again.

To fulfil the above intentions, the Company has already processed the following matters:

1. On 14th December 1999, the Company appointed Seamico Securities Plc. ("Seamico") as its financial adviser to advise the Company in regard to the Plan.

(Note: Seamico did not advise the Company on its initial listing on the SET in 1992.)

2. SGV-Na Thalang & Co., Ltd. was also appointed to review and comment on the Company's projections.

3. A Plan has been developed by the management of the Company in conjunction with its Financial Adviser and its auditor to present to Shareholders for approval. The Company and Financial Adviser will make a presentation for analysts in regard to the Plan on 28th January 2003.

4. The Company will hold a Shareholders' Meeting on 5th February 2003 to seek approval for the Plan.

5. In addition, the management and Financial Adviser are required to present a full report to the SET every three months in regard to the development of the Plan and its implementation for a period of eight quarters.

### 1.4 STEPS ALREADY TAKEN

After the Company notified the SET that it would prepare a Plan, it changed its capital structure, shareholding structure and management team. The Company and Seamico also successfully negotiated with Bangkok Bank Plc. ("BBL"), its major creditor, and Bangkok Bank of Commerce Plc. ("BBC"), to restructure its debt, which accounted for approximately more than 90 per cent of total debt.

Details of what has been done so far are as follows:

(a) New Shareholders introduced and changes to the Management Team made

In September 1999, Mr. Sawang Tangnisaitrong won the share bid for 92.18 per cent of TDT's shares from Bangkok Commercial Asset Management Co., Ltd. Later, Mr. Sawang sold his shares to a new group of shareholders, which contributed to managing the Company by negotiating with major creditors to restructure the Company's debt and making changes in management team.

#### SUMMARY OF THE PLAN (continued)

According to the DRA and the amendment of the DRA with BBL, the Company increased capital by offering new shares to existing shareholders and to BBL in July 2001 and July 2002. Details of the capital structure after the issuance of the new shares are shown in the table below.

On equity	Authorised Capital		Share Premium (Discount)	Net equity
	Amount (Baht millions)	No. of shares (millions)	Amount (Baht millions)	Amount (Baht millions)
As at 31st December 2000	700	70.00	120	820
First Rights Issue of Baht 100.1 million on 26th July 2001 at Baht 1 per share	1,001	100.10	(901)	100
First Debt Conversion of Baht	189	18.90	(170)	19

18.9 million on 26th July 2001 at Baht 1 per share				
Second Rights issue of Baht 100.359 million on 23rd July 2002 at Baht 1 per share	1,004	100.00	(904)	100
Second Debt Conversion of Baht 11.15 million on 24th July 2002 at Baht 1 per share	111	11.15	(100)	11
Subtotal	3,005	300.51	(1,955)	1,050
Capital increase (Possible Private Placement) in future	400	40.00	(280)	120
Total	3,405	340.51	(2,235)	1,170

(b) Negotiations with major Creditors led to all debts being restructured

After the acquisition in September 1999, the new management reopened the factory and improved production capacity. The Company increased its production capacity by implementing three shifts per day. However, the Company faced difficulty in obtaining source of funds to finance the purchase of new machinery to support production and reduce production costs. The priority for the new management was therefore to restructure its debt burden with BBL and BBC, accounting for approximately 90 per cent of total debt before seeking introduction of new equity.

The Company reached an agreement with BBL to restructure its debt, which accounted for approximately 85 per cent of total debt, and signed the DRA and its amendment agreement on 27th December 2000 and 24th May 2001, respectively. Under the DRA, the Company was required to repay BBL, outstanding principal of Baht 486.8 million in cash to be made in semi-annual instalments within a period of five years with a three-year grace period. As at 24th July 2002, all debts had been restructured and BBL converted its debt of Baht 30.05 million to equity and



became 10 per cent shareholder of TDT. The Company registered its paid-up capital with the MOC on 1st August 2002. In addition, the Company already made two repayments of principal to BBL of Baht 110 million and Baht 158 million in September 2001 and February 2002, respectively. The Company will make four repayments of outstanding principal to BBL in semi-annual instalments of not less than Baht 48.68 million per instalment between 27th June 2004 and December 2005, and the final repayment will be made in the amount of Baht 24.07 million on 30th June 2006. The Company recorded a gain on the debt settlement and debt restructuring of Baht 249.54 million.

On 26th June 2002, the Company also entered into a compromised agreement with BBC in which it would repay debt of Baht 10 million in July 2002 to settle the entire amount of its debt. The Company recorded a gain on debt restructuring of Baht 101.26 million.

#### SUMMARY OF THE PLAN (continued)

Details of debt restructuring can be summarised as follows:

Timing	Details	Note
Events completed		
- 27th December 2000	Signed DRA with BBL	
- 26th July 2001	First Debt Conversion of Baht 18.9 million	Baht 96.89 million in gain on debt restructuring in 2001
- 28th September 2001	First repayment to BBL of Baht 110 million	
- 14th February 2002	Second repayment to BBL of Baht 158 million	
- 26th June 2002	Signed a compromise agreement with BBC	
- 24th July 2002	Second Debt Conversion of Baht 11.15 million	Baht 152.65 million in gain on debt Restructuring

- 24th JULY 2002	Repaid Baht 10 million to BBC	Baht 101.26 million
in		debt settlement

Planned events

Future principal payments to BBL:

- 30th June 2004      Third repayment (Baht 48.68 million)
- 31st December 2004      Fourth repayment (Baht 48.68 million)
- 30th June 2005      Fifth repayment (Baht 48.68 million)
- 31st December 2005      Sixth repayment (Baht 48.68 million)
- 30th June 2006      Seventh repayment (Baht 24.07 million)

(c) Labour Disputes still to be resolved

On 15th February 2000, the Company's Workers Union (the "Union") submitted their demand to the Company for a raise in wages and additional bonuses. The Company and the Union could not reach a conclusion, and, therefore, the Union went on strike from midnight on 30th May 2000. The strike lasted for more than one month and ended in the beginning of July 2002 when some of the striking employees returned to work. As a result, production and its overall business returned to normal operations. On 26th October 2000, the Ministry of Labour and Social Welfare, under Section 35 of the Labour Relations Act B.E. 2518, forced the Company to rehire the workers on 27th October 2000. However, the number of workers reduced from 2,100 to 1,500.

There are still three civil cases pending which the Union submitted to the Court against the Company which sought 130 million in compensation. Provisions of Baht 17 million were set aside for two of the cases. The Company believes that this provisioning is adequate to cover possible losses from the cases. The Company set an additional expense of Baht 10 million equal to a deposit placed with the Court in the third quarter of 2002 to cover possible loss. In addition, the Company counter-sued the Union for the damage caused by the strike.

(d) Strengthening internal controls

The Company completed the appointment of the Audit Committee on 13th September 2001. The Company is recruiting an Internal Audit team, which will establish a control and audit system so that the Company will have a prudent, efficient and transparent system. The Internal Audit Team will provide information and reports to the Audit Committee. The Internal Audit system should be completed in the second quarter of 2003.

(e) Collect and finalise insurance claims as a result of a fire

On 18th November 2000, a fire occurred in the Company's Spinning Mill No. 2 (A2). As a result of the fire, yarn production reduced by 70 per cent, which affected the Company's weaving mills, as yarn is a raw material for the production of fabric. The Company had insurance coverage for its machines, buildings and inventories. On 20th December 2000, the Company made a claim for the insured amount.

On 25th May 2001 and 14th February 2002, the Company collected Baht 150 million and Baht 317 million from its insurer as a result of its claims. The Company has paid the pre-agreed portion of the compensation to BBL as prepayment part of the debt outstanding.

SUMMARY OF THE PLAN (continued)

(f) Operations of its subsidiaries

On 25th August 2000, the Company established a wholly-owned subsidiary company, "TDT (BVI) Limited", which was registered in the British Virgin Islands with a registered capital of US\$ 200,000 and paid-up capital of US\$ 130,000, divided into 130,000 shares at a par value of US\$ 1. The objective in establishing this company was for use as a holding company, to act as an

overseas sales representative office and to procure raw material such as cotton for TDT.

On 22nd September 2000, the Company also established "TDT (HK) Limited", which is 99.99 per cent held by TDT (BVI) Limited. Its registered capital is HKD 1,000,000, divided into 1,000,000 shares at a par value of HKD 1. The aim of establishing this company was for use as a sales representative and to carry out sales promotions in Hong Kong and the Asian region. The Company receives commissions from customers.

However, the Company experienced a financial problem that affected its overall operations, including managing these subsidiaries companies. In July 2002, the Company found an employee of TDT (HK) committed fraud by stealing sales proceeds. The case was reported to police in Hong Kong. To reflect its actual financial statement, the Company set aside provisions of Baht 6.59 million in the third quarter of 2002. After intensive negotiation with employee, the Company was able to recover the claim amount of approximately Baht 2.5 million in January 2003.

As the Company's policy of establishing subsidiary companies to engage in sales promotions overseas and to reduce costs was unsuccessful, it decided to temporarily cease operations of the two subsidiaries starting from 30th September 2002. Management will reconsider its policy regarding the subsidiaries after TDT successfully rehabilitated its business.

(g) Repair machinery and improve facilities and capacity

Due to limitations in regard to the Company's financial status, management has no immediate plan to purchase any new machinery. However, the Company has maintained and repaired its production facilities and machinery so as it to increase production capacity.

Nevertheless, a credit line from Thailand's EXIM Bank which was approved in December 2002. The Company will utilise the credit line to improve its facilities and capacities. Therefore, financial projections do not incorporate the credit line and increase in production resulted from

acquiring new machinery and spare parts. The Company expects to complete the improvement of machinery and spare parts in the second quarter of 2003.

#### 1.5 SUMMARY OF THE PLAN

Apart from the processes which were corrected prior to relisting, the Company aims to be one of the top five textile manufacturers in Thailand of both cotton yarn and synthetic yarn. In addition to the restructuring of its debts and capital, the Company has developed a business plan to solve its problems and increase management and production efficiency. The Company's key strategies are the following:

1. Maintain existing clients and acquire new clients by penetrating new markets with higher returns such as the export market.

2. Perform regular machinery maintenance to improve production efficiency and add new product lines of higher value-added items for clients with high purchasing power to increase profit margin. This is also a competitive strategy to deal with other countries which have lower labour costs, i.e., China, Indonesia and Vietnam.

3. Provide intensive training for existing and new workers.

4. Improve management efficiency, including the Internal Control System, and finding appropriate source of funds.

#### SUMMARY OF THE PLAN (continued)

5. Develop an effective quality control system to reduce production costs and sub-standard products.

6. Secure a continuous flow of raw material to reduce production stoppages and production of sub-standard products.

7. Develop new product lines

8. Introduce Piece Work as a motivational tool whereby workers will be remunerated according to performance, thus resulting in higher productivity and quality.

Short-Term Business Plan (2003 to 2004)

1. Repair and improve existing machinery to increase production efficiency for future sales.
2. Increase sales volume in both domestic and export markets.
3. Reduce the cost of goods sold and expenses.
4. Develop worker quality and avoid labour disputes.
5. Improve product quality to penetrate new markets.
6. Improve the internal control system, including production, management and finance.
7. Generate gross profit in 2003.

8. Increase production capacity up to a 90 per cent utilisation rate in 2004.

Long-Term Business Plan (After 2004)

1. Install new machinery to improve production efficiency.
2. Produce high-end products to increase profit margin.
3. Increase sales in export markets.
4. Reduce the cost of funds.
5. Develop standard to meet ISO 9002.
6. Implement a bar code system to improve stock control.
7. Strengthen the financial status by generating a net profit and increase share value. Ultimately, the Company will be able to pay dividend to shareholders.

SUMMARY OF THE PLAN (continued)

1.6 SUMMARY OF FINANCIAL PROJECTIONS ON A QUARTERLY BASIS (2003 to 2004)

Forecasted Balance Sheet

(Expressed in Baht thousands)

	2002		2003				2004	
	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	
Quarter 3								
Quarter 4								
Current Assets								
Accounts receivable- trade, net	53,161	71,502	73,385	74,914	80,567	84,887	84,887	
84,887	84,887							
Inventories - net	184,782	180,905	173,327	173,104	183,493	192,409	192,395	
192,155	192,062							
Total Current Assets	300,472	299,349	411,805	412,041	421,687	432,094	390,253	
394,859	353,573							
Property, plant and equipment	1,066,483	1,056,831	1,047,523	1,039,069	1,031,480	1,024,097	1,016,732	
1,009,677	1,002,743							
Total Non-Current Assets	1,137,964	1,114,757	1,105,449	1,098,841	1,091,252	1,084,231	1,076,866	
1,072,702	1,065,768							
Total Assets	1,438,436	1,414,106	1,517,254	1,510,882	1,512,939	1,516,325	1,467,119	
1,467,561	1,419,341							
Current Liabilities								
Accounts payable- trade	79,192	77,531	74,283	74,188	78,640	82,461	82,455	
82,352	82,312							
Current portion of restructured debt	15,356	15,314	63,990	63,131	110,948	109,268	107,569	
105,851	104,134							
Total Current Liabilities	265,753	269,528	316,213	316,514	370,213	373,347	372,584	
371,663	370,636							
Restructured debt- net of current portion	239,982	236,206	183,712	180,711	129,034	126,938	76,143	
74,860	24,900							

Total Liabilities	505,735	505,734	499,925	497,225	499,247	500,285	448,727	
446,523 395,536								
Shareholders' Equity								
Common share, Baht 10 par value	3,005,100	3,405,100	3,405,100	3,405,100	3,405,100	3,405,100	3,405,100	
3,405,100 3,405,100								
Premium on share capital	120,000	120,000	120,000	120,000	120,000	120,000	120,000	
120,000 120,000								
Discount on share capital	-2,074,590	-2,354,590	-2,354,590	-2,354,590	-2,354,590	-2,354,590	-2,354,590	-
2,354,590 -2,354,590								
Revaluation increment in land	884,764	884,764	884,764	884,764	884,764	884,764	884,764	
884,764 884,764								
Deficit	-1,023,874	-1,048,203	-1,059,246	-1,062,918	-1,062,883	-1,060,535	-1,058,183	-
1,055,537 -1,052,770								
Shareholders' Equity - net	932,701	908,372	1,017,329	1,013,657	1,013,692	1,016,040	1,018,392	
1,021,038 1,023,805								
Total Liabilities and Shareholders' Equity	1,438,436	1,414,106	1,517,254	1,510,882	1,512,939	1,516,325	1,467,119	
1,467,561 1,419,341								

SUMMARY OF THE PLAN (continued)

1.6 SUMMARY OF FINANCIAL PROJECTIONS ON A QUARTERLY BASIS (2003 to 2004) (continued)

Forecasted Statements of Income

(Expressed in Baht thousands)

	2002		2003			2004			
	Quarter4	Quarter1	Quarter2	Quarter3	Quarter4	Quarter1	Quarter2	Quarter3	Quarter4
Revenues									
Net sales	167,876	225,796	231,742	236,570	254,421	268,065	268,065	268,065	268,065



Total Revenues	170,147	228,651	234,656	239,533	257,562	271,349	271,349	271,349	271,349
Costs and Expenses									
Cost of sales	237,577	232,591	222,848	222,563	235,919	247,384	247,366	247,056	246,935
Selling and administrative expenses	29,090	19,018	21,480	19,256	20,222	20,261	20,261	20,261	20,261
Total Costs and Expenses	266,667	251,609	244,328	241,819	256,141	267,645	267,627	267,317	267,196
Profit (Loss) before interest expense	-96,520	-22,958	-9,672	-2,282	1,417	3,704	3,722	4,032	4,153
Interest Expense	-1,251	-1,371	-1,371	-1,386	-1,386	-1,356	-1,370	-1,386	-1,386
Net Profit (Loss)	-97,771	-24,329	-11,043	-3,672	35	2,348	2,352	2,646	2,767
Net Profit (Loss) per share (Baht)	-0.33	-0.08	-0.03	-0.01	0	0.01	0.01	0.01	0.01

#### SUMMARY OF THE PLAN (continued)

##### 1.7 FUTURE SOURCE OF FUNDS FOR BUSINESS EXPANSION

As seen from the above objectives and business plan, the Company will require significant additional funding related to the improvement of machinery and facilities and the procurement of raw materials, as well as the development of its internal management system. Management has prepared financial projections which are conservative, assuming the Company will utilise the loan for raw materials from financial institutions totalling Baht 100 million. TDT already utilised Baht 15 million from its current EXIM bank loan in the third quarter of 2002 and expects to utilise the loans totalling Baht 75 million in the fourth quarter of 2002 and another Baht 10 million in the first quarter of 2003, which will increase its efficiency and product quality. The Company assumes that the new capital increase of Baht 120 million (net cash) by Private Placement to a strategic partner will take place in the second quarter of 2003.

The Company sought a new loan from several financial institutions. In December 2002, the Company received a loan facility from the Thai EXIM Bank which was more than the Company had estimated in the Projections. The Company was granted a credit line (Packing Credit (L/C), L/C, T/R) of US\$ 3.5

million and a DL/C of Baht 20 million. The Company will open L/C for machinery of US\$ 3 million, which can be converted to a bank loan of US\$ 2.5 million with land title deeds as collateral. The Company was in the process of negotiating with the EXIM bank during the preparation of the financial Projections, and thus the management did not include the new loan into the Projections.

The Company's plan is to use Baht 128 million to construct new facilities and expand existing production, which should be completed by the second quarter of 2003.

The new loan from EXIM Bank will allow the Company adequate time to seek an appropriate strategic partner. Therefore, it is possible that the capital increase via Private Placement will be delayed from the estimated timing, which was specified to occur in the second quarter of 2003.

#### 1.8 RISK FACTORS AFFECTING THE IMPLEMENTATION OF THE PLAN

To achieve the Objectives and the Projections, the Company is largely dependent upon numerous assumptions, including assumptions with respect to the anticipated future performance of the industry and general business and economic conditions, many of which are beyond the control of the Company.

The Company has used its best endeavours to structure a feasible restructuring as set out in the Plan. However, as is usual in the implementation of any rehabilitation plan, there are risks in respect of its successful implementation, which are:

##### 1. Risk relating to labour dispute

The Company has been sued by a group of former employees for an amount of approximately Baht 130 million. The Company set aside provisions of Baht 17 million to cover possible loss from the pending cases. However, the Company also filed a Court suit against the Workers Union seeking compensation for damage which occurred during the workers' strike of approximately Baht 8 million. The Company has not included in the projections on remuneration/income in case the Company wins

the case in the Projections.

#### SUMMARY OF THE PLAN (continued)

### 2. Risk relating to raw material purchases and lack of sufficient supply

The Company's main product, cotton, is considered to be a commodity product. Its price fluctuates according to world market prices. Prices of other raw material such as Polyester may be affected by high oil prices, as the price of polyester moves in line with oil prices. Rayon fibre is supplied by only one company in Thailand, and thus there may be a risk of a lack of supply. Since TDT does not use rayon as a major raw material, the Company has not included in the projections.

To mitigate the risk of fluctuations in raw material prices and a possible lack of supply, the Company's policy is to make one to three month advance orders with suppliers. This helps the Company establish a production plan and control costs, and also enables the Company to evaluate market conditions to be able to cope with the problem. In addition, the Company has the policy to keep close relationship with its suppliers.

### 3. Foreign Exchange Risk

Cotton, the Company's major raw material, is mainly imported because of a limited supply of quality domestic material. The Company also has a credit line (trust receipt) from financial institutions in US Dollars. Thus it entails a foreign exchange risk. To reduce the foreign exchange risk, the Company will maintain a balance of imports and exports and has opened a foreign currency deposit account for daily operations.

#### 4. Risk relating to Debt Restructuring

The Company is required to follow terms and conditions of the DRA it signed with BBL under which the principal amount will be repaid in semi-annual installments until June 2006. In the event the Company is unable to make a repayment, it will be considered to be in default, and the creditor will charge interest at the default rate, and/or the Company will have to renegotiate debt restructuring terms with the creditor. The Company plans to use the proceeds from operations and/or cash from the capital increase via Private Placement (if any) for settlement of this debt. However, the Company is confident it will be able to repay its entire debt to BBL according to the DRA.

#### 5. Risk relating to interest rate

The Company may have a risk of changes in interest rate from its DRA with BBL and loan agreement with EXIM Bank. However, the Company may negotiate with the bank to adjust the interest rate in the event of a change in economic conditions.

#### 6. Risk relating to trade protection and regulations

The company exports to countries that have implemented quotas. In 2005, the quota system is to be cancelled. The company may not be able to compete with neighbouring countries that have lower labour costs, such as China, Vietnam and Indonesia. The Company has a policy to develop quality products that are acceptable by world markets. This should enable the Company to maintain its clients. The Company will also seek new markets that have higher purchasing power and are more concerned with quality products than price.

Taking into account the above, there are general risk factors to which the Company will be exposed during the implementation of the Plan, which are likely to be as follows:

(i) The political dispute between the United States and Iraq will have a significant effect on the global economy, including oil prices, and will subsequently have an effect on the Thai economy,

on economies in the Asian Region countries and on economies of countries with which Thailand engages in counter-trade.

(ii) The recent stability of the Baht against major foreign currencies is not maintained and the Baht again experiences significant volatility.

(iii) The relevant import duties and other taxes experience higher volatility than anticipated by the Company.

#### SUMMARY OF THE PLAN (continued)

Note: The management cannot guarantee that the actual results will be in line with the Projections owing to several uncontrollable factors which may affect the actual financial results. However, the management has taken due care in the formulation of the Projections and has worked with the financial adviser to comply with the SET's regulations. The Company also appointed an auditor to review the Projections to ensure that the assumptions are true, accurate and reasonable.

#### 1.9 RELISTING PLAN

The Company's management plans to apply to have its shares traded in the REHABCO sector as soon as it meets all relevant SET requirements.

According to SET regulations in respect of relisting TDT's shares in the REHABCO sector, TDT can apply to do so once the Company has:

1. Restructured more than 50 per cent its total debt; and
2. Shareholders have approved the Plan.

The Company also plans to apply to have its shares traded in the Textile Sector in the future when it meets the relevant SET requirements. In this regard, guidelines issued by the SET require that in order for TDT to be in a position to apply to relist its shares in the Textile Sector, the following conditions must be met:

1. The Company's financial status and performance must show a positive shareholders' equity.
2. The Company must have net profits from its core business for at least one financial quarter.