# TTTบริษัท โรงงานผ้าไทย จำกัด (มหาชน)Thai Textile Industry Public Company Limited



# **Sายงานประจำปี 2561** 2018 Annual Report

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### MESSAGE FROM THE BOARD OF DIRECTORS

The Thai economic growth for 2018 was 4.3 percent against the prior estimate 4.6 percent in line with slower exports and tourism in the 3<sup>rd</sup> quarter of the year. As for 2019 apart from the USA-China trade war. There are many other issues to be concerned about. i.e. Brexit, Italy's fiscal situation, currency fluctuations in newly emerging markets, such as Turkey, Indonesia, The Philippines and India, all of which causing consistent volatilities in global financial markets.

Our company financial performance in 2018 did not come out well due to several reasons i.e. the oversupply situation and intense competitions, the strong Thai currency against our competitors etc. We are therefore trying to adjust our self for the new challenging and disruptive business environment in order to be sustainably competitive.

The Board of Directors

## Report Of The Audit Committee

Dear Shareholders,.

The Audit Committee, which was appointed by the Board of Directors of Thai Textile Industry Public Company Limited, consists of the following 4 independent Directors: 1) Dr. Chin Chinsettawong, Chairman of the Audit Committee; 2) Mr. Preecha Chaipromprasith; 3) Mr. Korn Sereeronjanasiri; and 4) Dr. Kajornwuth Namsirikul as the Audit Committee, with Mr. Narong Piriyaprinsakul as the Secretary of the Audit Committee.

In 2018, the Audit Committee had 4 meetings in which the Executive Directors, Accounting Department Representative, Certified Public Accountants, and Internal Auditor all attended the meeting each time.

In 2018, the Thai economy was still affected by the world economic issues, which continued from the previous year. The Audit Committee give importance to the management and have held both official and unofficial meetings with the management to provide useful suggestions for managing the Company.

The Audit Committee has performed it's duties and responsibilities according to the rules and regulations of the Stock Exchange of Thailand as well as according to responsibilities given by the Board of Directors of the Company. The main responsibilities of the Audit Committee consist of the internal audits, checking good governance, and transparency of the management of the Company. The Audit Committee would like to summarize the following important points:

#### 1) Financial Statement

The Audit Committee reviewed the quarterly financial statements and the annual financial statement together with the Management, Accounting Department Representative, Certified Public Accountants, and Internal Auditor in each meeting, from which the Audit Committee concluded that the Company's Financial Statements were transparent and prepared according to the Thai Financial Reporting Standards.

The 4 members of the Audit Committee, consisted of experienced individuals in accounting and finance, and have been in their positions for the past few years, have created an open discussion environment with useful recommendations for the Board of Directors to follow up during the Audit Committee meetings.

#### 2) Internal Audits

The Audit Committee have set up a system to check the quality and effectiveness of each departments such as, production, marketing, and human resources, to evaluate the overall Company performance.

The Internal Auditor, who is assigned by the Audit Committee, will provide an internal audit report to the Audit Committee Directors every 3 months, for the Audit Committee Directors reference during the quarterly meetings.

#### 3) Business Transactions Between Related Individuals and Companies

The Audit Committee reviewed reports of business transactions with related persons and companies, prepared by the Accounting Department and the Management, with review by the Certified Public Accountants at each Audit Committee Meeting.

The Certified Public Accountants found the prices and sales conditions to the related persons and companies are in the with Company's policy to treat all business transactions equal to the normal practices given to other persons and companies not related to the Company. The business transactions between related persons and companies are disclosed according to the rules and regulations of the Stock Exchange of Thailand.

For items considered to be related transaction as per the year 2003 announcement by the Board of Directors of The Stock Exchange of Thailand concerning the disclosure of information and operation of listed companies about related transactions, for 2018, there were 1 related items, which the Audit Committee had carefully evaluated the disclosed information, with the benefits of minority shareholders and with the regulations set by the Board of Directors of The Stock Exchange of Thailand in mind.

#### 4) Adherence to Rules and Regulations

The Company has an individual responsible for following up the rules and regulations, including laws of the Stock Exchange of Thailand concerning the operation of the business.

The Audit Committee have checked and found the Company have operated according to the rules and regulations of the Stock Exchange of Thailand accordingly.

#### 5) Certified Public Accountants

The Audit Committee have considered and recommended the appointment of AST Master Company Limited with proposed amount of remuneration for 2019 fiscal year for the Board of Directors and Shareholders to approve.

#### 6) Others

The Audit Committee carried out the responsibilities with the collaboration of the Management and other departments of the Company and gave recommendations when necessary.

In the Audit Committee's opinion, the Company's Internal Audit is effective and sufficient without causing any adverse effect in the operation of the Company.

The Audit Committee has performed It's duties justly, Independently and focused on the internal audits, to make sure the operations of the Company are transparent and fair to protect the Interests of the Shareholders and all parties of interest.

Dr.Chin Chinsettawong Chairman of the Audit Committee

# TOYOTA



# Part 1 Company's Business

Policy and Business Overview Business Nature Risk Factors Operating Assets Legal Disputes General Information and Other Key Information



# POLICY AND BUSINESS OVERVIEW

Thai Textile Industry Public Company Limited (TTI) started business in 1970 as only a weaving factory. Later TTI expanded into other textile related business to include spinning, sizing, yarn dyeing, and garment making, which at present the Company is vertically integrated to produce fabric.

The Subsidiary is only in the yarn spinning business, with sales majority to TTI and only a small portion is sold to general customers.

#### 1.1 Visions, Objectives, Goals, and Strategies

Since the very beginning, the textile industry is a highly competitive industry both locally and internationally in terms of quality, price, and production technologies to reduce cost and raise the quality of the products. TTI's objective is to follow and adapt constantly to the changes in the market to meet the needs of the customers in time. It is necessary for TTI to constantly update the production machinery to increase our competitiveness in cost, products, and quality of our products.

#### 1.2 Key Development and Changes

1969 Thai Textile Industry Company Limited was established on 18 November 1969, with registered capital of 20 Million Baht.

- 1970 TTI purchased Thai Rung Rueng Weaving Company Limited to start textile business as manufacturer, selling and buying yarns, greige fabrics, and finished fabrics.
- 1975 Increased capital by 80 Million Baht to total 100 Million Baht registered capital for business expansion.
- 1979 Increased capital by 50 Million Baht to total 150 Million Baht registered capital for business expansion.
- 1987 Increased capital by 50 Million Baht to total 200 Million Baht registered capital for business expansion. Received approval to be a listed company in the Stock Exchange of Thailand.
- 1989 Increased capital by 300 Million Baht to total 500 Million Baht. Withdrawn 150 Million Baht as capital to establish a yarn spinning factory which received custom tax exempt for imported machinery.
- 2002 Increased Paid Capital of 15 million shares to be a total of 50 million shares registered capital with par value of 10 Baht per share for a total of 500 Million Baht registered capital.

#### 1.3 Shareholding Structure of TTI Group

#### TTI Group Shareholding Structure Table

	ТТІ		TRT		TSI		RTI		ТТР		
Sho	Shareholding		Shareholding		Shareholding		Shareholding		Shareholding		reholding
TRT	87.31 %	TTI	-	TTI	0.50 %	TTI	-	TTI	-		
TSI	6.67 %	TSI	-	TRT	1.09 %	TRT	2.00 %	TRT	-		
RTI	8.75 %	RTI	-	RTI	5.25 %	TSI	-	TSI	-		
TTP	3.57 %	TTP	-	TTP	1.43 %	TTP	-	RTI	-		

TTI	Thai Textile Industry Public Company Limited	Paid Capital	500	Million Baht	50.0 Mill	ion shares
TRT	Thai Rung Textile Company Limited (Subsidiary)	Registered Capital	600	,,	6.0	,,
TSI	Thai Standard Industries Company Limited	,,	150	,,	1.5	,,
RTI	Rama Textile Industry (1988) Company Limited	,,	250	,,	2.5	,,
TTP	Thai Textile Printing Public Company Limited	,,	350	,,	3.5	,,

#### 1.4 Business Relationship with Major Shareholder

Only Thai Winner Textile Industry Company Limited and Casadi International Company Limited of the Boonnamsap family have business relationship as customers of TTI. Other major shareholders do not have any business relationship with TTI.

# 2 BUSINESS NATURE

#### 2.1 Product and Services

TTI is in the textile industry as a manufacturer, importer and seller of raw cotton fibers, cotton yarns, blended yarns, synthetic yarns, greige fabrics, dyed fabrics, yarn dyed fabrics as per customer's orders, and finished garments to local and international customers under the brand "TTI".

Thai Rung Textile Company Limited (TRT) (Subsidiary) is a yarn spinning factory, spinning cotton yarns, blended yarns, and synthetic yarns, selling to TTI, local yarn dyeing factories, and local fabric manufacturers.

#### 2.2 Marketing and Competition

						(Units: Million Baht)		
			2018	2018		,	201	6
Product/Services	Produced by	Shareholding %	Revenue	%	Revenue	%	Revenue	%
	Company	-						
Garment								
Local Sale			32.75	0.83	71.99	1.67	61.39	1.61
Export Sale			159.36	4.05	134.69	3.13	160.62	4.20
Fabric								
Local Sale			724.16	18.39	612.08	14.21	702.63	18.37
Export Sale			729.75	18.53	618.66	14.36	755.93	19.76
Raw Cotton And Yarns								
Local Sale			646.52	16.42	571.56	13.27	596.21	15.59
Export Sale			273.56	6.95	218.04	5.06	205.31	5.37
Local Services Income			63.02	1.60	120.52	2.80	96.96	2.54
Local Other Income			31.66	0.80	679.89	15.78	17.86	0.47
	Total		2,660.78	67.57	3,027.43	70.26	2,596.91	67.90
	Subsidiary	87.31						
Raw Cotton And Yarns			1,213.78	30.82	1,110.17	25.77	1,149.79	30.06
Local Services Income			31.33	0.80	44.45	1.03	44.56	1.17
Other Income			32.07	0.81	126.78	2.94	33.53	0.88
	Total		1,277.18	32.43	1,281.40	29.74	1,227.88	32.10
G	Grand Total			100.00	4,308.83	100.00	3,824.79	100.00

(Units: Million Baht)

#### 2.3 Product and Services Procurement

Finished products and some raw materials were procured from 3 factories in TTI Group and the Subsidiary, which the location and production capacity are as follow:

Factory	Location	Type of Factory	Production Capacity 2018		
ractory	Location	Type of Factory	Quantity	Unit	
Factory 1	385 SoiBangmakekhao, Taiban, Muang, Samutprakarn Weaving		22,962,053	Yard	
Factory 2	275 SoiBangmakekhao, Taiban, Muang, Samutprakarn	Spinning	6,922,455	Pound	
Factory 3 595 Sukhumvit Rd, Bangpoo Mai, Muang, Samutprakarn		Garment	1,100,931	Unit	
Subsidiary	62 SoiValilai, Bangchalong, Bangplee, Samutprakarn Spinning 27,212,590 Pour		Pound		

All finished fabrics and yarns, which is the raw material for fabric production, is sourced from TTI, the subsidiary company, as well as other manufacturers in the country. For raw materials such as raw cotton fibers, TTI import from various countries such as China, America, Australia, Sudan, and Uzbekistan, depending on the quality of the product.

# 3 RISK FACTORS

The risk factors that will greatly impact the financial and operational status of The Group are not foreseeable in the near future. The risk factors that will impact business operations are as follow:

#### 3.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value

#### 3.2 Foreign Currency Risk

As part of the international trading, the Group has significant exposures to market risk from changes in foreign exchange rates. The Group uses forward exchange contracts to mitigate those risks. Forward exchange contracts are accounted for as foreign currency transactions. Gains or losses on derivative financial instrument used for hedging of foreign currency transactions are recognized as income or expense on the same basis as the corresponding hedged position.

	Currencies	Amount	Equivalent to approximately (In Million Baht)
Trade accounts receivable	U.S. Dollar	2,080,594	66.98
Trade accounts Payable	U.S. Dollar	1,209,864	39.46
	Euro	337,296	12.64
	JPY	493,200	0.15
Accrued expenses	U.S. Dollar	273,345	8.92

As at 31 December 2018, assets and liabilities of the Group which are not hedged as follows

#### 3.3 Interest Rate Risk

The Group was exposed to Interest Risk because it held deposits to and loans from financial institutions. However, The Group believes that the future fluctuation on market interest rate would not provided significant effect to its operation and cash; therefore, no financial derivative was adopted to manage such risks.

#### 3.4 Credit Risk

The Group was exposed to credit risks mainly relating to its trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with its receivables.

## 4 OPERATING ASSETS

Operating Assets were valued on 31 December 2018 with the following details as appeared in the Separate Financial Statement and Subsidiary

#### financial Statement.

#### 4.1 Separate Financial Statements

	(Baht)
Land	36,143,750.00
Land Appraisal	751,936,250.00
Buildings & structures	72,780,793.00
Machinery & equipment	561,448,283.00
Furniture & office equipment	1,261,531.00
Asset under installation	81,550.00
Vehicle	7,614,355.00
TOTAL	1,431,266,512.00

Remarks In 2018, the Company reappraised the land value by an independent agent using the market price, which appraised the land value to increase by 751.94 million baht, making the land value on 31 December 2018 to be valued at 788.08 million baht. As at 31 December 2018, assets items have been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,270.9 million (2017: Baht 1,215.0 million).

As at 31 December 2018, the Company's machineries with net book value of Baht 146.8 million (2017: Baht 83.5 million), respectively are mortgaged as collateral of credit facilities to financial institution.

#### 4.2 Subsidiary Financial Statements

	(Baht)
Land	185,749,040.00
Land Appraisal	358,803,160.00
Buildings & structures	147,649,058.00
Machinery & equipment	906,640,978.00
Factory Utility System	161,266,488.00
Furniture & office equipment	694,928.00
Asset under installation	19,262,854.00
Vehicle	2,112,079.00
TOTAL	1,782,178,585.00

Remarks On 24 May 2018, the Subsidiary reappraised the land value by an independent agent using the market price, which appraised the land value to increase by 119.11 million baht, making the land value on 31 December 2018 to be valued at 544.55 million baht.

As of 31 December 2018, the Subsidiary have a number of assets with no depreciation, which the Book value before deducting accumulated depreciation is 1,221.30 million baht (2017: 1,221.96 million baht)

As of 31 December 2018, the Subsidiary mortgaged machinery book valued at 565.65 million baht (2017: 772.90 million baht) as collateral with financial institutions.

As of 31 December 2018, the Subsidiary have borrowing cost of 3.62 million baht (2017: 4.8 million baht), which occurred from borrowing for building machinery, and have been recorded as an asset cost of assets bought.

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#### 4.3 Investment Properties-Land

Net book value 719,643,000.00 Baht

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None

## **GENERAL INFORMATION AND OTHER KEY INFORMATION**

General information	
Company Name Issuing Securities	Thai Textile Industry Public Company Limited
Registration No	0107537000441 (Previously PCL 291)
Type of Business	Manufacturer Fabric Weaving, Yarn Spinning, Garment
Paid Capital	50 Million Shares with par value 10 baht per share
Address	385 Soi Bang Make Khao, Sukhumvit Road, Taiban, Muang Samutprakan Samutprakan 10280
Tel	0 2703 8484
Fax	0 2387 0894, 0 2387 1983
Web site	http://www.tti.co.th
E-mail	thaitex@tti.co.th

Reference Person				
Securities Registrar	Thailand Securities Depository Company Limited			
Address	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand			
Tel	0 2009 9000			
Fax	0 2009 9991			

Auditor	Mr. Pradit Rodloytook, CPA No. 218 or			
	Ms. Nongram Laohareedeelok, CPA No. 4334			
	AST Master Company Limited			
Address	790/12 Thonglor Tower, Soi Thonglor 18, Sukhumvit 55 Road, Klong Tan, KlongToey, Bangkok 10110			
Tel	0 2185 8842–3, 0 2185 0342			
Fax	0 2815 0225			

Legal Consultant	Jaruttham Attorney and Accounting Firm
Address	281/7 Moo 4, Soi Suksawat, Suksawat Road, Bangpakok, Radburana, Bangkok 10140
Tel	0 2389 2298
Fax	0 2389 2298

Legal Entity that TTI hold more than 10 percent of all Shares				
Legal Entity Name Thai Rung Textile Company Limited				
Address	62 Soi Vilalai, Bangna-Trad Road, Bangchalong, Bangplee, Samutprakan 10540			
Tel	0 2337 2325–6			
Fax	0 2337 2829			
Type of business	Yarn Spinning Factory			
Paid capital	6,000,000 shares with par value of 100 baht per share.			
Share holding	87.31%			

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# Part 2 Management and Corporate Governance

Securities and Shareholder Information Management Structure Corporate Governance Corporate Social Responsibility-CSR Internal Control and Risk Management Related Transaction

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# **7** SECURITIES AND SHAREHOLDERS INFOMATION

#### 7.1 Registered and Paid Capital

TTI have Registered Capital of 500 Million Baht, Paid Capital of 500 Million Baht, divided into 50 million shares with par value10 Baht per share.

#### 7.2 Shareholders

#### Top 10 Shareholders over 5 Years Period

Rank	Name	31/12/2018	%	31/12/2017	%	31/12/2016	%	31/12/2015	%	31/12/2014	%
1	Mr. Kumjorn Chuenchoochit	12,877,867	25.7	12,882,467	25.7	12,392,367	24.8	12,276,367	24.5	11,988,167	24.0
2	Ms. Supatta Boonnamsap	6,155,280	12.3	6,165,280	12.3	6,096,085	12.2	6,004,985	12.0	6,004,985	12.0
3	Mr. Tawatchai Chaiyapinunt	5,477,120	10.9	5,477,120	10.9	5,447,120	10.9	5,447,120	10.9	5,447,120	10.9
4	Thai Textile International Company Limited	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3
5	Mr. Kasem Worarittichai	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9
6	Mr. Phaiboon Jaroonchaikanakij	2,574,000	5.1	2,574,000	5.1	2,574,000	5.1	2,574,000	5.1	2,478,100	5.0
7	Great Chan Holding Company Limited	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0
8	RPT Resources Company Limited	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4
9	TT Resources Company Limited	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2
10	Vongs Chang Enterprise Company Limited	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2

#### 7.3 Other Securities

None

#### 7.4 Dividend Payment Policy

The Company dividend payment policy is not less than 50–60% of net profit.

# 8 MANAGEMENT STRUCTURE

#### 8.1 Company Directors

Company Board of Directors consists of 17 Directors, divided into 7 Executive Directors, 4 Non-Executive Directors and 6 Independent Directors.

The Board of Directors is divided into 3 sub-Committees, namely the Audit Committee, Nomination Committee, and Remuneration Committee as follow:

1.	Mr. Boonnam	Boonnamsap	Chairman
2.	Mr. Mongkol	Mungkornkanok	Executive Director
3.	Mr. Phaiboon	Jaroonchaikanakij	Executive Director
4.	Mr. Tawatchai	Chaiyapinunt	Executive Director, Nomination Committee and Remuneration Committee
5.	Mr. Kumjorn	Chuenchoochit	Executive Director
6.	Mr. Chuang	Kullawanwichit	Executive Director and Secretary to the Board of Directors
7.	Mrs. Siriwan	Boonnamsap	Director
8.	Prof. Somsak	Chaiyapinunt, Ph.D.	Director
9.	Mr. Pairod	Chuenchoochit	Director
10.	Miss Naruemon	Worarittichai	Executive Director
11.	Mr. Kasem	Worarittichai	Director
12.	Mr. Charoen	Laohathai*	Director and Independent Director
13.	Mr. Suchart	Chantanakaracha*	Director and Independent Director
14.	Dr. Chin	Chinsettawong, Ph.D.*	Chairman of the Audit Committee, Independent Director, Nomination
			Committee and Remuneration Committee
15.	Mr. Preecha	Chaipromprasith*	Audit Committee Director, Independent Director, Nomination Committee
			Directors and Remuneration Committee
16.	Mr. Korn	Sereerojanasiri*	Audit Committee and Independent Director
17.	Asst. Prof. Kajornvut	Namsirikul, Ph.D.*	Audit Committee and Independent Director
	Mr. Narong	Piriyaprinsakul	Secretary of Audit Committee, Nomination Committee and Remuneration
			Committee

\* Independent Directors

**Remark** For number of times of Directors' Meeting, and the attendance of each Director at each meeting, please refer to the Attendance and Remuneration Chart.

#### Audit Committee

On 28 February 2019, the Board of Directors appointed 4 Directors to be on the Audit Committee for the duration of 2 years per term. The 4 Directors consisted of the following:

1.	Dr. Chin	Chinsettawong, Ph.D.	Chairman of Audit Committee
2.	Mr. Preecha	Chaipromprasith	Audit Committee
3.	Mr. Korn	Sereeronjanasiri	Audit Committee
4.	Asst. Prof. Kajornvut	Namsirikul, Ph.D.	Audit Committee

#### Nomination Committee and Remuneration Committee Directors

On 28 February 2019, the Board of Directors appointed 2 sub-Committees, which were the Nomination Committee and the Remuneration Committee. The term for each Director is 2 years and consisted of 2 Independent Directors and 1 Executive Director. The Directors for both Committees are as follow:

1.	Dr. Chin	Chinsettawong, Ph.D.	Independent Director and Chairman of Audit Committee
2.	Mr. Preecha	Chaipromprasith	Independent Director and Audit Committee
3.	Mr. Tawatchai	Chaiyapinunt	Executive Director
4.	Mr. Narong	Piriyaprinsakul	Secretary of the Committee





Managing Director	MI. MONGKOL MUNGKOLIKUNOK
Personnel and Legal	Mr. Narong Piriyaprinsakul
Purchase	Mr. Arun Charoensangpetch
Factory & Engineering	Mr. Chalerm Techawal
Information Technology	Mrs. Anchalee Tapaopong
Planning	Mr. Surasak Nampila
Accounting	Mr. Chuang Kullawanwichit
Sales	Mr. Nataphol Jarukittikhun
Marketing	Mr. Therawat Srivilaiwit

#### 8.3 Company Secretary

Mr. Narong Priyaprinsakul

#### 8.4 Directors and Executive officer Remuneration

The attendance of each Director at each meeting and the Directors Remuneration

Attendance and Remuneration Char
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		Directors Meeting Attendance / Meetings		Directors Remuneration (Baht) (Remuneration and Pension)		
Direc	tors	Position	2018	2017	2018	2017
1. Mr. Boonnam	Boonnamsap	*	4/4	4/4	160,000	160,000
2. Dr. Chin	Chinsettawong, D.B.A	♦∎▲★	3/4	3/4	170,000	170,000
3. Mr. Preecha	Chaipromprasith	♦∎▲★	3/4	3/4	170,000	170,000
4. Mr. Korn	Sereerojanasiri	●*	4/4	4/4	170,000	170,000
5. Asst. Prof. Kajornvut	Namsirikul, Ph.D.	●*	4/4	4/4	170,000	170,000
6. Mr. Mongkol	Mungkornkanok	/	4/4	3/4	160,000	160,000
7. Mr. Phaiboon	Jaroonchaikanakij	/	4/4	4/4	135,000	135,000
8. Mr. Tawatchai	Chaiyapinunt	/■▲	4/4	4/4	135,000	135,000
9. Mr. Kumjorn	Chuenchoochit	/	4/4	3/4	135,000	135,000
10. Mr. Chuang	Kullawanwichit	/	4/4	4/4	135,000	135,000
11. Mrs. Siriwan	Boonnamsap	×	4/4	4/4	110,000	110,000
12. Prof. Somsak	Chaiyapinunt, Ph.D.	×	4/4	4/4	110,000	110,000
13. Mr. Suchart	Chantanakaracha	<b>×</b> *	4/4	4/4	110,000	110,000
14. Mr. Pairod	Chuenchoochit	×	4/4	4/4	110,000	110,000
15. Miss Naruemon	Worarittichai	/	4/4	4/4	110,000	110,000
16. Mr. Kasem	Worarittichai	×	4/4	4/4	110,000	110,000
17. Mr. Charoen	Laohathai	<b>×</b> *	4/4	4/4	110,000	110,000
			Т	otal	2,260,000	2,260,000

#### 🖌 = Chairman

- Audit Committee
- 🗙 = Director
- = Remuneration Committe

- = Chairman of the Audit Committee
- = Managing Director
- = Nomination Committee
- ★ = Independent Director

Salary for 15 Executive Officers	24,098,840.49	Baht
Remuneration for Managing director (Mr. Mongkol Mungkornkanok	2,050,000.00	Baht
Non–financial Remuneration	None	

		Subcommittee	Independent Director status	Meeting Attendance time
Audi	it committee			
1.	Dr. Chin	Chinsettawong, D.B.A. (Chairman of Audit committee)	$\checkmark$	3/4
2.	Mr. Preecha	Chaipromprasith	$\checkmark$	3/4
3.	Mr. Korn	Sereerojanasiri	$\checkmark$	4/4
4.	Asst. Prof. Kajornvut	Namsirikul, Ph.D.	$\checkmark$	4/4
Nom	ination Committee			
1.	Dr. Chin	Chinsettawong, D.B.A. (Chairman of Nomination committee)	$\checkmark$	2/2
2.	Mr. Preecha	Chaipromprasith	$\checkmark$	2/2
3.	Mr. Tawatchai	Chaiyapinunt	-	2/2
Rem	uneration Committee	e		
1.	Dr. Chin	Chinsettawong, D.B.A. (Chairman of Remuneration committee)	$\checkmark$	2/2
2.	Mr. Preecha	Chaipromprasith	$\checkmark$	2/2
3.	Mr. Tawatchai	Chaiyapinunt	_	2/2

#### 8.6 Personnel

The Company's personnel for each major department in 2018 was as follow

Month	Spinning	Weaving	Garment	Total
January	104	796	576	1,476
February	103	794	569	1,466
March	103	785	551	1,439
April	102	774	514	1,390
May	101	770	491	1,362
June	100	777	492	1,369
July	100	776	491	1,367
August	100	767	483	1,350
September	101	777	485	1,363
October	100	776	492	1,368
November	99	772	484	1,355
December	99	761	460	1,320

Compensation for 2018 is as follow

1.	Spinning Employee Wages	27,619,713.32	Baht	Bonus	0.00	Baht
2.	Weaving Employee Wages	213,826,178.13	Baht	Bonus	0.00	Baht
3.	Garment Employee Wages	79,822,932.67	Baht	Bonus	0.00	Baht

For Personnel Development Program, The Company has regular seminars within The Company such as 5S, ISO 9001, and ISO 14001 programs. The Company also sends employees to workshops and seminars outside The Company on a regular basis.

No.	Course Program	Participants	Duration
1	Basic Knowledge of ISO 9001:2015	800	1 day
2	Basic Knowledge of ISO 14001:2015	800	1 day
3	Training in Area of Responsibility	155	30 days
4	Quality and Environmental Management	155	3 hours
5	Fire Drill Training	767	6 hours
6	Interpretation of ISO 14001:2015	5	2 days
7	Leading the way in Sustainability and Innovation to increase efficiency	4	1 days
	in dyeing		
8	Person in Charge of Oil Storage	1	2 days
9	Directors of Safety Committee	4	2 days
10	Integrated Management System Internal Audit Techniques For	32	2 days
	ISO 9001:2015/ISO 14001:2015		
11	Basic 5S	155	3 hours

# **9** CORPORATE GOVERNANCE

#### 9.1 Corporate Policies

The Company is aware of the importance of Good Corporate Governance and have followed the guidance that The Stock Exchange of Thailand, and The Securities and Exchange Commission of Thailand had set. In addition, a handbook on the business ethics and etiquette was made for the Directors, Managers, and employees to follow as company policy.

Man Mary

The Board of Directors have set The Company policies as follow:

- Set the business scope and responsibilities to be effective and adhere to the rules and regulations with transparency and traceability.
- 2. The Board of Directors, Managers, and all employees will perform their duties to the best of their abilities with honesty and trustworthiness for the benefits of all parties, by upholding good corporate governance and following the handbook of business ethics and etiquette.
- 3. Define areas of responsibility and the authority of involved personnel in each department to ensure the benefits are protected.
- 4. Will not perform any actions that will violate or restrict the rights of the Shareholders of The Company, and will provide convenience to the Shareholders to exercise their rights other than voting at the Annual Shareholders Meeting.
- 5. Treat all Shareholders equally. Provide access to The Company information and contact information accordingly.
- 6. The Board of Directors, Managers, and all employees will uphold the business ethics and etiquette by treating all with benefits equally, as well as, taking care, controlling, and protecting against any decisions or actions that may be in conflict with the benefits.
- 7. Fully disclose important news and information of The Company in a timely manner accordingly to the rules and regulations.
- 8. Set policies, strategies, and plans necessary for the operation of The Company and systems to evaluate the effectiveness of the management.
- Evaluate and set ethics and etiquette guidelines of The Company business for the Board of Directors, management, and all employees to follow, in addition to the rules and regulations of The Company.
- 10. Set annual internal self evaluation to determine the performance of the Directors.
- 11. The Board of Directors set communication channels for Shareholders, investors, and governing sectors, as well as disclose information to Shareholders and those with mutual benefits.

The Board of Directors realizes support is needed for the Directors, management, and employees to perform their duties and responsibilities to be in accordance to good corporate governance policies set forth by the Board of Directors, so good corporate governance policy and business ethics and etiquette handbooks were distributed through the following channels:

- Employee Handbook
- Good Corporate Governance Policy Handbook
- Business Ethics and Etiquette Handbook
- Company website (www.tti.co.th)
- Information Board of The Company

In addition, Good Corporate Governance policy and Business Ethics and Etiquette seminars were held during orientation of new employees.

#### 9.2 Sub Board of Directors

(1) Board of Directors Structure

From the Board of Directors of 17 people, a Sub Board of Directors was set up as follow:

- A. Executive Directors consisted of the following 7:
  - 1. Mr. Boonnam Boonnamsap
  - 2. Mr. Mongkol Mungkornkanok
  - 3. Mr. Chuang Kulwanwichit
  - 4. Mr. Phaiboon Jaroonchaikanakij
  - 5. Mr. Tawatchai Chaiyapinunt
  - 6. Mr. Kumjorn Chuenchoochit
  - 7. Miss Naruemon Worarittichai
- B. Audit Committee consists of 4 people. (Details on Page 24)
- C. Nomination Committee consists of 3 people. (Details on Page 24)
- D. Remuneration Committee consists of 3 people. (Details on Page 24)

Duties and Responsibilities of each Committee Directors are as follow:

- Board of Directors duties and responsibilities consisted of managing according to the purpose, regulations, and resolution of the Shareholders meeting, including
  - 1. Approval of vision, strategy, goal, and risks.
  - 2. Observing the management operation according to The Company Policy.
  - 3. Control and manage risks.
  - 4. Set written policies and business ethic and etiquette for The Company to operate under.
  - 5. Evaluate possible issues of conflict thoroughly.
  - 6. Set policies on risk management for The Company and Subsidiary.
- **Executive Directors** duties and responsibilities consisted of the following:
  - Authority to order, plan, and operate The Company business according to the policies set by the Board of Directors.
  - 2. Set strategies for The Company under the purpose and policies of The Company.
  - 3. Propose investment plans to the Board of Directors and or at the Shareholders Meeting for consideration.
  - 4. Approve appointments of advisers necessary for the operation of The Company under the budget given.
  - 5. Authorized to determine the benefits to the employees according to traditions and rules and regulations.
  - Authorized to approve purchase, hiring, rent, and lease any assets, including investing and settlement of payments necessary for the operation of The Company, within the budget, according to the details of the Authorization Chart set up by the Board of Directors.
  - Authorized to approve make loan agreement, and overdrawn funds from banks, corporations, and or financial institutions for the benefit of the operation of The Company.

- 8. Authorized to approve purchase of assets, or payment of assets from the operation of The Company, according to the contract and or agreement with business partner, as per the details of the Authorization Chart set up by the Board of Directors.
- Audit Committee duties and responsibilities consisted of the following:
  - 1. Review that The Company discloses correct and adequate financial statement information.
  - 2. Review appropriate Internal Control and Internal Audit procedures, evaluate internal audit department Independence, as well as, approval to appoint, transfer, and or cease employment of Internal Audit heads or other departments that are responsible for the Internal Audits.
  - Review that The Company is operating under the rules and regulations set forth by the Stock Exchange of Thailand and laws governing business operation.
  - 4. Review, select, and or recommend individuals who are independent to audit The Company's financial statement and recommend remuneration for the individuals. In addition, attend Audit Committee meeting without involvement of the management team at least 1 time a year.
  - Review related transactions and or conflict of interest transactions to be in line with the rules and regulations set forth by The Stock Exchange of Thailand, so those transactions are appropriate with highest benefit for The Company.
  - 6. Write the Audit Committee Report, signed by the Audit Committee Chairman, which is to be disclosed in the Annual Report of The Company.
  - 7. Perform duties assigned by the Board of Directors, with agreement from the Audit Committee.
- Nomination Committee has the duty and responsibility to set criteria and qualification for individuals to be on the Board of Directors and Management Team, by proposing the individual to be on the Management Team to the Board of Directors for consideration, and the individual to be on the Board of Directors to the Shareholders Meeting for consideration.
- Remuneration Committee has the duty and responsibility to evaluate the amount and form to pay the Directors and Management Team and propose to the Board of Directors for consideration. The Management Team remuneration will be approved by the Board of Directors, while Directors remuneration will be approved by the Shareholders Meeting.

#### (2) Audit Committee Directors

Qualified Audit Committee to review The Company's Financial Statement is Assistant Professor Kajornvut Namsirikul, Ph.D.

#### 9.3 Nomination and Appointment of Directors and Management

In the Nomination for a Director, all Directors have the right to suggest a qualified individual to the Shareholders Meeting for approval, unless the Director position was vacant before the term is up, then the Board of Directors have the right to appoint an individual to replace the vacant position. The Shareholders still have the right to recommend qualified individuals for consideration at the Shareholders Meeting as well.

- (1) Board of Directors
  - A. Election

As per The Company's rules under Directors, Section 4, Point 16, the Shareholders Meeting will determine the number of Directors on the Board of Directors, to be no less than 5 people and no more than 17 people. The elected persons should not prohibit according to the rules and regulations of The Company, and should be trustworthy to manage a Public Company according to the rules and regulations set by The Securities and Exchange Commission. More than half of the total Directors must have residence in the Kingdom of Thailand. The number of Independent Directors and Audit Committee must be according to the rules and regulations of the Stock Exchange of Thailand.

- B. Directors Qualification
  - 1. Must be a mature ordinary person.
  - 2. Must not be bankrupt, or incapable of management
  - 3. Never convicted by the highest court for corruption.
  - 4. Never unemployed from government agency or corporation due to corruption.
  - Not a person lacking trust to manage a Public Company according to the rule and regulation set by The Securities and Exchange and exchange commission.
- C. Directors Election Method

As per The Company's rules under Directors, Section 4, Point 18, the Shareholders Meeting will determine the Directors with the following methods:

- 1. One Shareholder has 1 vote per 1 share.
- The Shareholder must give their suffrage to 1 candidate or many candidates to be Directors, but cannot distribute their suffrage to several candidates.
- 3. The candidate with the highest votes will be selected according to the number of Directors needed for that term. If case there is a tie in a number of votes for the candidates, the Chairman of the Board will have one vote to determine the candidate for the Board.
- D. Directorship Terms
  - 1. Normal Term Expiration

As per The Company's rules under Directors, Section 4, Point 20, at the Annual Shareholders Meeting, one third of the Director's term will expire. If the number of Directors cannot be evenly separated into one thirds, then the number of Directors, whose terms will expire, will be as close as possible to one thirds.

In the first and second year after The Company registration, the Directors who terms expired will be determined by a draw on who will be replaced. For the following years after, the Directors with the longest term will be selected for replacement.

The Directors whose term expired can be selected to return to the Board.

#### 2. Extraordinary Term Expiration

As per The Company's rules under Director, Section 4, Point 21, other than the normal term expiration, the Directors term may expire upon:

- 1) Death
- 2) Resignation
- 3) Lack of Qualification according to Point 17.
- 4) Resolution of the Shareholders Meeting in accordance to Point 25.
- 5) By court's ruling.

The Company did not set consecutive number of terms. The Shareholders reserve the right to appoint an individual to the Director position.

#### (2) Audit Committee

A. Structure and Appointment

There must be a minimum of 3 Directors in the Audit Committee, comprising of a Chairman and a set of Committee Members. All must be The Company's Director and must be qualified according to SEC rules and regulations as follow:

- 1. Appointed by the Board of Directors or at the Shareholders Meeting.
- 2. Be an Independent Director
- Must not be The Company Directors empowered to make business decisions for parent company, subsidiary, affiliates, partnership, other subsidiary of the parents company, or any juristic person with conflict of interest.
- Responsible to the duties according to rule and regulations set by The Stock of Exchange of Thailand and The Company's policy.
- Must possess knowledge and experience sufficient to perform audit functions with one member being an expert of financial reviewing.

In case there are changes in the rules and regulations of SEC and SET, the qualifications will be changes.

#### B. Term of Appointment

The Audit Committee tenor is 2 years, counting from the date of appoint by the Board of Directors.

1. Normal Term Expiration

Once the term expire, the Board of Directors or at the Shareholders Meeting, will appoint a new committee members within 2 months of expiration of the previous committee. The previous committee members could be re – appointed.

2. Extraordinary Term Expiration

Other than normal term expiration mentioned above, the Audit Committee will expire when

- 1) No longer a Board Director.
- 2) Resignation
- 3) Death
- 4) Removed from Committee by the Board of Directors.
- 5) Lack of qualification according to the SEC and SET rules and regulations.

If the position became vacant due to reasons under Extraordinary Terms Expiration, with more than 2 months until normal term expiration, The Company Board of Directors or the Shareholders Meeting will appoint an individual with qualifications to fill the vacant position at the next meeting. However, the replacement can only hold the position up until the expiration of that term.

The Audit Committee members can re-appointed to consecutive terms without any limitations depending on the Board of Directors decision

#### (3) Executive Committee

A. Structure and Appointment

The Board of Directors will appoint 7 members to the Executive Committee, which comprise of Chief Executive Officer to be the Chairman of the Executive Committee and 5 other committee members. The appointments will be based on knowledge and experience necessary to manage The Company business.

#### B. Terms of Appointment

1. Normal Term Expiration

Executive Committee Members term will expire once they are no longer on the Board of Directors.

2. Extraordinary Term Expiration

The Extraordinary Term Expiration includes:

- 1) Resignation
- 2) Death
- 3) Removed by the Board of Directors
- 4) Lack of qualification according to the SEC and SET rules and regulations.

If the position became vacant due to reasons under Extraordinary Terms Expiration, with more than 2 months until normal term expiration, The Company Board of Directors will appoint an individual with qualifications to fill the vacant position at the next meeting. However, the replacement can only hold the position up until the expiration of that term.

#### (4) Independent Directors

The Company will have 6 Independent Directors (no less than 1 / 3 of all Directors) with the following qualifications and selection as follow:

- A. Independent Directors Qualifications
  - Hold no more than 1 share with voting rights of The Company, the Subsidiary Company, or a major shareholder or authorized to manage The Company. This includes the shares held by individuals related to the Independent Director.
  - Must not be a Director that participated in the management, employees, advisor with regular monthly salary, or authorized to manage The Company, the Subsidiary, major shareholder, or of those with the authority to manage The Company.
  - 3. Not a blood relative or binding by law such as father, mother, married partner, brother, sister, and children, including in-laws of children of the Directors, major shareholders authorized to manage The Company, and individuals proposed to be a Director or with authority to manage The Company or The Subsidiary Company.

Must not have a business relationship with The Company, The Subsidiary Company, a major shareholder, or those authorized to manage The Company in a way that could prevent the judgment to be made independently, including never or not that shareholder with significance, or authority to influence those with business relationships with The Company, The Subsidiary Company, the major shareholder of The Company, and those with authority to control The Company.

The business relationship under this point include normal business transactions to rent or loan property, assets or services, give or receive financial assistance, guarantee, or monetary guarantee, and other similar transactions which will cause The Company or The Guarantor additional debt of 3% of the asset of The Company, or THB 20 million onwards, depending on which one is less. The calculation of the debt will be according to the rules and regulations of the related business transactions of SEC.

- 5. Must not be an auditor of The Company, The Subsidiary Company, the major shareholders or those with authority to manage The Company, and must not be a managing partner or shareholder of the auditing company, which audits The Company, The Subsidiary Company, the major shareholders or those with authority to manage the approve transactions.
- 6. Must not be an advisor or financial advisor with remuneration of over THB 2 million annually from The Company, The Subsidiary Company, major shareholders or those with authority to manage The Company, and not a shareholder with significance to control the expertise.
- Must not be a Director appointed to represent the Directors of The Company, major shareholders of The Company, or relatives to the major shareholders of The Company.
- 8. Must not be in the similar business with The Company, and The Subsidiary Company, or be a partner or Executive director, the employees, with regular salary, or have shares over 1 % in a company with similar business as The Company and The Subsidiary Company.
- 9. No other characteristics that will hinder independent opinion concerning the management of The Company.

After installation of the Independent Directors with compliance to the rules and regulations above, the Board of Directors will allow the Independent Directors to make a collective decision on how to manage The Company and The Subsidiary Company.

#### B. Nomination for Independent Directors

The Nomination Committee will select and propose the individuals with enough experience and knowledge of the industry of The Company, that meet the criteria above, to the Board of Directors, who will evaluate and propose to the Shareholders Meeting for approval

#### (5) Appointment of Managing Directors

4.

The Board of Directors will appoint the Managing Directors.

#### (6) Appointment of Management term

The Nomination Committee has the authority to propose individuals that are an employee of The Company in the management position, with the approval of the Board of Directors.

#### 9.4 Control and Management of The Subsidiary

The Company has control mechanisms to control and be responsible for The Subsidiary Company for the benefit of The Company as follow:

- (1) The Company has sent individuals to be the representative of The Company as Directors, and Management of The Subsidiary Company as per ratio of shares held. The Board of Directors Meeting will determine the individual to be sent as the representative of The Company.
- (2) The Company policy is to appoint the same auditors for The Company and The Subsidiary Company to control the disclosure of financial information, Company performance, related Transactions between The Subsidiary and related persons to be correct and same as The Company.

#### 9.5 Control of Inside Information Usage

The Company has policies set up to prevent the Directors and or the Management to gain benefit from the inside information of The Company as follow:

The Directors must perform their duties in accordance to the laws, purpose, and regulations of The Company, as well as the resolutions of the Shareholders Meeting. Any important information disclosure that will affect The Company's operation must be approved by the Executive Director; however, any information that will affect the investors, must be approved at the Board of Director's Meeting.

The Company Board of Directors will oversee and issue the punishments if a Director or Upper Management used inside information for their own benefits. The Managing Director will evaluate the punishments according to the procedures set at the Board of Directors Meeting if an employee is caught with the crime.

In addition, The Company have a policy that members of the Board of Directors and the Management are prohibited from selling and or buying of shares 1 month before the financial statements and other information that may affect the prices of the shares were released to the public, and also 24 hours after the release of the information.

The Secretary of the Board is appointed to be the person to handle the selling and buying transaction of shares for all Board of Directors, and must report the transactions to the Chairman of the Board every time there is a transaction.

#### Internal Control Policy

The Board of Directors give importance to adequate internal control system to cover all areas including the control environment, risk management, communication and follow up activities, including company operation to be in accordance with the laws for check and balance to protect and take care of Shareholders investment and The Company's assets.

The Company Board of Directors assigned the Audit Committee to evaluate the internal control system and report back directly to the Board of Directors.

The Audit Committee assigned Mr. Narong Piriyaponsakul to be responsible for preparing reports for production, human resources and related transaction between The Company and The Subsidiary Company, and presenting to the Audit Committee Meeting to be used as information for each quarterly meeting.

#### 9.6 Annual Remuneration for Auditors

The resolution at the Annual Shareholders Meeting 1/2018 on Monday, 30 April 2018, appointed Mr. Pradit Rodloytuk, Certified Public Accountant No. 218, and Mr. Nongram Laohaareedilok, Certified Public Accountant No. 4334, of AST Masters Company Limited, with either one of them to audit and certify The Company's financial statement. Both individuals can perform their duties with independence without any relations to The Company and The Subsidiary Company. The history of both auditors and their remuneration are as follow:

#### Auditors History

Mr. Pradit Rodloytuk	Auditor	2006-2010	and	2013-2018
Ms. Nongram Laohaareedilok	"	2007-2018		

#### Auditor Remuneration

	2018		2017	
Remuneration	Company	Subsidiary	Company	Subsidiary
Annual Auditing	430,000	300,000	430,000	300,000
Financial Statement Reviewing(3 Quarters)	70,000	220,000	70,000	220,000
Consolidated Financial Statement Reviewing (3 Quarters)	250,000	-	250,000	-
Consolidated Financial Statement Auditing	50,000	-	50,000	-
Total	800,000	520,000	800,000	520,000

#### 9.7 Other Good Corporate Governance Practice

Other than Following the laws and good governance in The Company operation, The Company also followed the suggestions of the Organization for Economic Co-operation and Development.

The Company also followed the Stock Exchange of Thailand by separating into 5 sections:

- (1) Shareholders rights
- (2) Equal treatment of all Shareholders
- (3) Mutual benefit roles
- (4) Information disclosure and transparency
- (5) Board of Directors responsibilities

#### Section 1 Shareholders rights

The Board of Director support to have the Shareholders use their rights by providing sufficient information in a timely manner, and encourage the Shareholders to exercise their rights and attend the Shareholders Meeting, without infringing on the rights of the Shareholders.

The Board of Director set up a policy to provide convenience and support to all Shareholders to attend the Shareholders Meeting as follow:

#### Encouragement Policy for Shareholders to attend the Shareholders Meeting

 Set the Annual Shareholders Meeting within 4 months after the end of the fiscal year (within 30 April of every year). If there is an urgent need, an Extraordinary Shareholders Meeting could be called upon.
- 2. Arrange and send invitation letters to the Annual Shareholders Meeting in both Thai and English, which include details and procedures of the meeting, the location, date and time, map indicating the place of the meeting, and important necessary information for the Shareholders to consider for each agenda, including the opinions of the Board of Directors, previous year meeting minute, the annual report, and proxy letter A and B according to the Ministry of Commerce. The invitation letter is to be sent out at least 7 days before the Shareholders Meeting, and advertised in the Thai newspapers for 3 consecutive days, including having the information on The Company website.
- 3. Provide convenience to all Shareholders equally by providing sufficient staffs to help with registration and check all necessary documents for the meeting. The Company uses the bar code system for registration and vote counting for convenience and efficiency, as well as provides revenue stamps for the proxy letters. The location of the Shareholders Meeting is a hotel in central Bangkok for travel convenience of the Shareholders.
- 4. The Company will not prohibit any Shareholders to attend the Shareholders Meeting. The Shareholders can attend the Shareholders Meeting at any time while the meeting is still ongoing.
- 5. Before every Shareholders Meeting, the Chairman will explain the procedures of the meeting, including how to vote, and how the votes will be counted for each agenda. For each vote counting, The Company will count the votes for each agenda and conclude the results clearly at the meeting.
- 6. The Company will have a person to count the votes at the Shareholders Meeting, and will record the results in the Shareholders Meeting minutes.
- 7. The Chairman will allocate enough time for the Shareholders Meeting, and proceed with the meeting with transparency by allowing the Shareholders to exercise their rights to ask, give opinions, and vote on important issues of The Company such as the appointing or withdrawing a Director, suggesting an Independent Director, approval of Auditors, dividend payouts, increase or decrease of capital, and changing of rules and regulations.
- 8. The Chairman, Directors, and Executive Directors, are responsible to attend the Shareholders Meeting to answer questions to the Shareholders.
- 9. If the Chairman have not declared the Shareholders Meeting closed, the Shareholders have the right to join the Shareholders Meeting and vote on the agenda that is currently being discussed.
- 10. The Chairman will inform the Shareholders on which Directors have a mutual benefit on the certain agenda, and will ask the Director with mutual benefits to leave the Shareholders Meeting until the agenda is concluded.
- The Company will disclose the voting results of each agenda from the Shareholders Meeting on The Company website the next day.
- 12. The Company will send the Shareholders Meeting minutes to the Stock Exchange of Thailand within 14 days after the Shareholders Meeting, and inform the Public Company Registrar within the time indicated by the law (within 1 month after the Shareholders Meeting), as well as on The Company website.

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#### Section 2 Equal Treatment of Shareholders

1.

- The Company gives importance to the Shareholders by giving the Shareholders the opportunity to add agendas to the Annual Shareholders Meeting, and recommend individuals to be voted on the Board of Directors, at least 3 months before the Annual Shareholders Meeting. The procedures to exercise the rights will be announced on the Stock Exchange of Thailand and on The Company website.
- 2. The Shareholders can assign a proxy to the Shareholders Meeting, and the proxy will have equal rights as other Shareholders.
  - 3. The Company will present an Independent Director in the proxy letter for any Shareholders who could not find a proxy to still exercise their rights by giving their voting rights to the Independent Director.
  - 4. The Shareholders Meeting will follow the order of the agenda as indicated in the Shareholders Meeting invitation letter, with a policy to not add new agendas without informing the Shareholders beforehand so the Shareholders can have enough time to study the information before deciding on their vote.
  - 5. The Chairman of the Board, Directors, Executive Directors have the responsibility to attend the Shareholders Meeting to answer any questions from the Shareholders, and record the discussion in the Shareholders Meeting minutes for the Shareholders to recheck.
  - 6. Arrange 1 barcode voting ballots for each agenda for each Shareholder to vote for convenience and easy accurate rechecking. The Company will hold the voting ballots for 2 years from the voting date for rechecking if required.
  - 7. Disclose current information of The Company on The Company website, in Thai and in English, for the Shareholders to receive important change information, after presenting to the Stock Exchange of Thailand. Open communication options on The Company website for the Shareholders to ask and receive answers.
  - The Directors and Executive Directors with mutual benefits must report their mutual benefits to the Board of Directors Meeting every time.

#### Conflict of Interests

The Company makes it a policy to not let the Directors, Management, or employees to use their position for their own benefit. The Board of Directors set the policy to have the individual avoid involvement to avoid conflict of interest with The Company. If the transaction is unavoidable, prices and conditions will be the same as dealing with an outsider, and the Director or employee must not be involved in the approval process, as announced by the Stock Exchange of Thailand. All transactions must strictly follow the rules and regulations set by the Stock Exchange of Thailand and information fully disclosed.

#### Section 3 Role of Stakeholders

The Company give importance to every party with mutual benefits, including insiders such as Shareholders, employees, and management of The Company, or outsiders such as customers, suppliers, debtors, competitors, government officials, and other departments that are involved, as well as, the community that The Company is located at, and the environment around The Company as follow:

**Shareholders**: The Company sees the Shareholders as those with mutual benefits and an important factor to being a Public Company Limited; therefore, have set as an important rule to treat the Shareholders as follow: 1) Shareholders Rights, and 2) Equal Treatment of Shareholders, as mentioned earlier.

**Employees**: The Company gives importance to every Company employee; therefore, other than following the labor laws, benefits to the employees, human rights, safety, working environment and the environment were taken into consideration.

1. Safety, Working Environment, and Environment of Working Area Policy

The Company consider every employee as an important asset; therefore, safety, working environment, the environment, and work responsibilities are set up as follow:

- Safeness is the responsibility of every employee and they must work together to create a safe working environment for themselves and others.
- 2) The safeness at work is the responsibility of the employees at all level of hierarchy.
- The Company will improve the work environment and working procedures to be safe, and incorporate safety equipments as necessary.
- The Company will follow the rules and regulations, announcements, and or safety standards as announced by the government.
- 5) The Company set the Directors for Safety, Work Environment, and Environment Committee to organize the safety plan.
- 6) The Company have a follow up schedule to evaluate the safety procedures and control for effectiveness.

In 2018, 6 employees out of approximately 1,320 employees had accidents which required more than 3 days of

#### sick leave.

- 2. Employee Remuneration and Benefits Policy
  - The Company have fair equal hiring of employees, and every employee have the opportunity to promote The Company equally.
  - 2) The Company give opportunities to the employees to show their capabilities by providing incentives in daily wages, monthly salary, contract work, monthly and yearly targets, bonuses, and overtime payments.
  - 3) The Company evaluates the compensations equally for all employees, based on the companies with similar size, work position, experience, education level, and quality of the employee. Other than the employee's abilities, the compensation will also be based on The Company's performance.
  - 4) The Company provides benefits according to the employee needs such as housing, transportation, annual health checkup, work uniform, and monetary support.
- 3. Provident Fund

The Company has set up a Provident Fund since 2011.

#### 4. Human Resource Development

The Company sees the development of the employees as a means to be competitive and survival; therefore, have set up development programs for the employees in accordance to the Labor Development Law of year 2002. In year 2018, the basic development program was implemented.

#### 5. Employee Complaint Channels

The Company has channels for the employees to voice their complaints through the Personnel and legal. In addition, if the employee would like to file the compliant to The Company Director, without disclosing themselves, they can do so via the complaint box, and only the Director with the key to the complaint box can open the box.

#### 6. Human Rights Compliance

The Company is aware of the Human Rights Compliance and set to have employees of the following 3 nationalities (Myanmar, Laos, and Cambodia) to have equal rights to the Thai nationality in compensations such as wages, overtime payment, holiday wages, overtime payment on holidays, incentives for the month, for the year, and bonus. In addition, the rights for male and female employees are the same for compensations and benefits. There are no use of female employees doing work that are prohibited, and absolutely no child labor.

**Customers:** The Company aim to produce and sell products to customers according to the ISO 9001:2015 and ISO 14001:2015 standards with product inspection and on time delivery as per the agreement with all customers equally. A team is setup to contact and handle the customer's needs with the following procedures:

- 1. A system to protect the customer's goods that are under the care of The Company.
- 2. Keep sufficient assets as per the laws of the government to build confidence to the customer.
- 3. Will not ask for money, gifts, awards, or any compensation from the customer or any individuals; other than normal ceremonial gifts.
- 4. Uphold the honesty of business practices.
- 5. Perform under the standard business practices generally accepted.
- 6. Work in accordance to the law and official rules, and will not assist, encourage, or support activities or transactions that are against the law.
- 7. Keep and protect customer's product information, which are proprietary to the customer.

**Competitor:** Competition is normal. The Company will compete within the rules and regulations of the competition, without resorting to foul play, without seeking inside information of the competitor, and without destroying the reputation.

**Suppliers:** The Company gives importance to the purchase and payment to the Suppliers according to the law. The Company choose trustworthy suppliers, who are responsible to society and the environment, to ensure that the customers will receive product and services that meet the standards by the following criteria:

- Must strictly follow the contract made with the supplier. If there is a situation that impacts either party to not be able to comply to the contract, The Company will promptly contact the supplier to work on a solution to solve the problem.
- 2. Prevent and control any conflict that may occur to disrupt The Company business, and will not seek unlawful advantage from the supplier.
- Use and support the use of original licensed intellectual products, and encourage the management and employees to use intellectual products effectively.

**Debtors:** For any projects, the Board of Directors have a financial plan, and will avoid foreign exchange risks, by borrowing mainly from financial institutions, and small amounts from inter-related businesses, and using machinery assets as guarantee. In the past few years, The Company have not faulted on the payments; however, if an unexpected situation occurred and The Company is unable to make the payment on time, The Company is confident that the payment history can be used to negotiate with the financial institutions. In addition, the land of The Company is without legal negative pledge, which should give the financial institutions the confidence to extend the payment period in case of an unexpected situation.

Intellectual Property or Copyrights: The Board of Directors have a policy to follow the laws concerning intellectual property or Copyrights by checking that the work or information does not infringe on the intellectual property or copyrights of others.

**Corruption and Bribes:** The Board of Directors have a policy for the Directors, management, and employees of all levels to uphold good governance, and go against corruption and bribes by forbidding the employees to ask or receive benefits to do or not do their duties, or cause The Company to lose the rightful benefits. The employees are to avoid unlawful offering or giving benefits to other outsiders to do or not do their duties.

**Community and Social Relations:** The Company gives importance to the surrounding community by having a community relation on environment and community conservation to prevent and solve any environmental issues, or complaints that may occur from communities nearby The Company. In addition, The Company supports the community by donating money and things for religious events, students events, and elderly events, and providing a location within The Company area for disabled people to sell their products.

**Community and Social Development:** As The Company give importance to the surrounding community, The Company have impact preventive policies and social development programs in place based on the Corporate Social Responsibility, Department of Industrial Works (CSR–DIW) program. The CSR–DIW program emphasized the importance of being responsible for the surrounding community and has a sustainable development along with the community to enhance competitiveness of the business both locally and internationally.

The Company has supported the following activities and programs to develop the community:

- 1. Education programs
- 2. Cultural programs
- 3. Career programs, especially programs for disabled people
- 4. Social responsibility programs
- 5. Religious programs

**Environment:** The Company business involved yarn spinning, yarn dyeing, yarn sizing, fabric weaving, that uses steam from coal burning, which may cause air pollution, while yarn dyeing and yarn sizing, may cause water pollution to occur. The Company has pollution preventive measures for air and water as follow:

For air pollution from coal burning for steam: the coal is transported in a closed container from the manufacturer to the factory. The coal is then kept in a closed building at The Company to prevent coal dusts to be released in the air outside. For air pollution occurred during coal burning, The Company have installed the Cyclone & Ventury Scrubber system to treat the air before releasing into the atmosphere, which is constantly monitored 24 hours a day. Checking the air released into the atmosphere, the pollution level is normal and does not harm the atmosphere.

For water pollution from yarn dyeing and yarn sizing: the waste water from the processes is approximately 1,065 cubic meters per day; which can be handled by The Company's waste water treatment plant with the capacity of 1,500 cubic meters per day without any issues. The waste water treatment result is connected online to the Department of Industrial Works (COD–ONLINE), which has been installed since 2012, and since then the waste water released have always met the standards set by the Department of Industrial Works.

For solid industrial wastes such as burnt coal, and wastes from water treatment: The Company have hired government approved waste removers to take away the solid industrial wastes for disposal as per the law required.

**Business Policy under Environmental Standards:** The Company business must be responsible for the environment as follow:

- Follow the laws and international standards to protect the environment.
- Production process development must comply with the environmental standards.
- Instill and encourage the employees to be responsible for the environment.

In 2018, The Company have set up seminars and educated the employees concerning the environment based on ISO 14001:2015 standards, and emphasized on environmental policies and environmental standard responsibilities.

The Company has a quarterly report checking the environment for dust, water, sound, and air pollution, which for 2018, the reported values are all within the standards.

The Company has set up a Community Relations team to address the community concerning the environment and handle any complaints from the community.

**Energy Resource Management:** To achieve the highest energy resource efficiency, The Company has set the following policies:

- Set energy resource plan and re-using the water for other processes
- Set a plan to save energy for coal, water, and electricity
- Set a plan to reduce and reuse paper usage
- Set activities to encourage energy resource and environment protection
- Set media relations to encourage energy resource and environment protection

Policy for Complaint and Witness Protection: For good corporate governance, The Board of Directors give the right to every employee and those stakeholder to communicate directly with the Independent Director and or Audit Committee through mail and electronic mail, so the Directors can check the complaints.

To file complaint concerning the financial statements, internal control failures, rights infringement of the Directors and employees, the complaints could be sent via registered mail to the following: Chairman of the Audit Committee Dr. Chin Chinsetthawong Thai Textile Industry Public Company Limited 385 Moo 1, Soi Bang Make Khao, Sukhumvit Road, TumbonTaiban, Samutprakan, Samutprakan 10280

All complaints will be handled accordingly without disclosing the person filing the complaint. Information collected will be done in secrecy and the person filing the complaint will be protected to prevent any impact from the complaint. In case The Company has to disclose any information, only necessary information will be disclosed, keeping in mind the safety of the person filing the complaint.

In 2018, there were no complaints filed to the Audit Committee.

#### Channels to contact The Company

	E-mail	Telephone
Managing Director	mongkol@tti.co.th	-
Chairman of Audit Committee	chin@unionpaper.co.th	-
Secretary of The Company	narongp@tti.co.th	0 2389 2298
Company and Investor Relations	rattanaporn@tti.co.th	0 2389 2298

#### Section 4: Information Disclosure and Transparency

The Board of Directors give importance to information disclosure which may or may not have an impact on the stock price of The Company, or to the investor decision making, or to the benefits of the Shareholders, along with people with mutual benefits; therefore, all information is disclosed with transparency according to SEC and SET as follow:

- 1. Financial information consisting of financial statement 56–1 and annual report 56–2
- Incidental information such as date of Shareholders Meeting, record date, book closing date, asset bought or sold, inter-related transactions, and changes in major shareholders structure.

Other than reporting to SET, the information is also disclosed at www.tti.co.th in both Thai and English. Any inquiries can be addressed to Investor Relations, telephone number 0 2389 2298.

The Company has preventive policies against the use of inside information by employees of all levels for their own benefits, or for other's benefits. Any employee that discloses inside information such as those that can have an impact on The Company's stock prices, and business secrets, without the consent of the Managing Directors will be punished according to the employee rules and regulations of The Company, and may face legal actions as well.

#### Section 5: Directors Responsibilities

The Board of Directors of The Company are made up of individuals with knowledge and capability, as well as understanding of the textile industry, to manage The Company effectively. There are 17 members on the Board of Directors of The Company and this quantity is suitable for managing The Company effectively. The Audit Committee, which are Independent Directors, are made up of 4 members.

The Board of Directors determine the vision, mission, target, policy, direction, long term plan, work plan, and the annual financial budget of The Company, while the Executive Directors will implement the plan. The Board of Directors will review and approve the vision and mission of the Company annually.

The Directors will uphold transparency and honesty within the laws and rules and regulations of the Company.

#### Board of Directors Meeting

The Board of Directors of the Company will set the Board of Directors Meeting in advance and inform the Directors in advance so everyone can attend the meeting. The Ordinary Board of Directors Meeting will occur at least every 3 months, and the Extraordinary Board of Directors Meeting will be called upon when necessary. The agendas of the Board of Directors Meeting will be set beforehand and have an agenda to follow up on the performance on a regular basis. An invitation letter, along with the agenda and other information will be sent to the Directors at least 7 days before the meeting, so the Directors will have time to study the information adequately before the meeting. The Secretary of the Company will be the Secretary of the meeting, and the Secretary of the Audit Committee.

#### **Directors and Executive Directors Remuneration**

The Company has clearly set the remuneration to be of similar level as other companies in the textile industry and the remuneration amount has already been approved at the Ordinary Shareholders Meeting.

#### **Directors Self-Evaluation**

The Board of Directors will perform a self-evaluation annually by evaluating 1) individuals, 2) entire Board, and 3) sub-committees of the Board of Directors for the Board of Directors to evaluate and consider the problems and difficulties faced during the year, so issues can be rectified and efficiency can be improved. The evaluation of the Board of Directors is based on the suggestion of the SET, and adapted to fit the business of The Company. The evaluation is broken down into 6 subjects:

- 1) Organization and Qualification of the Board of Directors
- 2) Role and Responsibilities of the Board of Directors
- 3) Board of Directors Meeting
- 4) Directors Duties
- 5) Management Relations
- 6) Directors Development and Executive Directors Development

#### **Balance between Directors and Executive Directors**

As of December 31, 2018, The Board of Directors had 17 members consisted of:

- 1) 7 Executive Directors
- 2) 4 Directors not in the management and not an Independent Director
- 3) 6 Independent Directors not in the management

From the amount of Directors above, 11 Directors, out of 17 Directors, are not involved with the management.

#### Shared or Separate Positions

The Board of Directors separate the Chairman of the Board to be different from the Chairman of the Management, to create a balance between management and business control.

#### **Directors Development**

The Company understands the importance of Director's knowledge and development, so the Board of Directors support the development of Directors by offering classes and seminars for the Directors to attend. The Secretary of the Board coordinates with the Directors to inform the available classes and seminars for the Directors to attend.

In 2015, the following Directors attended the following development seminars:

- Assistant Professor Somsak Chaiyapinunt, Ph.D. Director, attended the Director Certification Program (DCP) held by Thai Institute of Directors.
- Mr. Pairod Chuenchoochit, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.
- 3) Mr. Kasem Worarithichai, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.
- 4) Ms. Naruemon Worarithichai, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.

Currently there are 10 Directors of the Company that have attended either the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by Thai Institute of Directors.

#### **New Directors Orientation**

The Board of Directors assigned the Secretary of the Board to coordinate and set an orientation for all new Directors to help them understand their duty, responsibility, policy and regulations in controlling and managing The Company, knowledge of the business, risk management, as well as visiting each department of The Company to prepare themselves to perform the duties as a Director.

#### Policy for Directors, Executive Directors, and Upper Management to be Directors in another Company

To coincide with the rules and regulations concerning good governance of businesses as per the recommendations of the Stock Exchange of Thailand, the Board of Directors have a policy to limit the Directors to be a Director in other Public Company to no more than 5 companies. Currently, all 17 Directors of the Company are Directors in less than 5 other Public Companies.

The Board of Directors allow Executive Directors and Upper Management to be Directors in other companies as necessary without impact to their duties and responsibilities to The Company, and their appointment must be approved by the Board of Directors.

#### Mutual Benefits Report

The Board of Directors have set a policy to disclose mutual benefits between Directors and Executive Directors of The Company for transparency and prevent conflicts of interests as follow:

- The Directors or Executive Directors, including family members that have mutual benefits or hold shares of the Company must prepare a report concerning their mutual benefits to the Company from the first day of holding the position.
- The Board of Directors will review the reports concerning mutual benefits on January 1<sup>st</sup> of every year, or within 7 days after there are changes.
- 3) The Directors or Executive Directors have the responsibility to report to SEC and SET within 3 days after changes to their shares holding of the Company (Form 59–1 and 59–2)
- 4) The Board of Directors assigned the Secretary of the Board to keep the mutual benefits report.

# 10 CORPORATE SOCIAL RESPONSIBILITIES - CSR

The Company was established in 1970 with the purpose that the stability of the Company must coincide with social and environmental responsibilities; therefore, the Board of Directors assigned every employee to have social responsibility in their work as follow:

#### 10.1 Overall Policy

The Board of Directors have reviewed and approved the social responsibility policy to be a guideline for the Executive Directors and employees as follow:

#### (1) Fair Business Practice

The return of The Company must be from fair business practices that does not take advantage of others, as well as of the society and of the environment, and avoid conflicts of interests and copyright laws.

#### (2) Anti-Corruption

Does not ask for or pay for any benefits other than those agreed upon in the sales contract. If there is a case of corruption, The Company and customer/supplier will investigate and solve the problem as soon as possible.

#### (3) Human Rights

Avoid actions that will infringe on basic human rights, and listen to opinions of all groups with mutual benefits equally.

#### (4) Fair Employment Policy

Treat all employees equally and fairly with benefits, safety, and cleanliness of work area, as well as give importance to the development, and knowledge sharing with the employees. Rewards will be given for capabilities, responsibilities, and performance of the employees and employees from 3 neighboring nations (Cambodia, Laos and Myanmar) must be treated equally and fairly.

#### (5) Consumer Responsibility

Produce, deliver, and service with quality products that meet or exceed the expectations, as well as have a team and system to receive consumer complaints and suggestions concerning the product or services received. The Company will bring all the issues for review and improve upon in an appropriate time.

#### (6) Environmental Responsibility

Perform according to the rules and regulations, and does not support anyone with mutual benefits to destroy nature and the environment.

#### (7) Social Community Development

Support developmental community activities.

#### (8) Social and Environmental Responsibility

Improve production and work process continuously to prevent negative impacts that may occur, in addition to careful use of resources to reduce wastes.

#### 10.2 Work Procedure and Reporting

#### (1) Reporting Procedures

The Company's resolution in conducting business is to be responsible to the environment, which will help The Company to be in business in the long term. Therefore, The Company based the environmental responsibility program on the Thai Development Institute CSR report, to be the guide as per the announcement by The Capital market supervisory board.

In pinpointing the stakeholders, the Company have evaluated the impact and benefits from producing the products in terms of business, social, and environment to the stakeholders, namely employees, shareholders, customers, suppliers, competitors.

#### (2) Work Procedure

The Company's practice and strategy with the stakeholders are as follow:

Stakeholders	Practice and Strategy
Employees	Have developmental programs to increase knowledge and capabilities of the employees with
	concerns of human rights and justice.
Shareholders	Be transparent, just, and treat all shareholders equally.
Customers	Deliver quality products and services, and improve quality of products to meet the expectations of
	the customers.
Supplier	Follow rules and contract agreement with justice and transparency.
Competitor	Follow fair competition rules without resorting to unfair competition to hurt the competitor.
Creditors	Strictly follow the contract, agreements, and conditions with the creditors.
Community	Have procedures to protect the community around the Company and support community activities.
Environment	Encourage environment and resource conservation.
(Details concerning the	responsibility to those mentioned above is in Section 3 Role of Stakeholders on page 39–43)

### 10.3 Business Practice with Responsibility to the Environment

- (1) The Company is not investigated, and not under investigation by agencies concerning unlawful practices based on 8 important criteria.
- (2) The Company practice is not involved, or accused of being involved in negatively impacting the community, environment, and not following the 8 criteria, especially in the case concerning the public, which might impact the business, reputation, or trustworthiness of The Company.

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#### 10.4 Social and Environmental Activities

The Company had the following activities to benefit the community and the environment:

- Collectively donated things to Wat PhraBatnampu, Saraburi
- Collectively donated things to Wat Suankaew Foundation and Baan Bangpakong Foster Home
- Join the community to participate in the activity, bike, warm, love.
- Have Big Cleaning Day activity, as well as eradication of mosquitoes and bugs around The Company, dormitories, and canteen.
- Have sporting events to unite employees within The Company and with The Group.
- Fixed the road shared with the community.

#### 10.5 Corruption Prevention

#### (1) Policy for Corruption Prevention

The Company's policy in conducting business is "Moral and Quality" meaning, good moral will beget good quality, along with good management, and trustworthy work performance without corruption.

#### (2) Practice

The Board of Directors will cooperate with government agencies and corporations to fight against corruption using the following policies:

- A. Support and build value against corruption, by instilling the Directors, management, and employees to acknowledge and understand anti-corruption using media and seminars.
- B. Have adequate and appropriate internal control system to prevent The Company business to be involved in corruption.
- C. Have an internal audit system to check regularly and report to the Audit Committee and or Executive Directors. The evaluation for anti-corruption is part of the internal audit of The Company.
- D. Use the Collective Action Coalition against Corruption as guideline and adapt as the handbook for the employees to follow, and to be a good corporate governance business practice.

## 11 INTERNAL CONTROL AND RISK MANAGEMENT

#### 11.1 Resolution of the Board of Directors Concerning Internal Control

The Board of Directors set the policy for internal control based on the rules and regulations the Securities Exchange Commission and the Stock Exchange of Thailand had set. After evaluating information from the management and report from the Audit Committee, the Board of Directors concludes the internal control system is appropriate and adequate according the 5 criteria:

#### (1) Internal Control

An internal control report is prepared and presented to the Audit Committee every 3 months. The report is compiled from the meetings with the management and concerned officers from various areas to collect information such as internal auditing performance, work performance (human resource management and production), financial performance, and legal performance.

The Company structure clearly indicates the order of command, which is in The Company handbook, and the organization chart in each department. The Personnel department has the duty and responsibility to manage the human resources, which includes search and hiring activities, development activities, retaining employees with knowledge and abilities, communications, work performance evaluation, incentives for industrious workers, and work position handoff.

#### (2) Risk Management

The main risks The Company faces are raw cotton fiber price and foreign exchange rates. For raw cotton fiber price, the management will be responsible to follow up on the prices and report to the Board of Directors every quarter.

For foreign exchange rate risks, since The Company export fabrics in the quantity similar to the import of raw cotton fibers of The Company and The Subsidiary, the foreign exchange risks is not of much concern as per the following chart for 2018.

Export	Import	Currency
USD	32,709,812.84	36,192,859.56
EURO	1,001,457.95	4,858.00
CHF	79,802.40	-
JPY	10,804,632.00	-

Import and Export (TTI + TRT)

TTI is Thai Textile Industry Public Company Limited TRT is Thai Rung Textile Company Limited

#### (3) Work Control

Every 3 months, the Audit Committee will meet to evaluate the performance of The Company. Report on the performance will be prepared by the auditors and internal auditors, which will be presented to the Audit Committee at least 7 days before the meeting date. Present at the meeting will be Executive Directors in charge of production and accounting and finance, to verify that the information is correct.

In 2018, business transactions done with major shareholders, Directors, management, or anyone involved with the mentioned earlier, were normal business transactions according to the sales conditions, and there were no mutual benefits gained.

#### (4) Information Distribution

The Company gives importance to the information and communication system, and supports the continuous development of the system to hold correct and current information, which is necessary for internal control of The Company. The information system and the communication of the information is the main important factor to make the 5 major components work more effectively. The 3 main important factors in using information technology is as follow:

#### A. Results Processing System

Currently The Company have implemented information systems such as Enterprise Resource Planning (ERP), an accounting system, a machine monitoring system, a finger scan system to record employee work hours, and an image documenting system to keep all documents digitally for the respective departments to use.

Manual record keeping is slow and inaccurate; therefore, monitoring electronics and computers were used to speed up information collection and for accuracy

#### B. Communication Systems

Communication of information is important for evaluation and fast accurate decision making, and good communication system should be usable across different platforms, and accessible from all distances.

The Company has set up information communication systems within The Company location and across branch locations using high speed air fiber and fiber optic connections. Electronic mails (E-mail) and information distributed through The Company website is protected using firewalls, and anti-virus programs.

#### C. Information Management

Systematic information management must be planned, set, and managed to be effective to meet the objectives of The Company. The Company manages the information with a server, and have backup plans for emergency cases to retrieve the information, which can only be accessed by individuals with information authorized access.

The information technology comes in all forms for analysis, storage, and transmitted electronically to computers, communication devices, and networks.

The collection of information within The Company is used to analyze, organize, evaluate, and control the work of management and production. E-mails are used to communicate within The Company and outside The Company for efficiency, while servers are used to handle, manage, and store the vast information within The Company.

In addition, the information is used to manage and improve the workflow, as well as, develop programs to help manage The Company resources. Information is a key factor to effectively manage and control The Company.

#### (5) Follow Up System

The Company will report monthly performance to the Executive Directors, and report every 3 months to Board of Directors meeting. The management and the Audit Committee must report to the Board of Directors and suggest directions to take should the performance did not meet the target.

The Company have a policy that the management must report to the Board of Directors immediately if there is corruption, or suspect there is corruption, and illegal business, which will discredit and affect the financial status of The Company. In 2018, there were not such incidents.

The Company appointed the Internal Auditors to check the performance and report directly to the Audit Committee for consideration, so the Audit Committee can suggest to the Executive Directors and report to the Board of Directors quarterly.

#### 11.2 Audit Committee Opinion On The Internal Control System

In 2018, the Audit Committee have met with the management 4 times, and each time there was a follow up on production, human resources, accounting and finance, as well as any related transactions with mutual benefits, which for this year there were no irregular transactions.

In addition, there were meetings with the auditors without the management team and no irregular transactions were reported. The Audit Committee concluded that the Internal Control System is adequate to manage The Company.

# ■ 12 RELATED TRANSACTION

### 12.1 Relationships and pricing policies

(1)

The relationship and pricing policies among the Company, subsidiary, related persons and companies are as follows:

	Relationships
Subsidiary	
Thai Rung Textile Co., Ltd.	Shareholding by the Company and directorship
	Relationships
Related companies	
Thai Standard Industries Co., Ltd.	Shareholding by the Company and directorship
Thai Textile Printing Public Co., Ltd.	Shareholding by the Company and directorship
Rama Textile Industry (1988) Co., Ltd.	Shareholding by the Company and directorship
Thai Unique Textile Public Co., Ltd.	Directorship
Picca Inter Co., Ltd.	Directorship
Thai Textile Development and Finishing Co., Ltd.	Directorship
Cassardi International Co., Ltd.	Directorship
Prachin Land Co., Ltd.	Directorship
United Paper Public Co., Ltd.	Directorship and Shareholding
Winner Textile Co., Ltd.	Directorship and Shareholding
Nida Trading (1997) Co., Ltd.	Shareholder of subsidiary
Thai Textile international Co., Ltd.	Directorship
R.P.T. Resources Co., Ltd.	Directorship
T.T. Resources Co., Ltd.	Directorship
R.P.T. holding Co., Ltd.	Directorship
B.M.K. holding Co., Ltd.	Directorship
Related Persons	The Company's and subsidiary's directors and shareholder and closed
	cousin of shareholder of the subsidiary

#### Pricing policies for the subsidiary, related persons and companies

	Pricing Policy
Sales of products and raw materials	Compare to market price
Service income	Compare to market price
Other income	Compare to market price
Rental income	At contract price
Purchase of products	Compare to market price
Service expenses	Compare to market price
Acquisition of fixed assets	Compare to market price
Miscellaneous expenses	Compare to market price
Rental expenses	At contract price
Loan from	Interest charge at rate of 4.25% - 4.50% per annum

#### (2) Balances of transactions with subsidiary, related persons and companies

Significant balances with subsidiary, related persons and companies as at 31 December 2018 and 2017 are as follows:

	In Baht				
	Consolido	ated	Separate		
	financial stat	ements	financial statements		
	2018	2017	2018	2017	
Trade accounts receivable					
Related companies	40,028,182	64,100,724	7,357,432	28,293,619	
Trade accounts payable					
Subsidiary	-	-	55,000,522	46,225,579	
Related companies	24,444,674	14,917,137	24,444,674	14,917,137	
Total	24,444,674	14,917,137	79,445,196	61,142,716	
Acquisition of assets					
Related companies	82,975,900	-	82,975,900	-	

The outstanding balance as at 31 December 2018 and the movement of short-term loan from related persons and companies for the year ended 31 December 2018 are as follows:

	In Baht					
	Consolidated financial statements					
	Balance as at	Move	ment	Balance as at		
	1 January 2018	Increase	Decrease	31 December 2018		
Related companies	317,000,000	592,500,000	(512,000,000)	397,500,000		
Related persons	774,700,000	229,500,000	(560,500,000)	443,700,000		
Total	1,091,700,000	822,000,000	(1,072,500,000)	841,200,000		

(3) Revenues and expenses transactions with subsidiary, related persons and companies

Revenues and expenses transactions with subsidiary, related persons and companies for the years ended 31 December 2018 and 2017 are as follows:

	In Baht Consolidated Separate				
And the state of the					
	financial sto	financial statements		financial statements	
	2018	2017	2018	2017	
Sales of products and raw materials					
Subsidiary	-	-	14,929,377	7,696,594	
Related companies	1,127,702,830	914,328,412	756,807,401	577,220,664	
Total	1,127,702,830	914,328,412	771,736,778	584,917,258	
Services income					
Related companies	23,929,249	15,356,528	22,236,299	14,208,746	
	2018	2017	2018	2017	
Other income					
Subsidiary	-	-	513,756	525,072	
Related companies	1,415,886	1,518,611	1,415,886	1,518,61	
Total	1,415,886	1,518,611	1,929,642	2,043,683	
Rental income					
Related companies	1,980,000	1,740,000	1,980,000	1,740,000	
Dividends income					
Subsidiary	_	_	52,387,760	26,193,880	
Related companies	2,187,500	2,625,000	2,187,500	2,625,000	
Total	2,187,500	2,625,000	54,575,260	28,818,880	
Purchase of products					
Subsidiary	_	-	593,972,926	536,721,864	
Related companies	767,598,586	461,045,273	767,598,586	461,045,273	
Total	767,598,586	461,045,273	1,361,571,512	997,767,13	
Service expenses					
Subsidiary	_	-	630,831	158,897	
Related companies	195,298,131	164,861,214	195,298,131	164,861,214	
Total	195,298,131	164,861,214	195,928,962	165,020,11	
Miscellaneous expenses					
Subsidiary	_	_	228,122	689,63	
Related companies	2,278,612	943,416	2,097,543	942,645	
Total	2,278,612	943,416	2,325,665	1,632,276	
Rental expenses					
Related companies	1,440,000	1,320,000	1,440,000	1,320,000	
Interest					
Related companies	11,951,075	13,536,473	_	_	
, Related persons	24,771,678	30,819,195	_	_	
Total	36,722,753	44,355,668	_	_	
Directors and management's benefits					
Short-term employee benefits	30,036,879	31,460,459	22,940,939	23,487,739	
Post-employment benefits	669,895	832,327	669,895	623,089	
Total	30,706,774	32,292,786	23,610,834	24,110,828	

#### 12.2 TRADE AND OTHER RECEIVABLES

	In Baht				
	Consolidated financial statements 2018 2017		Separate		
			financial statements		
			2018	2017	
Trade accounts receivable-related companies	40,028,182	64,100,724	7,357,432	28,293,619	

Aging of trade accounts receivable as at 31 December 2018 and 2017 are as follows:

	In Baht					
	Consolide	ated	Separate			
	financial statements		financial state	ements		
	2018	2017	2018	2017		
Trade accounts receivable - related companies						
Within credit terms	37,631,669	62,285,275	4,960,919	26,672,938		
Overdue: Less than 3 months	2,396,513	1,815,449	2,396,513	1,620,681		
Total trade accounts receivable – related companies	40,028,182	64,100,724	7,357,432	28,293,619		

#### 12.3 OTHER LONG TERM INVESMENTS

Consolidated and Separate financial statements as at 31 December 2018 and 2017

	Paid-up	Proportion		In Baht	
Invested company	Capital	Share holding		Dividends	income
(Type of business)	(Thousand Baht)	(%)	At cost	2018	2017
Investment in related companies					
Thai Standard Industries Co., Ltd.					
(Type of business : Weaving)	150,000	6.67	12,500,000	-	-
Thai Textile Printing Public Co., Ltd					
(Type of business :Printing and dyeing)	350,000	3.57	12,500,000	-	-
Rama Textile Industry (1988) Co., Ltd.					
(Type of business: Yarn dyeing and selling)	250,000	8.75	23,750,000	2,187,500	2,625,000
Total		-	48,750,000	2,187,500	2,625,000
		-			

#### 12.4 TRADE AND OTHER PAYABLES

	In Baht				
	Consolido	ited	Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
Trade accounts payable – related companies	24,444,674	14,917,137	79,445,196	61,142,716	

Thai Textile Industry Public Company Limited 2018 Annual Report



# Part 3 Financial Status and Operational Results

Financial Statement Highlights Managing Directors Analysis Information Certification

# **13 FINANCIAL STATEMENT HIGHLIGHTS**

Financial Statement

	Consolidate	ed Financial	Statement	Separate Financial Statement			
In Million Baht	t	2018	2017	2016	2018	2017	2016
Financial Status							
Current Assets	(Million Baht)	1,643.2	1,653.7	1,679.2	982.1	959.8	1,084.2
Total Assets	(Million Baht)	5,655.0	4,772.8	3,915.5	3,763.2	3,042.3	2,625.9
Current Liabilities	(Million Baht)	2,346.5	2278.0	2,167.7	1,102.1	1,033.7	1,094.1
Total Liabilities	(Million Baht)	2,815.1	2,646.5	2,299.5	1,379.6	1,166.7	1,170.7
Shareholder's Equity	(Million Baht)	2,839.9	2,126.4	1,616.0	2,383.6	1,875.6	1,455.2
Operation Report							
Sales and Services	(Million Baht)	3,874.2	3,502.2	3,773.4	2,644.0	2,355.2	2,579.6
Total Revenues	(Million Baht)	3,938.0	4,308.8	3,824.8	2,728.6	3,063.6	2,598.0
Gross Profit (Loss)	(Million Baht)	104.3	183.5	253.5	25.1	73.7	151.4
Net Profit (Loss)	(Million Baht)	(109.6)	524.8	(24.1)	(80.6)	445.4	(58.2)
Financial Ratio							
Net Profit (Loss) Per Share	(Baht)	(2.19)	10.50	(0.48)	(1.61)	8.91	(1.16)
Current Ratio		0.70	0.73	0.77	0.89	0.93	0.99
Net Profit (Loss) / Equity	(%)	(4.65)	30.08	(1.57)	(3.78)	27.72	(3.89)
Return on Assets	(%)	(2.10)	11.72	(0.59)	(2.37)	16.21	(2.16)
Debt to Equity Ratio		0.99	1.24	1.42	0.58	0.62	0.80
Dividend per Share	(Baht)	-	0.50	0.50	-	0.50	0.50
Book Value per Share	(Baht)	54.01	40.26	30.26	47.67	37.51	29.10

## 14 MANAGING DIRECTORS ANALYSIS

Managing Directors Analysis and Explanation

#### 14.1 Overview

In 2018, the global financial and manufacturing sectors are still in a volatile state, which is a continuation form 2017, due to conflicts between superpower nations. Some example of the conflicts are, the United states President Donald Trump talking a strong stance to reduce trade deficit of his country on products imported from China, which triggered a trade war that saw China immediately retaliating with their own tax increase on products imported from The United States.

The United States' sudden decision to withdraw from the U.N. Human Rights Council, as well as announcing economic sanctions to Iran caused a halt in the world economy, including trading in the Middle East.

The Political uncertainty of the United Kingdom on the Brexit agreement with the European Union also plays a major role in the economic slowdown.

These are examples of political conflicts within and between countries which reflects the growing breakage between the social and economic ideas. For the textile industry sector, many textile manufacturers in Thailand have slowly withdrawn from the industry due the higher overhead cost compared to our neighboring countries. The Company used the pricing policy to compete with other companies, which see an increase in sales, however, the operation results in a loss, which is the same for other manufacturers of the same products both locally, and internationally. This is the worst for the textile industry since the economic crisis in 1997.

#### 14.2 Segment Information

Major revenue for The Company are from fabrics yarn and garment, which were sold locally and exported while the revenue for The Subsidiary are from raw cotton fibers and yarns, The details are as below chart.

Product / service	20	18	20	17	2016		
FIGULE / Service	Income %		Income	Income	%	Income	
Company							
Garment							
Local Sale	32.75	0.83	71.99	1.67	61.39	1.61	
Export Sale	159.36	4.05	134.69	3.13	160.62	4.20	
Fabric							
Local Sale	724.16	18.39	612.08	14.21	702.63	18.37	
Export Sale	729.75	18.53	618.66	14.36	755.93	19.76	
Raw Cotton And Yarns							
Local Sale	646.52	646.52 16.42		13.27	596.21	15.59	
Export Sale	273.56	6.95	218.04	5.06	205.31	5.37	
Local Services Income	63.02	1.60	120.52	2.80	96.96	2.54	
Local Other Income	31.66	0.80	679.89	15.78	17.86	0.47	
Total	2,660.78	67.57	3,027.43	70.26	2,596.91	67.90	
Subsidiary							
Raw Cotton And Yarns	1,213.78	30.82	1,110.17	25.77	1,149.79	30.06	
Local Services Income	ocal Services Income 31.33		44.45	1.03	44.56	1.17	
Other Income	32.07	0.81	126.78	2.94	33.53	0.88	
Total	1,277.18	32.43	1,281.40	29.74	1,227.88	32.10	
Grand Total	3,937.96	100.00	4,308.83	100.00	3,824.79	100.00	

(Units: Million Baht)

#### Compared to Estimate or Previously Disclosed.

The Company policy is to run every machine at it's full capacity, causing the quantity produced each month to be similar; for example, for weaving The Company can weave approximately 1.91 million yards per month, for yarn spinning The Company can spin approximately 570,000 pounds per month, and for garments The Company can cut and sew approximately 91,000 pieces per month. The Subsidiary can spin approximately 2.7 million pounds per month.

#### Cause and Action in case the Auditor expressed opinion with conditions, no opinion, and or important notice.

No conditions.

#### **Changes in Important Accounting Policies**

On 14 August 2018, the Board of Director meeting passed a resolution to change in valuation of land with effective on 30 September 2018. The valuation method was changed from cost method to the revaluation method (fair value). The investment properties – land is appraised every 1 year and appraised value of land every 5 years.

The change in the above accounting policies is to make the financial statements provide more reliable and more relevant information of the financial position and financial performance of the Group and its subsidiaries.

1. Investment properties – land

Change in valuation of investment properties from the cost method to the fair value method as allowed by the Thai Accounting Standard 40 (Revised 2017) Investment properties. The Group restated the prior period's financial statements, presented as comparative information, to reflect the effect of this change. The Group did not adjust the opening balance as at 1 January 2017 and present the statement of financial position as at 1 January 2017 because an independent appraiser was not able to measure fair value reliably of such land for the year 2016.

2. Change in valuation of land under property, plant and equipment from the cost method to revalued amount (fair value) as allowed by the Thai Accounting Standard 16 (Revised 2017) Property, plant and equipment. The effects of the adoption of this standard were to be recognized prospectively.

#### Cumulative Effect of Voluntary Change in Accounting Policies

The cumulative effect of the change in accounting policies on the beginning balance of retained earnings as at 31 December 2017 regarding valuation of investment properties – land and restatement of the financial statements following the valuation of land on 29 December 2017 by an independent appraisers comprises.

			In Baht
			Consolidated and Separate
			financial statements
Cumulative effect of change in accounting policies net of ir	ncome tax relating to char	nge in	
valuation of investment properties - land:			537,136,979
The amounts of adjustments affecting the statements of financia	al position as at 31 Decem	ber 2018 and	2017 are as follows:
		In Baht	
			Consolidated and
	Consolidated	Separate	Separate financial
	financial statements	financial stateme	ents statements
	2018	2018	2017
Statements of financial position:			
Increase in investment properties – land	671,421,224	671,421,2	671,421,224
Increase in property, plant and equipment	1,036,629,773	751,936,2	- 250
Increase in deferred income tax liabilities	341,610,200	284,671,4	134,284,245
Increase in unappropriated retained earnings	537,136,979	537,136,9	979 537,136,979
Revaluation surplus on assets – net income tax	800,408,412	601,549,0	- 000
Non-controlling interests			
Revaluation surplus on assets – net income tax	28,895,406	-	-

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The amounts of adjustments affecting the Group's statement of comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

		In Baht	
	20	)18	2017
			Consolidated and
	Consolidated	Separate	Separate financial
	financial statements	financial statements	statements
Statements of comprehensive income:			
Gain on change in fair value of investment			
properties	-	-	671,421,224
Increase in income tax expense	-	-	134,284,245
Increase in profit for the year	-	-	537,136,979
Other comprehensive income			
Difference from revaluation surplus on assets – net	829,303,818	601,549,000	-
Total comprehensive income attributable to:			
Increase in Equity holders of the parent	800,408,412	601,549,000	537,136,979
Increase in Non–controlling interests	28,895,406	-	-
Increase in basic earnings per share	-	-	10.74

#### 14.3 Performance and Profitability

In the past 5 years, the Company's Performance and Profitability is as per chart below

		C	Consolidated Financial Statement			Separate Financial Statement					
		2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
Financial Statu	IS										
Current Assets	(Million Baht)	1,643.2	1,653.7	1,679.2	1,919.1	1,847.6	982.1	959.8	1,084.2	1,187.4	1,198.2
Total Assets	(Million Baht)	5,655.0	4,772.8	3,915.5	4,218.5	4,305.3	3,763.2	3,042.3	2,625.9	2,755.6	2,796.4
Current Liabilities	(Million Baht)	2,346.5	2,278.0	2,167.7	2,352.9	2,234.1	1,102.1	1,033.7	1,094.1	1,140.6	1,102.4
Total Liabilities	(Million Baht)	2,815.1	2,646.5	2,299.5	2,558.6	2,600.4	1,379.6	1,166.7	1,170.7	1,217.2	1,211.7
Shareholder's Equity	(Million Baht)	2,839.9	2,126.4	1,616.0	1,659.9	1,704.9	2,383.6	1,875.6	1,455.2	1,538.4	1,584.6
Operation Repo	ort										
Sales and Services	(Million Baht)	3,874.2	3,502.2	3,773.4	3,946.0	3,931.7	2,644.0	2,355.2	2,579.6	2,800.5	2,817.0
Total Revenues	(Million Baht)	3,938.0	4,308.8	3,824.8	3,992.0	4,089.9	2,728.6	3,063.6	2,598.0	2,830.3	3,026.5
Gross Profit (Loss)	(Million Baht)	104.3	183.5	253.5	334.8	158.4	25.1	73.7	151.4	258.8	164.8
Net Profit (Loss)	(Million Baht)	(109.6)	524.8	(24.1)	6.7	(59.6)	(80.6)	445.4	(58.2)	6.9	82.1
Financial Ratio	C										
Net Profit (Loss) Per Share	(Baht)	(2.19)	10.50	(0.48)	0.13	(1.19)	(1.61)	8.91	(1.16)	0.14	1.64
Current Ratio		0.70	0.73	0.77	0.82	0.83	0.89	0.93	0.99	1.04	1.09
Net Profit (Loss) / Equity	(%)	(4.65)	30.08	(1.57)	0.42	(3.61)	(3.78)	27.72	(3.89)	0.44	5.28
Return on Assets	(%)	(2.10)	11.72	(0.59)	0.16	(1.40)	(2.37)	16.21	(2.16)	0.25	2.79
Debt to Equity Ratio		0.99	1.24	1.42	1.54	1.53	0.58	0.62	0.80	0.79	0.76
Dividend per Share	(Baht)	-	0.50	0.50	1.00	0.50	0.50	0.50	0.50	1.00	0.50
Book Value per Share	(Baht)	54.01	40.26	30.26	31.25	32.15	47.67	37.51	29.10	30.77	31.69

#### **Total Revenues**

In the year 2018 and 2017, the Group had total revenues amounted to Baht 3,938 million and Bath 4,309 million, respectively, decreased by Baht 371 million or 9%. The decease mainly resulted from 671 million gain on change in accounting policy for valuation of investment properties-land from the cost method to revalued amount (fair value). Sales and Services Income amounted to Baht 3,874 million, Increasing from the same period of the last year by Bath 372 million. The main reason for that increase was the increase in purchasing order.

#### Cost of Sales and Services

In the year 2018 and 2017, the Group had cost of sales and services amounted to Bath 3,770 million and Baht 3,319 million, respectively, increased by Baht 451 million or 14%. The main reason for that increase was the increasing in sales and services income as clarified above.

#### Selling and Administrative Expenses

Selling and administrative expenses decreased by Baht 3 million or 1%.

#### **Finance** costs

Finance costs increased by Baht 7 million or 8%. The main reason for the increase was from the increase in loans.

#### Net Profit (Loss)

In the year 2018, the group had Bath 106 million loss for the year, compared to Bath 539 million gain in the year 2017. Loss attributable to the parent is Bath 110 million in 2018, compared to Baht 525 million in gain in 2017. The main reasons were clarified above.

#### **Total Assets**

As of 31 December 2018, the Group had total assets amounting to Baht 5,655 million, increased by Baht 882 million, having Baht 10 million decreased in current assets and Baht 892 million increased in non-current assets. Main increases were from the change in accounting policy for valuation of land from the cost method to revalued amount (fair value).

#### **Total Liabilities**

As of 31 December 2018, total liabilities increased by Bath 169 million, having Baht 69 million increased in current liabilities and Bath 100 million increased in non-current liabilities. The main reason for the increases were from short-term and loans and deferred income tax liabilities which resulted from the change in accounting policy as clarified above.

#### Total shareholders' equity

As of 31 December 2018, the Group's shareholders' equity deceased by Bath 714 million.

#### 14.4 Asset Management

(1) Account Receivable and allowance for doubtful accounts as 31 December 2018 and 2017 are as follows.

	In Baht					
	Consolio	dated	Separ	rate		
	financial sta	atements	financial s	tatements		
	2018	2017	2018	2017		
Trade accounts receivable – related companies						
Within credit terms	37,631,669	62,285,275	4,960,919	26,672,938		
Overdue:Less than 3 months	2,396,513	1,815,449	2,396,513	1,620,681		
Total trade accounts receivable – related companies	40,028,182	64,100,724	7,357,432	28,293,619		
Trade accounts receivable – other companies						
Within credit terms	220,993,310	242,200,485	122,637,867	160,809,598		
Overdue:						
Less than 3 months	62,018,623	46,876,726	33,918,239	24,114,663		
3 – 6 months	3,540,304	7,244,007	1,188,890	5,884,494		
6 – 12 months	1,935,091	1,708,576	1,935,091	1,708,576		
Over 12 months	26,614,275	25,604,327	26,436,363	25,426,415		
Total trade accounts receivable	315,101,603	323,625,121	186,116,450	217,943,746		
Less allowance for doubtful accounts	(27,533,203)	(25,246,143)	(27,355,291)	(25,068,231)		
Trade accounts receivable – others – net	287,568,400	298,378,978	158,761,159	192,875,515		

For account receivable over 12 months, the full amount was reserves as allowance for doubtful accounts. For account receivable over 6 months, but not yet 12 months, parts of the amount were reserves. For account receivable that have not been reserved, The Company believe it is possible to reach settlement for all those receivable.

#### (2) Inventories and Allowance for obsolescence of inventories

		In Baht								
		Consolidated financial statements								
			Allowance for ob	solescence of						
	Cos	t	invento	ries	Inventorie	es – net				
	2018	2017	2018	2017	2018	2017				
Finished goods	334,191,701	362,967,914	(35,025,246)	(37,701,912)	299,166,455	325,266,002				
Work in process	192,400,446	145,741,632	-	-	192,400,446	145,741,632				
Raw materials	574,323,384	599,356,018	(7,277,202)	(8,520,632)	567,046,182	590,835,386				
Material and supplies	51,968,468	51,448,051	-	-	51,968,468	51,448,051				
Total	1,152,883,999	1,159,513,615	(42,302,448)	(46,222,544)	1,110,581,551	1,113,291,071				

During the current year, the Group reversed the write-down of cost of inventories by Baht 3.9 million (2017 : Baht 3.2 million) reduced the amount of inventories recognised as expenses during the year.

			In Bo	ht		
	and the second	*	Separate financi	al statements		
	1.11		Allowance for a	obsolescence		
	Cos	t	of inven	tories	Inventorie	s – net
	2018	2017	2018	2017	2018	2017
Finished goods	252,350,505	289,515,267	(33,754,419)	(34,976,454)	218,596,086	254,538,813
Work in process	175,101,095	128,599,702	-	-	175,101,095	128,599,702
Raw materials	306,625,310	281,675,880	(7,277,202)	(8,520,632)	299,348,108	273,155,248
Material and supplies	32,788,443	35,321,354	-	-	32,788,443	35,321,354
Total	766,865,353	735,112,203	410,312,621	(43,497,086)	725,833,732	691,615,117

During the current year, the Company reversed the write-down of cost of inventories by Baht 2.5 million (2017 : Baht 5.9 million) reduced the amount of inventories recognised as expenses during the year.

#### 14.5 Contingent Liabilities and Off Budget Management

- (1) There are 3 contingent liabilities
  - A. The Company entered into the operating lease agreement in respect of the lease of land and building. The term of agreements were 1 and 15 years.

As at 31 December 2018, the Company had future minimum lease payments under the operating lease agreements, as follows:

	In Million Baht
	Consolidated and
	Separate financial Statements
Repayments	
Within 1 year	2.0
Over 1 to 5 years	5.8
Over 5 years	12.4

- B. The Group has unused letter of credit amounting to approximately U.S. Dollars 3.6 million equivalent to approximately Baht 116.7 million.
- C. The Company has commitments for software license and system consulting agreement amounting of Baht 1.5 million.
- (2) Letter of Guarantee for Electricity Payment

Metropolitan Electricity Authority (MEA) required a guarantee in from of cash or a letter of guarantee from the bank for the appropriate amount of electricity used by each company, The Company and The Subsidiary chose to have the bank issue a letter of guarantee instead of using a cash guarantee.

	Company	Subsidiary	Total
Letter of Guarantee Total Debt Amount (Million Baht)	19.47	28.00	47.47

Overall, the Commitments and Contingent Liabilities, which consisted of rent agreements, sale agreements, all are within the normal scope of business operation, which does not need any special financial instruments to manage. Only the liabilities to the letter of credit (L/C) that requires risk management from foreign currency risk. The Company and The Subsidiary manages off statement of financial statement items the same way as the normal items.

#### 14.6 Future Business Impacts

As The Company business is complete upstream to downstream, from yarn spinning, yarn dyeing, fabric weaving, and garment making, which the major raw material is raw cotton fiber, and have to be imported from abroad, to exporting finished fabrics and garments; therefore, business impact could be direct and indirect, local and foreign as follow:

- (1) Volatility of cotton and synthetic fibers from abroad.
- (2) Price of fabric, yarn, and garment which are dependent on foreign markets.
- (3) Obsolescence of inventories.
- (4) Impairment in investment in the Subsidiary and related companies.
- (5) Employee benefits after retirement.

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# INFORMATION CERTIFICATION

The Company have carefully reviewed the information presented in this Annual Report and guarantee the information is complete, not falsified, not misunderstanding, or missing any information that should be included. In addition, The Company guarantee the following:

(1) The Financial Statement and Financial Information summarized in the Annual Report are correct and complete with highlights concerning Financial Status, Financial Performance, and Cash Flow of The Company and The Subsidiary.

(2) The Company have good information disclosure outlet to ensure information of The Company and The Subsidiary are correct and complete according to the rules set forth.

(3) The Company have setup a good internal control and ensure the operation is as per the system. The Company have sent internal control evaluation information on 31 December 2018 to the Auditor and Audit Committee Directors, which included deficiency and important changes of the internal control, as well as, actions which may affect the financial performance of The Company and The Subsidiary.

To verify that the information presented is the same as those The Company guarantee as correct and complete, The Company have appointed Mr. Chuang Kullawanwichit to sign every page of the report. If any page is not signed by Mr. Chuang Kullawanwichit, The Company will consider it as not the information that The Company have verified as correct.

		Name		Position	Signature
	1.	Mr. Tawatchai	Chaiyapinunt	Executive Director, Nomination Committee	
				and Remuneration Committee	
	2.	Mr. Kumjorn	Chuenchoochit	Executive Director	
		Name		Position	Signature
uthorized		Mr. Chuang	Kullawanwichit	Executive Director, Chief of Accounting Department	

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#### Attach



ที่ สป. 000112

กรมพัฒนาธุรกิจการค้า กระทรวงพาณิชย์

### หนังสือรับรอง

ขอรับรองว่าบริษัทนี้ ได้จดทะเบียน เป็นนิดิบุคคลตามกฎหมายว่าด้วยบริษัทมหาชนจำกัด

เมื่อวันที่ 3 กุมภาพันธ์ 2537 ทะเบียนเลขที่ 0107537000441

ปรากฏข้อความในรายการดามเอกสารทะเบียนนิดิบุคคล ณ วันออกหนังสือนี้ ดังนี้

- 1. ชื่อบริษัท บริษัท โรงงานผ้าไทย จำกัด (มหาชน)
- 2. กรรมการของบริษัทมี 17 คน ดามรายชื่อดังด่อไปนี้
  - 1. นายบุญน่า บุญน่าทรัพย์
  - นายสมศักดิ์ ไชยะภินันท์
  - 5. นายไพบูลย์ จรูญชัยคณากิจ
  - 7. นายสุชาดิ จันทรานาคราช
  - 9. นายกำจร ขึ่นชูจิตด์
  - 11. นายชิน ชินเศรษฐวงศ์
  - 13. นายขจรวุฒิ นำศิริกุล
  - 15. นายเกษม วรฤทธิชัย
  - 17. นายเจริญ เลาหทัย/

- 2. นายมงคล มังกรกนก
- 4. นายปรีชา ขัยพรหมประสิทธิ์
- 6. นายช่วง กุลวรรณวิจิตร
- 8. นายธวัชชัย ไชยะภินันท์
- 10. นางศิริวรรณ บุญนำทรัพย์
- 12. นายกร เสรีโรจนสิริ
- 14. นายไพโรจน์ ชื่นชูจิดด์
- 16. นางสาวนถุมล วรถุทธิชัย



ชื่อและจำนวนกรรมการ ซึ่งมีอำนาจลงลายมือชื่อแทนบริษัท คือ นายบุญน่า บุญนำทรัพย์, นายมงคล มังกรกนก,

นายช่วง กุลวรรณวิจิดร, นายไพบูลย์ จรูญขัยคณากิจ, นายธวัชชัย ไชยะภินันท์, นายกำจร ชื่นชูจิตด์ และ นางสาวนฤมล วรฤทธิชัย กรรมการสองคนในเจ็ดคนนี้ ลงลายมือชื่อร่วมกันและประทับดราสำคัญของบริษัท

ข้อจำกัดอำนาจของกรรมการ ไม่มี//

คำเดือน : ผู้ใช้ควรดรวจสอบข้อควรทราบท้ายหนังสือรับรองฉบับนี้ทุกครั้ง



**กรมเพิศมนาธุรกิจการก้า กระทรวงเมาเป็ชย์** Department of Business Development Ministry of Commerce โกร. 02 528 7600 "บัพทงัพ โมร์งใส ใส่ ใจบริการ" Creative Services สายด่วน 1570 www.dbd.go.th



ที่ สป. 000112

กรมพัฒนาธุรกิจการค้า กระทรวงพาณิชย์

### หนังสือรับรอง

4. ทุน ทุนจดทะเบียน 500,000,000.00 บาท /

(ห้าร้อยล้านบาทถ้วน)

ทุนชำระแล้วเป็นเงิน 500,000,000.00 บาท /

(ห้าร้อยล้านบาทถ้วน)

สำนักงานแห่งใหญ่ ตั้งอยู่เลขที่ 385 หมู่ที่ 1 ชอยบางเมฆขาว ถนนสุขุมวิท ดำบลท้ายบ้าน

อำเภอเมืองสมุทรปราการ จังหวัดสมุทรปราการ/

สำนักงานสาขา ตั้งอยู่ (1) เลขที่ 791-793 ถนนมหาจักร\_แขวงจักรวรรดิ เขดสัมพันธวงศ์ กรุงเทพมหานคร/

สำนักงานสาขา ดั้งอยู่ (2) เลขที่ 741 หมู่ที่ 3 ชอยบางเมฆขาว ถนนสุขุมวิท ดำบลท้ายบ้าน

อำเภอเมืองสมุทรปราการ จังหวัดสมุทรปราการ/

สำนักงานสาขา ดั้งอยู่ (3) เลขที่ 275 หมู่ที่ 14 ชอยบางเมฆขาว ถนนสุขุมวิท ดำบลท้ายบ้าน

อำเภอเมืองสมุทรปราการ จังหวัดสมุทรปราการ/

สำนักงานสาขา ตั้งอยู่ (4) เลขที่ 286 ชอยโรงเรียนญี่ปุ่น ถนนพระราม9 แขวงบางกะปี เขดหัวยขวาง กรุงเทพมหานคร/

สำนักงานสาขา ตั้งอยู่ (5) เลขที่ 595 หมู่ที่ 6 ถนนสุขุมวิท ดำบลบางปู่ใหม่ อำเภอเมืองสมุทรปราการ จังหวัดสมุทรปราการ/

 5. วัดถุประสงค์ของบริษัทมหาชนจำกัดนี้มี 17 ข้อ ดังปรากฏในสำเนาเอกสารแนบท้ายหนังสือรับรองนี้ จำนวน 2 แผ่น โดยมีลายมือชื่อนายทะเบียนซึ่งรับรองเอกสารและประทับตรากรมพัฒนาธุรกิจการค้าเป็นสำคัญ





**กรมพัฒนาธุรกิจการค้า กระทรวงพาณิชย์** Department of Business Development Ministry of Commerce

lns. 02 528 7600

"ขั้มแข้ม โปร์ปัส ใส่ ใจบริการ" Creative Services สายด่วน 1570 www.dbd.go.th

## Attachment 1

Details of Directors, Manager, Administrators, and Secretary of the Company

Name Position / Date Appointed	Age (Years)	Education	Percentage Share of The Company (%)	Relationship between Directors and Managers	Experience (5)		
(1)	(100.0)	(2)	(3)	(4)	Duration	Position	Company / Type of Business
<ol> <li>Mr. Boonnam Boonnamsap*</li> <li>Chairman of the Board</li> <li>(27 September 2013)</li> </ol>	88	Bachelor in Business Management, Saint John College , ( Hong Kong ) Director Accreditation Program (DAP) 2005	0.00% (335 Shares)	Spouse of Mrs. Siriwan Boonnamsap	2013–2018 2013–2018	Chairman of the Board Managing Director	Thai Textile Printing Public Co. Ltd. Thai Rung Textile Co. Ltd. Textile Industry
Executive Director (16 Feb1970) 2. Mr. Mongkol Mungkornkanok* Managing Director Executive Director (1970)	80	Masters in Mechanical Engineering , MSME Purdue University, USA Director Accreditation Program (DAP) 2005	1.20% (602,300 Shares)	-	2013–2018 2013–2018	Chairman of the Board Managing Director	Thai Onono Public Co. Ltd. Thai Far East Co. Ltd. Textile Industry
3. Mr. Tawatchai Chaiyapinunt* Executive Director (7 August 1985)	65	Masters in Engineering Management, Southern Methodist University, Dallas, USA. Director Accreditation Program (DAP) 2004	4.67% (2,334,120 Shares)	Brother of Prof.Dr. Somsak Chaiyapinunt Ph.D.	2013–2018 2013–2018	Managing Director Managing Director	Thai Standard Industries Co. Ltd. Thai Rung Industry Co. Ltd. Textile Industry
Nomination Committee Remuneration Committee (19 August 2009)	62	Post Graduated Diploma	23.04%	Brother of	2013-2018	Managing Director	Thai Standard Industries Co. Ltd.
4. Mr. Kumjorn Chuenchoochit* Executive Director (7 August 1985)	02	In Management Studies (U.K.) Director Accreditation Program (DAP) 2004	(11,521,367 Shares)	Mr. Pairod Chuenchoochit	2013-2018	Managing Director	Thai Standard Industries Co. Etd. Thai Rung Textile Co. Ltd. Textile Industry
<ul> <li>5. Mr. Chuang Kullawawichit*</li> <li>Executive Director</li> <li>Board Secretary</li> <li>(8 February 1978)</li> </ul>	78	Bachelor in Accountancy Thammasart University	0.00% (2,000 Shares)	-	2013-2018	Managing Director	Thai Textile Industry Public Co. Ltd. Textile Industry

Remarks: \* Authorized Directors to sign on behalf of The Company.

Name Position / Date Appointed	Age (Years)	Educotion	Percentage Share of The Company (%)	Relationship between Directors and Managers	Experience (5)		
(1)		(2)	(3)	(4)	Duration	Position	Company / Type of Business
6. Mr. Phaiboon Jaroonchaikanakij*	73	Vocational Certificate in Commercial	2.12%	-	2013-2018	Managing Director	Thai Rung Textile Co. Ltd.
Executive Director (1970)		Studies	(1,060,000 Shares)		2013-2018	Managing Director	Thai Standard Industries Co. Ltd.
					2013-2018	Director	Rama Textile Industry (1988) Co. Ltd.
							Textile Industry
7. Mrs. Siriwan Boonnamsap	79	High School Certificate	0.11%	Spouse of	2013-2018	Director	Boonsiri International Co. Ltd.
Director (24 October 1989)			(59,195 Shares)	Mr. Boonnam Boonnamsap	2013-2018	Director	Pica Inter Co. Ltd.
							Garment Industry
8. Prof. Somsak Chaiyapinunt, Ph.D.	64	Doctorate in Mechanical Engineering,	2.44%	Brother of	2013-2018	Professor	Chulalongkorn University
Director (6 January 1988)		Oregon State University, USA.	(1,220,000 Shares)	Mr. Tawatcha iChaiyapinunt	1991–1995	Assistant to Dean	Chulalongkorn University
		Director Accreditation Program (DAP)				Engineering Department	
					1999-2003	Head of Mechanical	Chulalongkorn University
						Engineering Department	
9. Mr. Preecha Chaipromprasith	73	Kiti Commercial College	1.00%		2013-2018	Managing Director	Thai TT Co. Ltd.
Audit Committee			(500,000 Shares)		2013-2018	Managing Director	Thai CR Co. Ltd.
Independent Director (1970)							Textile Trading
10. Mr. Suchart Chantanakaracha	68	Assumption Commerce	0.00%	-	2013-2018	Managing Director	Goldmine Garment Co. Ltd.
Director		Commercial Studies	(– Shares)				Garment Industry
Independent Director (1987)							
11. Asst.Prof. Kachornvut Namsirikul Ph.D.	58	Doctorate in Business Administration(DBA),	0.22%	-	2013-2018	Professor of Commerce	Chulalongkorn University
Audit Committee		Chulalongkorn University	(112,300 Shares)			Commerce and	
Independent Director		Director Certification Program (DCP) 2003				Accounting Department	
(10 May 2002)		Director Accreditation Program (DAP) 2004			2013-2018	Managing Director	Union Power Engineering Co. Ltd.
		Audit Committee Program (ACP) 2004					
		Finance For Non-Finance Director (FND) 2004					

Remarks: \* Authorized Directors to sign on behalf of The Company.
Name Position / Date Appointed	Age (Years)	Education	Percentage Share of The Company (%)	Relationship between Directors and Managers	Experier (5)		
(1)	(Tears)	(2)	(3)	(4)	Position	Duration	Company / Type of Business
12. Dr. Chin Chinsettawong Chairman of Audit Committee	80	Doctorate in Business Management, California Coast University	0.56% (278,572 Shares)	-	2013–2018	Chairman of the Board	Union Paper Carton Co. Ltd. Paper Carton Industry
Independent Director Nomination Committee Remuneration Committee (16 May 1989)		Master in Business Management MBA Higher Diploma, Institute of commerce F.C.I. London, UK.			2013–2018	Associate Judge	Medial Labor Court
13. Mr. Korn Sereerojanasiri Audit Committee Independent Director (16 May 1989)	72	High School Certificate	0.13% (62,700 Shares)	-	2013–2018	Managing Director	Thai Group Textile Co. Ltd. Textile Trading
14. Mr. Pairod Chuenchoochit	59	Business Financial Management,	0.90%	Brother of	2013-2018	Managing Director	Rama Textile Industry (1998) Co. Ltd.
Director (22 November 2013)		Eastbourne Technical College (UK) Crawley Technical College (UK)	(450,000 Shares )	Mr. Kumjorn Chuenchoochit	2013–2018	Managing Director	Thai Rung Textile Co. Ltd. Textile Industry
15. Mr. Kasem Worarittichai	46	Master of Science in Finance	2.00%	Brother of	2015-2018	Director	Thai Textile Industry Public Co. Ltd.
Director (24 February 2016)		Golden Gate University, San Francisco, USA B.BA. Management, Assumption Business Administration College (ABAC) Assumption School	(1,000,000 Shares)	Miss Naruemon Worarittichai	2013–2018 2013–2018 1995–1996 1994–1995 1992–1994	Assistant–sales manager	Thai Textile Industry Public Co. Ltd. Textile Industry KTN Intertrade Co. Ltd. Animal food trading TRT Garment Public Co. Ltd. Thai Kewtech Manufacturing Co.Ltd. Thai Textile Printing (1980) Co. Ltd. Textile Industry

Remarks: \* Authorized Directors to sign on behalf of The Company.

Thai Textile Industry Public Company Limited 2018 Annual Report 73

Name Position / Date Appointed	Age (Years)	Education	Percentage Share of The Company (%)	Relationship between Directors and Managers			rience 5)
(1)	(Tears)	(2)	(3)	(4)	Position	Duration	Company / Type of Business
16. Miss Naruemon Worarittichai	44	Master of Accountancy,	1.93%	Sister of	2018	Managing Director	Thai Textile Industry Public Co. Ltd.
Director		Case Western Reserve University, Cleveland, Ohio,	(964,945 Shares)	Mr. Kasem Worarittichai	2015-2018	Director	Thai Textile Industry Public Co. Ltd.
(24 February 2016)		USA			2013-2017	Asst. Account Manager	Thai Textile Industry Public Co. Ltd.
1 A A A A A A A A A A A A A A A A A A A		Bachelor of Accountancy (1 class honors) Accounting					Textile Industry
		Information System,			2013-2018	Director	KTN Intertrade Co. Ltd.
		Chulalongkorn University					Animal food trading
		Saint Joseph Convent School					
17. Mr. Charoen Laohathai	67	Master of Economics	0.00%	-	2013-2018	Managing Director	Thai Textile Printing Public Co. Ltd.
Independent Director		Middle Tennessee State University	(– Shares)			Vice-President	Thai Textile Development and
(14 November 2016)		Bachelor of Business Administration					finishing Company Limited
		University of the Thai Chamber of Commerce					Textile Industry
		Bangkok Christian College					
18. Mr. Narong PiriyaPrinsakul	66	Bachelor in Law (with Honors)	0.00%	-	2013-2018	Attorney	Charastam Law office and
Company Secretary		Ramkhamhaeng University	(– Shares)				Accountant
Board Secretary of Audit,							Attorney and Accountancy
Nomination, and Remuneration							
Committee (29 February 1978)							
HR and Law Manager							
(1 August 1987)							
19. Mr. Chalerm Techawal	65	Bachelor in Industrial Engineering	0.00%	-	2013-2018	Factory Manager	Thai Textile Industry Public Co. Ltd.
Factory Manager		Khon Kaen University	( – Shares )				Textile Industry
(1 October 1992)							
20. Mrs. Anchalee Tapaopong	50	Bachelor of Science Applied Statistics Branch	0.00%	-	2016-2018	IT Manager	Thai Textile Industry Public Co. Ltd.
Information Technology Manager		King Mongkut's University of Technology North	( 300 Shares )		2011–2016	Asst. IT Manager	Thai Textile Industry Public Co. Ltd.
(1 May 2016)		Bangkok					Textile Industry

Remarks: \* Authorized Directors to sign on behalf of The Company.

The numbers and names of directors authorized to enter signatures binding the Company are two directors among seven directors including Mr. Boonnam Boonnamsap, Mr. Mongkol Mungkornkanok, Mr. Chuang Kullawanwichit, Mr. Phaiboon Jaroonchaikanakij, Mr. Tawatchai Chaiyapinunt, Mr. Kumjorn Chuenchoochit and Miss Naruemon Worarittichai jointly signing with the Company's common seal being affixed.

### Secretary of the Board of Directors

The Company have assigned Mr. Narong Piriyaprinsakul to be the Secretary of the Company with the following responsibilities:

- Prepare and keep documents
- Prepare Director registration
- Prepare Directors Meeting Invitation, Directors Meeting Report, and Annual Report
- Prepare Shareholder Meeting Invitation and Shareholder Meeting Report
- Prepare Directors and Executive Directors mutual benefit reports
- Communicate and take care of Shareholders
- Communicate with the Stock Exchange of Thailand and other departments appropriately

### Profile of Subsidiary Directors

Chart of Directors and Executive officers of the company, The Subsidiary and Related Companies

Name		6		Associated	Related Companies							
		Company	Subsidiary	company	TSI	TTP	RTI	PIC	TTDF	CIC	PCL	UTP
Mr. Boonnam	Boonnamsap	*	//		//	*	//	//		//		//
Mr. Mongkol	Mungkornkanok	//	//		//	/	//		//		//	//
Mr. Tawatchai	Chaiyapinunt	//	//		//	/	//		//			
Mr. Kumjorn	Chuenchoochit	//	//		//	//	//		//			
Mr. Chuang	Kullawanwichit	//										
Mr. Phaiboon	Jaroonchaikanakij	//	//		//	/	//					
Mr. Korn	Sereerojanasiri	/										
Dr. Chin	Chinsettawong, D.B.A	/									//	//
Asst.Prof.Kajornvut	Namsirikul, Ph.D.	/										
Mrs. Siriwan	Boonnamsap	/						//		//		
Prof. Somsak	Chaiyapinunt, Ph.D.	/										
Mr. Preecha	Chaipromprasith	/			//	/						
Mr. Suchart	Chantanakaracha	/	//		//						//	
Mr. Pirod	Chuenchoochit	/	//				//					
Mr. Kasem	Worarittichai	/										
Miss Naruemon	Worarittichai	//										
Mr. Charoen	Laohathai	/	//		//	//	//		//			

Remark

= Chairman

=	Executive	Director

= Director

//

- TRT = Thai Rung Textile Co. Ltd.
- TSI = Thai Standard Industries Co. Ltd.
- TTP = Thai Textile Printing Public Co. Ltd.
- RTI = Rama Textile Industry (1988) Co. Ltd.
- PIC = Pica Inter Co. Ltd.
- TTDF = Thai Textile Development and Finishing Co., Ltd.
- CIC = Cassardi International Co., Ltd.
- PCL = Prachin Land Co., ltd.
- UPC = United Paper Public Co., Ltd.

### Details of Directors at the Subsidiary

### Profile of Subsidiary Directors

No.	Name		Position
1	Mr. Mongkol	Mungkornkanok	Executive Director
2	Mr. Boonnam	Boonnamsap	Executive Director
3	Mr. Phaiboon	Jaroonchaikanakit	Executive Director
4	Mr. Tawatchai	Chaiyapinunt	Executive Director
5	Mr. Kumjorn	Chuenchoochit	Executive Director
6	Mr. Pairod	Chuenchoochit	Executive Director
7	Mr. Suchart	Chantanakaracha	Executive Director
8	Mr. Charoen	Laohathai	Director

Thai Textile Industry Public Company Limited 2018 Annual Report

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# Attachment 3

### Profile of Internal Auditor and Head of Company Compliance

Head of Internal Auditor is Mr. Narong Piriyaprinsakul, Bachelor in Law (With Honors), 36 years of Experience in law, passed seminar in Corporate Law.

Head of Company Compliance Unit is Mr. Chalerm Techawal, Bachelor in Industrial Engineering, 42 years of experience in textile industrial.

# Attachment 4

### Detail of Asset Appraisal

In 2018, the Company reappraised the land value by an independent agent using the market price, which appraised the land value to increase by 751.94 million baht, making the land value on 31 December 2018 to be valued at 788.08 million baht.

On 24 May 2018, the Subsidiary reappraised the land value by an independent agent using the market price, which appraised the land value to increase by 119.11 million baht, making the land value on 31 December 2018 to be valued at 544.55 million baht.

**Related Information** 

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED

385 Soi Bang Make Khao Sukhumvit 30.5 Km. Samutprakarn Thailand.

TEL. 0-27038484 FAX:(662)3870894, 3871983 E-MAIL : Thaitex@tti.co.th ทะเบียนเลขที่ 0107537000441

10 May 2018

RE: Disclosure of Information on Related Transactions to Endorsement of Borrowing Monetary Funds ATTENTION: Directors and Managers of the Stock Exchange of Thailand

Thai Textile Industry Public Company Limited (TTI) would like to disclose information on related transactions to Endorsement of Borrowing Monetary Funds between Thai Rung Textile Company Limited (Borrower) and Individuals Connected to the Company (Lender) with the following details:

At the Thai Textile Industry Public Company Limited Board of Directors Meeting 2/2018 on 10 May 2018, the resolution is to endorse the case of Thai Rung Textile Company Limited (TRT) (Subsidiary 87.31%) to borrow monetary funds from individuals connected to Thai Textile Industry Public Company Limited (TTI). This transaction is a related company transaction in the form of receiving monetary funds, which is in accordance to the 2003 announcement of the Board of Directors of the Stock Exchange of Thailand, concerning the disclosure of information and listed company procedures in related company transactions, as well as the announcement by the Super Advisory Board of the Capital Market Tor Jor 21/2551 concerning the procedures in related transaction.

1. Date of Transaction: From 1 January 2018 to 31 December 2018

#### 2. Parties Involved:

E	Borrower	Thai Rung Tex	xtile Co	mpany Limited
I	Lender	1. Mr. Mongk	col	Mungkornkanok
		2. Mr. Theera	chai	Mungkornkanok
		3. Mr. Pornch	ai	Mungkornkanok
		4. Mr. Kancha	ai	Mungkornkanok
		5. Mr. Montre	ee	Mungkornkanok
		6. Mr. Kumjo	rn	Chuenchoochit
		7. Ms. Wilai		Chuenchoochit
		8. Mr. Kitja		Chuenchoochit
		9. Mr. Pairod		Chuenchoochit
		10. Mr. Kasen	1	Worarittichai
		11. Ms. Narue	mon	Worarittichai
		12. Mr. Tawat	chai	Chaiyapinunt
		13. Mrs. Praph	na	Jaroonchaikanakij
		14. Nida Tradi	ing (199	97) Company Limited
		15. Rama Text	tile Indu	ustry (1988) Company Limited
3. Total	for each cate	gorv		
	Amount Lend	:	Individ	lual lending total 450,000,000 baht
				rate lending total 400,000,000 baht
I	nterest	:	Individ	lual lenders 4.25/year (MLR-2%)
			Corpor	rate lenders 4.50/year (MLR-1.75%)
I	nterest Payme	ent :	Every	month

Type

Payback Period : Promissory Note

When asked (Previously not more than 1 year)

### 4. Individuals and Relation with the Company

:

The following 15 individuals are related to TTI as follow:

No	Name	Position at TTI	% Share s at TTI	Relationship
1	Mr. Mongkol Mungkornkanok	Chief Executive Officer	1.20	-
2	Mr. Theerachai Mungkornkanok	-	0.04	Child of Mr. Mongkol Mungkornkanok
3	Mr. Pornchai Mungkornkanok	-	0.04	"
4	Mr. Kanchai Mungkornkanok	-	0.04	**
5	Mr. Montree Mungkornkanok	-	0.10	Brother of Mr. Mongkol Mungkornkanok
6	Mr. Kumjorn Chuenchoochit	Managing Director	23.04	-
7	Ms. Wilai Chuenchoochit	-	0.90	Sister of Mr. Kumjorn Chuenchoochit
8	Mr. Kitcha Chuenchoochit	-	0.90	Brother of Mr. Kumjorn Chuenchoochit
9	Mr. Pairod Chuenchoochit	Director	0.90	"
10	Mr. Kasem Worarittichai	Director	2.00	-
11	Ms. Naruemon Worarittichai	Director	1.92	-
12	Mr. Tawatchai Chaiyapinunt	Executive Director	4.66	-
13	Mrs. Prapha Jaroonchaikanakij	-	0.03	Spouse of Mr. Phaiboon Jaroonchaikanakij (Executivo Director)
14	Nida Trading (1997) Company Limited	-	-	Mr. Phaiboon Jaroonchaikanakij is a Director at TTI and is a majority shareholder of Nida Trading (1997) Company Limited
15	Rama Textile Industry (1998) Company Limited (RTI)	-	-	Mr. Kumjorn Chuenchoochit is the majority shareholder of TTI and a Director at RTI

5. General Transaction: Receiving monetary funds from individuals and corporates related to the Company.

=

Total	Interest
	Individuals (Lenders)
	Corporate (Lenders)

-1

19,125,000 baht 18,000,000 baht =

Total	=	37,125,000 baht
Size of Transaction	=	Total Amount of Transaction x 100%
		Total Physical Asset (as of 31 March 2018)
	=	37,125,000 x 100
		1,316,237,420
	=	2.82%

This transaction is a related company transaction in accordance to the 2003 announcement of the Board of Directors of the Stock Exchange of Thailand, concerning the disclosure of information and listed company procedures in related company transactions, as well as the announcement by the Super Advisory Board of the Capital Market Tor Jor 21/2551 concerning the procedures of related transaction of receiving monetary funds. The size of the transaction requires an approval from the Board of Directors, and disclose the transaction to the Stock Exchange of Thailand, but does not need the approval of the shareholders, as the amount is less than 20 million baht or less than 3% of NTA, depending on the which value is higher. (In this case the higher value is 3% of NTA as of 31 March 2018, which is equal to 39,487,122.30 baht.)

### 6. Directors of the Company with interest in the transaction are: Mr. Mongkol

Mungkornkanok, Mr. Kumjorn Chuenchoochit, Mr. Pairod Chuenchoochit, Ms. Naruemon Worarittichai, Mr. Tawatchai Chaiyapinunt and Mr. Kasem Worarittichai left the meeting room and did not vote.

7. Opinion of the Directors of the Company: The Directors concur to allow the Company to proceed with the related transaction as per detail above, as the interest rate is lower than the overdraft interest from commercial banks, which will be beneficial for the Company since the Subsidiary will have a lower financial cost compared to borrowing from the commercial banks.

### 8. Opposing Opinions of the Board of the Audit Committee: None.

**9. Debt Guarantee:** Allow the Board of Directors of the Subsidiary Company to mortgage manufacturing machines as guarantee to the individual lenders, as well as other lenders.

Sincerely,

(Mr. Tawatchai Chaiyapinunt) Executive Director

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

### **Independent Auditor's Report**

To the Board of Directors and Shareholders of **Thai Textile Industry Public Company Limited** 

## Opinion

I have audited the accompanying consolidated financial statements of **Thai Textile Industry Public Company Limited and its subsidiary** (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of **Thai Textile Industry Public Company Limited** for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Thai Textile Industry Public Company Limited and its subsidiary** and of **Thai Textile Industry Public Company Limited** as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matters**

I draw attention to Notes 4.1 and 5 to the financial statements regarding the voluntary change in accounting policy made on the valuation of investment properties-land from the cost method to the fair value method. The Group has restated the consolidated and separate statements of financial position as at 31 December 2017, presented herein as comparative information, to reflect the adjustment resulting from such change in accounting policy. In addition, I draw attention to Notes 4.2 and 5 to the financial statements regarding the voluntary change in accounting policy in relation to valuation of land from the cost method to revalued amount (fair value) by using prospectively adjustment. My opinion is not qualified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

Revenue from sales of yarns apparels and fabrics in domestic and export markets, representing of 96.0 percent and representing of 94.6 percent of total revenue of the Group and the Company, respectively. The Group has a large number of customers and a variety of different commercial terms. As a result, the Group's revenue recognition based on the commercial term in sale agreement and sale document which are determined by management judgement. In addition, the economic slowdown has directly resulted in more intense competition in the industry. I have paid particular attention to the Group's recognition of revenue from sales of goods in order to ensure that the revenue is recorded correctly and I have identified that requires special attention in the audit.

I have examined the revenue recognition of the Group by Assessing and testing the internal controls with respect to the revenue cycle, and selecting representative samples to test the operation of the designed controls, applying a sampling method to select sale agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy. On a sampling basis, examining supporting documents for actual revenue recognition transactions occurring during the year and near the end of the accounting period. Reviewing credit notes that the Group issued after the period-end. Performing analytical procedures on each product data to detect possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

### Allowance for diminution in value of inventories

Allowance for diminution in value of inventories of the Group and the Company are Baht 42.3 million and Baht 41.0 million, respectively, as disclosed in the Note 10 to the financial statements derives from the estimation of the allowance for diminution of outdated or obsoleted inventories which highly require the exercise of management judgment in detailed analysis on the products' life cycle, market competition and economic and industry condition. As at 31 December 2018, the inventories included in the consolidated statement of financial position and the separate statement of financial position are Baht 1,110.6 Million and Baht 725.8 Million, respectively, accounted for 19.7% and 19.3% of total assets, respectively. I therefore, determine this matter as significant in my audit.

I evaluated the appropriateness of the management's assumptions used in determination of the allowance for diminution in value of inventories by examining criteria used in the estimation, the consistency of such criteria and the reason in recognizing the allowance for diminution in value of inventories whether it was appropriate. I performed detail analysis on the sales incurred after the date in the financial statements compared to the cost of inventories, analyzed on the inventories turnover to identify the slow moving inventories and considered the loss incurred from sales and write-off inventories in the past and during the year compared to the allowance for diminution in value of inventories recognized in the prior years.

### Fair value of investment properties - land and land under property, plant and equipment

As at 31 December 2018, the Group has measured its investment properties - land at fair value included in the consolidated statement of financial position and the separate statement of financial position amounting of Baht 719.6 Million, accounted for 12.7% and 19.1% of total assets, respectively, and the Group has measured land under property, plant and equipment by using a revalued amount (fair value) included in the consolidated statement of financial position and the separate statement of financial position amounting of Baht 1,332.6 Million and Baht 788.1 Million, accounted for 23.6% and 20.9% of total assets, respectively. The fair value measurement of such transactions were significant to the financial statements and involves the used judgment in evaluating the reliability of assumptions.

I gained understanding of the appraisal report of the fair value of land prepared by the independent appraiser regarding the method, locations, transportation, characteristics, public utilities, environments, liquidity, land used for comparison and independent appraiser's opinion. I also assessed the appropriateness of significant assumptions used for fair value estimation, consulted with the independent appraisers, inspected the relevant documents, which are engagement letter to understand the service provided by the independent appraiser, objectives, methodologies and assumptions used by them. I performed an evaluation of the competence, capabilities and objectivity of the valuer, engaged by the Group. I checked the property detail provided to valuer with asset register and detail of property on valuation report for the completeness of property in valuation scope and tested the calculations and considered the adequacy of disclosures in accordance with the Thai Financial Reporting Standard.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PRADIT RODLOYTUK Certified Public Accountant Registration No. 218

AST Master Co., Ltd. 28 February 2019

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		In Baht						
		Consolidated finan	cial statements	Separate financia	ial statements			
		2018	2017	2018	2017			
<u>ASSETS</u>	Notes		(Restated)		(Restated)			
CURRENT ASSETS								
Cash and cash equivalents	8	156,090,547	146,139,752	48,673,546	33,066,925			
Trade and other receivables	9	376,519,955	394,255,136	207,610,179	235,130,853			
Inventories	10	1,110,581,551	1,113,291,071	725,833,732	691,615,117			
Total current assets		1,643,192,053	1,653,685,959	982,117,457	959,812,895			
NON-CURRENT ASSETS								
Investment in subsidiary	11	-	-	550,325,004	550,325,004			
Other long-term investments	12	60,790,000	60,790,000	60,790,000	60,790,000			
Investment properties - land	13	719,643,000	719,643,000	719,643,000	719,643,000			
Property, plant and equipment	14	3,204,259,266	2,317,452,970	1,431,266,512	736,333,170			
Computer software	15	9,984,353	8,536,603	9,984,353	8,536,603			
Corporate income tax refundable		17,074,063	12,627,699	9,014,241	6,830,118			
Other non-current assets		66,973	66,973	66,973	66,973			
Total non-current assets		4,011,817,655	3,119,117,245	2,781,090,083	2,082,524,868			
TOTAL ASSETS		5,655,009,708	4,772,803,204	3,763,207,540	3,042,337,763			

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2018

	In Baht						
		Consolidated fina	incial statements	Separate financi	al statements		
		2018	2017	2018	2017		
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes		(Restated)		(Restated)		
CURRENT LIABILITIES							
Short-term loans from financial institutions	16	1,131,028,816	820,000,000	893,861,227	820,000,000		
Trade and other payables	17	241,584,362	249,207,829	189,940,009	213,538,864		
Current portion of long-term loans	16	131,628,000	107,400,000	18,000,000	-		
Short-term loans from related persons							
and related companies	7.2	841,200,000	1,091,700,000	-	-		
Accrued income tax		-	8,789,534	-	-		
Other current liabilities		1,088,592	858,861	261,115	169,342		
Total current liabilities		2,346,529,770	2,277,956,224	1,102,062,351	1,033,708,206		
NON-CURRENT LIABILITIES							
Long-term loans	16	127,019,000	179,250,000	32,500,000	-		
Deferred income tax liabilities	23	247,791,987	75,095,223	172,852,903	51,361,981		
Employee benefit obligations	18	93,783,515	114,159,415	72,161,333	81,674,522		
Total non-current liabilities		468,594,502	368,504,638	277,514,236	133,036,503		
Total liabilities		2,815,124,272	2,646,460,862	1,379,576,587	1,166,744,709		
SHAREHOLDERS' EQUITY							
Share capital - common shares, Baht 10 par value							
Authorized share 50,000,000 shares		500,000,000	500,000,000	500,000,000	500,000,000		
Issued and paid-up share 50,000,000 shares	3	500,000,000	500,000,000	500,000,000	500,000,000		
Premium on common shares		623,840,000	623,840,000	623,840,000	623,840,000		
Retained earnings							
Appropriated for legal reserve	20	50,000,000	50,000,000	50,000,000	50,000,000		
Appropriated for general reserve		50,000,000	50,000,000	50,000,000	50,000,000		
Unappropriated		676,123,062	789,229,696	558,241,953	651,753,054		
Revaluation surplus on assets	5	800,408,412	-	601,549,000	-		
Total equity attributable to the parent company		2,700,371,474	2,013,069,696	2,383,630,953	1,875,593,054		
Non-controlling interests		139,513,962	113,272,646	-	-		
Total shareholders' equity		2,839,885,436	2,126,342,342	2,383,630,953	1,875,593,054		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,655,009,708	4,772,803,204	3,763,207,540	3,042,337,763		

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		In Baht							
	_	Consolidated finan	cial statements	Separate financia	al statements				
	_	2018	2017	2018	2017				
	Notes		(Restated)		(Restated)				
REVENUES									
Sales		3,779,874,439	3,337,202,296	2,581,031,690	2,234,727,087				
Services income		94,356,335	164,968,484	63,024,831	120,515,601				
Dividends income	7.3	2,187,500	2,625,000	54,575,260	28,818,880				
Gain on change in fair value of investment properties	5	-	671,421,224	-	671,421,224				
Gain on disposal of fixed assets		15,078,662	86,158,111	13,728,664	_				
Other income	21	46,441,661	46,465,693	16,240,235	8,077,574				
Total revenues	-	3,937,938,597	4,308,840,808	2,728,600,680	3,063,560,366				
EXPENSES	-	- , , ,	,,,,	,,,	- , , , ,				
Cost of sales		3,688,181,645	3,170,525,320	2,559,402,173	2,166,359,554				
Cost of services		81,744,538	148,246,342	59,477,158	115,109,240				
Selling expenses		83,120,738	71,378,464	74,260,360	65,212,471				
Administrative expenses		142,706,564	157,459,466	111,506,076	122,066,117				
Finance costs		88,614,594	81,947,441	36,423,049	32,414,368				
Total expenses	-	4,084,368,079	3,629,557,033	2,841,068,816	2,501,161,750				
Profit (loss) before tax income (expenses)		(146,429,482)	679,283,775	(112,468,136)	562,398,616				
Tax income (expenses)	23	40,359,552	(140,161,274)	31,908,469	(116,966,755)				
Profit (loss) for the year	_	(106,069,930)	539,122,501	(80,559,667)	445,431,861				
Other comprehensive income for the year									
Items that will not be reclassified									
subsequently to profit or loss									
Difference from revaluation surplus on assets	14	1,036,629,773	-	751,936,250	-				
Less: Income tax effect	23	(207,325,955)	-	(150,387,250)	-				
Net	-	829,303,818	-	601,549,000	_				
Actuarial gain	18	28,651,807	-	15,060,707	-				
Less: Income tax effect	23	(5,730,361)	-	(3,012,141)	-				
Net	-	22,921,446	-	12,048,566	-				
Items that will not be reclassified	-								
subsequently to profit or loss - net tax expenses		852,225,264	-	613,597,566	-				
Total comprehensive income for the year	-	746,155,334	539,122,501	533,037,899	445,431,861				

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht						
	Consolidated finar	icial statements	Separate financial statements				
	2018	2017	2018	2017			
		(Restated)		(Restated)			
Profit (loss) attributable to:							
Equity holders of the parent	(109,648,630)	524,823,485	(80,559,667)	445,431,861			
Non-controlling interests	3,578,700	14,299,016	-	-			
Profit (loss) for the year	(106,069,930)	539,122,501	(80,559,667)	445,431,861			
Total comprehensive income attributable to:							
Equity holders of the parent	712,301,778	524,823,485	533,037,899	445,431,861			
Non-controlling interests	33,853,556	14,299,016	-	-			
Total comprehensive income for the year	746,155,334	539,122,501	533,037,899	445,431,861			
Basic earnings (loss) per share							
Profit (loss) attributable to equity holders of the parent	(2.19)	10.50	(1.61)	8.91			

#### THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

		In Baht								
					Consol	idated financial st	atements			
			Equity attributable to the parent's shareholders							
		Issued and			Retained earnings			Total	Non -	
		paid-up	Premium on common	Appropriated for	Appropriated for		Revaluation surplus on	shareholders' equity	controlling	
-	Notes	share capital	shares	legal reserve	general reserve	Unappropriated	assets	of the parent	interests	Total
Balance as at 1 January 2017		500,000,000	623,840,000	50,000,000	50,000,000	289,406,211	-	1,513,246,211	102,779,750	1,616,025,961
Dividends paid	19	-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Dividends of subsidiary paid to non-controlling interests		-	-	-	-	-	-	-	(3,806,120)	(3,806,120)
Profit for the year - as restated		-	-	-	-	524,823,485	-	524,823,485	14,299,016	539,122,501
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year			-	-	-	524,823,485	-	524,823,485	14,299,016	539,122,501
Balance as at 31 December 2017		500,000,000	623,840,000	50,000,000	50,000,000	789,229,696	-	2,013,069,696	113,272,646	2,126,342,342
Balance as at 1 January 2018 - as previously reported		500,000,000	623,840,000	50,000,000	50,000,000	252,092,717	-	1,475,932,717	113,272,646	1,589,205,363
Cumulative effect of change in accounting policy on										
valuation of investment properties	5		-	-	-	537,136,979	-	537,136,979	-	537,136,979
Balance as at 1 January 2018 - as restated		500,000,000	623,840,000	50,000,000	50,000,000	789,229,696	-	2,013,069,696	113,272,646	2,126,342,342
Dividends paid	19	-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Dividends of subsidiary paid to non-controlling interests		-	-	-	-	-	-	-	(7,612,240)	(7,612,240)
Profit (loss) for the year		-	-	-	-	(109,648,630)	-	(109,648,630)	3,578,700	(106,069,930)
Other comprehensive income for the year		_	-	-	-	21,541,996	800,408,412	821,950,408	30,274,856	852,225,264
Total comprehensive income for the year			-	-	-	(88,106,634)	800,408,412	712,301,778	33,853,556	746,155,334
Balance as at 31 December 2018		500,000,000	623,840,000	50,000,000	50,000,000	676,123,062	800,408,412	2,700,371,474	139,513,962	2,839,885,436

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

		In Baht								
		Separate financial statements								
		Issued and	-		Retained earnings		_			
		paid-up	Premium on	Appropriated for	Appropriated for		Revaluation			
	Notes	share capital	common shares	legal reserve	general reserve	Unappropriated	surplus on assets	Total		
Balance as at 1 January 2017		500,000,000	623,840,000	50,000,000	50,000,000	231,321,193	-	1,455,161,193		
Dividends paid	19	-	-	-	-	(25,000,000)	-	(25,000,000)		
Profit for the year - as restated		-	-	-	-	445,431,861	-	445,431,861		
Other comprehensive income for the year				-	-	-	_			
Total comprehensive income for the year			-	-	-	445,431,861	-	445,431,861		
Balance as at 31 December 2017		500,000,000	623,840,000	50,000,000	50,000,000	651,753,054	-	1,875,593,054		
Balance as at 1 January 2018 - as previously reported		500,000,000	623,840,000	50,000,000	50,000,000	114,616,075	-	1,338,456,075		
Cumulative effect of change in accounting policy on										
valuation of investment properties	5		-	-	-	537,136,979	-	537,136,979		
Balance as at 1 January 2018 - as restated		500,000,000	623,840,000	50,000,000	50,000,000	651,753,054	-	1,875,593,054		
Dividends paid	19	-	-	-	-	(25,000,000)	-	(25,000,000)		
Loss for the year		-	-	-	-	(80,559,667)	-	(80,559,667)		
Other comprehensive income for the year			-	-	-	12,048,566	601,549,000	613,597,566		
Total comprehensive income for the year			-	-	-	(68,511,101)	601,549,000	533,037,899		
Balance as at 31 December 2018		500,000,000	623,840,000	50,000,000	50,000,000	558,241,953	601,549,000	2,383,630,953		

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

$\frac{Consolidated financial statements}{2018} \\ \frac{2017}{2018} \\ \frac{201}{2018} \\ \frac{2017}{2018} \\ \frac{201}{2018} \\ \frac{2017}{2018} \\ \frac{201}{2018} \\ \frac{201}$			In Baht				
Restated)   (Restated)     CASH FLOWS FROM OPERATING ACTIVITIES     Profit (loss) before income tax   (146,429,482)   679,283,775   (112,468,136)   562,398,616     Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities :   0   -   2,287,060   -   2,287,060   -   8     Doubtful accounts   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,287,060   -   2,248,0633   12,0670,317   14,077,154   120,670,317   140,677,115   120,670,317   140,677,115   120,670,317   141,56,349   11,85,728   10,513,066   Unrealized (gain) loss on foreign exchange rate   (218,620)   (28,178,700)   (2,245,75,600)   (28,818,880)   11,85,728   10,513,066   11,411,289   11,615,317		Consolidated fina	ncial statements	Separate finance	cial statements		
CASH FLOWS FROM OPERATING ACTIVITIES     Profit (loss) before income tax   (146,429,482)   679,283,775   (112,468,136)   562,398,616     Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities :   2,287,060   -   2,287,060   -     Doubtful accounts   2,287,060   -   2,287,060   -   2,287,060   -     Reversal loss on obsolescence of inventories   (3,920,096)   (3,159,405)   (2,465,465)   (5,884,863)     Depreciation   253,568,471   232,033,417   116,977,154   120,670,317     Amortization of computer software   547,250   420,603   547,2250   420,603     Gain on change in fair value of investment properties   -   (671,421,224)   -   (671,421,224)     (Gain) loss on disposal of equipment   (15,078,662)   (86,158,111)   (13,728,664)   11,112,28     Dividends income   (2,187,500)   (2,625,000)   (54,575,260)   (28,818,800)     Interest expense   88,614,594   81,947,441   36,423,049   32,414,368     Profit (loss) before changes in operating assets and liabilities   193,313,332 <td></td> <td>2018</td> <td>2017</td> <td>2018</td> <td>2017</td>		2018	2017	2018	2017		
Profit (loss) before income tax (146,429,482) 679,283,775 (112,468,136) 562,398,616   Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities : 2,287,060 - 2,287,060 -   Doubtful accounts 2,287,060 - 2,287,060 - 2,287,060 -   Reversal loss on obsolescence of inventories (3,920,096) (3,159,405) (2,465,465) (5,884,863)   Depreciation 253,568,471 232,033,417 116,977,154 120,670,317   Amortization of computer software 547,250 420,603 547,250 420,603   Gain on change in fair value of investment properties - (671,421,224) - (671,421,224)   (Gain) loss on disposal of equipment (15,078,662) (86,158,111) (13,728,664) 1,111,289   Employee benefit obligations 16,130,317 14,156,349 11,865,728 10,513,066   Unrealized (gain) loss on foreign exchange rate (2,187,500) (2,625,000) (54,575,260) (28,818,880)   Interest expense 88,614,594 81,947,441 36,423,049 32,414,368   Profit (loss) before changes in operating assets			(Restated)		(Restated)		
Profit (loss) before income tax (146,429,482) 679,283,775 (112,468,136) 562,398,616   Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities : 2,287,060 - 2,287,060 -   Doubtful accounts 2,287,060 - 2,287,060 - 2,287,060 -   Reversal loss on obsolescence of inventories (3,920,096) (3,159,405) (2,465,465) (5,884,863)   Depreciation 253,568,471 232,033,417 116,977,154 120,670,317   Amortization of computer software 547,250 420,603 547,250 420,603   Gain on change in fair value of investment properties - (671,421,224) - (671,421,224)   (Gain) loss on disposal of equipment (15,078,662) (86,158,111) (13,728,664) 1,111,289   Employee benefit obligations 16,130,317 14,156,349 11,865,728 10,513,066   Unrealized (gain) loss on foreign exchange rate (2,187,500) (2,625,000) (54,575,260) (28,818,880)   Interest expense 88,614,594 81,947,441 36,423,049 32,414,368   Profit (loss) before changes in operating assets							
Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities : 2,287,060 - 2,287,060 -   Doubtful accounts 2,287,060 - 2,287,060 - 2,287,060 -   Reversal loss on obsolescence of inventories (3,920,096) (3,159,405) (2,465,465) (5,884,863)   Depreciation 253,568,471 232,033,417 116,977,154 120,670,317   Amortization of computer software 547,250 420,603 547,250 420,603   Gain on change in fair value of investment properties - (671,421,224) - (671,421,224)   (Gain) loss on disposal of equipment (15,078,662) (86,158,111) (13,728,664) 1,111,289   Employee benefit obligations 16,130,317 14,156,349 11,865,728 10,513,066   Unrealized (gain) loss on foreign exchange rate (218,620) 6,951 519,652 55,419   Dividends income (2,187,500) (2,625,000) (54,575,260) (28,818,880)   Interest expense 88,614,594 81,947,441 36,423,249 32,414,368   Trade and other receivables 193,313,332 244,847,796 (14,617,	CASH FLOWS FROM OPERATING ACTIVITIES						
operating activities :   2.287,060   2.287,060   -     Doubtful accounts   2.287,060   -   2.287,060   -     Reversal loss on obsolescence of inventories   (3,920,096)   (3,159,405)   (2,465,465)   (5,884,863)     Depreciation   253,568,471   232,033,417   116,977,154   120,670,317     Amortization of computer software   547,250   420,603   547,250   420,603     Gain on change in fair value of investment properties   -   (671,421,224)   -   (671,421,224)     (Gain) loss on disposal of equipment   (15,078,662)   (86,158,111)   (13,728,664)   1,111,289     Employee benefit obligations   16,130,317   14,156,349   11,865,728   10,513,066     Unrealized (gain) loss on foreign exchange rate   (218,620)   6,951   519,652   55,419     Dividends income   (2,187,500)   (2,625,000)   (54,575,260)   (28,818,880)     Interest expense   88,614,594   81,947,441   36,423,049   32,414,368     Trade and other receivables   1,93,313,332   244,848,796   (14,617,632)   21,	Profit (loss) before income tax	(146,429,482)	679,283,775	(112,468,136)	562,398,616		
Doubtful accounts   2.287,060   -   2.287,060   -     Reversal loss on obsolescence of inventories   (3,920,096)   (3,159,405)   (2,465,465)   (5,884,863)     Depreciation   233,568,471   232,033,417   116,977,154   120,670,317     Amortization of computer software   547,250   420,603   547,250   420,603     Gain on change in fair value of investment properties   -   (671,421,224)   -   (671,421,224)     (Gain) loss on disposal of equipment   (15,078,662)   (86,158,111)   (13,728,664)   1,111,289     Employee benefit obligations   16,130,317   14,156,349   11,865,728   10,513,066     Unrealized (gain) loss on foreign exchange rate   (21,87,500)   (2,625,000)   (54,575,260)   (28,818,880)     Interest expense   88,614,594   81,947,441   36,423,049   32,414,368     Profit (loss) before changes in operating assets and liabilities   193,313,332   244,484,796   (14,617,632)   21,458,711     Decrease (increase) in operating assets   2,029,993   39,875,134   24,604,126   25,358,268     Inventories	Adjustments to reconcile profit (loss) to net cash provided by (used in)						
Reversal loss on obsolescence of inventories $(3,920,096)$ $(3,159,405)$ $(2,465,465)$ $(5,884,863)$ Depreciation253,568,471232,033,417116,977,154120,670,317Amortization of computer software547,250420,603547,250420,603Gain on change in fair value of investment properties- $(671,421,224)$ - $(671,421,224)$ (Gain) loss on disposal of equipment $(15,078,662)$ $(86,158,111)$ $(13,728,664)$ $1,111,289$ Employee benefit obligations $16,130,317$ $14,156,349$ $11,865,728$ $10,513,066$ Unrealized (gain) loss on foreign exchange rate $(218,620)$ $6,951$ $519,652$ $55,419$ Dividends income $(2,187,500)$ $(2,625,000)$ $(54,575,260)$ $(28,818,880)$ Interest expense $88,614,594$ $81,947,441$ $36,423,049$ $32,414,368$ Profit (loss) before changes in operating assets and liabilities $193,313,332$ $244,484,796$ $(14,617,632)$ $21,458,711$ Decrease (increase) in operating assets $2,029,993$ $39,875,134$ $24,604,126$ $25,358,268$ Inventories $6,629,616$ $11,286,830$ $(31,753,150)$ $95,051,367$ Decrease in operating liabilities $7,854,410$ $(7,094,860)$ $(6,318,210)$ $(5,466,460)$ Cash received (paid) from operating activities $187,17,1615$ $216,106,431$ $(51,028,299)$ $107,274,370$ Income tax paid $(13,235,898)$ $(21,569,369)$ $(2,184,123)$ $(3,80,871)$ Income tax refundable <t< td=""><td>operating activities :</td><td></td><td></td><td></td><td></td></t<>	operating activities :						
Depreciation 253,568,471 232,033,417 116,977,154 120,670,317   Amortization of computer software 547,250 420,603 547,250 420,603   Gain on change in fair value of investment properties - (671,421,224) - (671,421,224)   (Gain) loss on disposal of equipment (15,078,662) (86,158,111) (13,728,664) 1,111,289   Employee benefit obligations 16,130,317 14,156,349 11,865,728 10,513,066   Unrealized (gain) loss on foreign exchange rate (218,620) (6,951) 519,652 55,419   Dividends income (218,7500) (2,625,000) (54,575,260) (28,818,880)   Interest expense 88,614,594 81,947,441 36,423,049 32,414,368   Profit (loss) before changes in operating assets and liabilities 193,313,332 244,484,796 (14,617,632) 21,458,711   Decrease (increase) in operating assets 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities 7,844,410) (7,094,860) (6,318,210) (5,466,460)	Doubtful accounts	2,287,060	-	2,287,060	-		
Amortization of computer software547,250420,603547,250420,603Gain on change in fair value of investment properties-(671,421,224)-(671,421,224)(Gain) loss on disposal of equipment(15,078,662)(86,158,111)(13,728,664)1,111,289Employee benefit obligations16,130,31714,156,34911,865,72810,513,066Unrealized (gain) loss on foreign exchange rate(218,620)6,951519,65255,419Dividends income(2,187,500)(2,625,000)(54,575,260)(28,818,880)Interest expense88,614,59481,947,44136,423,04932,414,368Profit (loss) before changes in operating assets and liabilities193,313,332244,484,796(14,617,632)21,458,711Decrease (increase) in operating assets11,286,830(31,753,150)95,051,367Decrease in operating liabilities2,029,99339,875,13424,604,12625,358,268Inventories6,629,61611,286,830(31,753,150)95,051,367Decrease in operating liabilities187,171,615216,106,431(51,028,299)107,274,370Cash received (paid) from operating activities187,171,615216,106,431(51,028,299)107,274,370Income tax paid(13,235,898)(21,569,369)(2,184,123)(3,840,871)Income tax refundable-1,347,716-1,347,716	Reversal loss on obsolescence of inventories	(3,920,096)	(3,159,405)	(2,465,465)	(5,884,863)		
Gain on change in fair value of investment properties- $(671,421,224)$ - $(671,421,224)$ (Gain) loss on disposal of equipment $(15,078,662)$ $(86,158,111)$ $(13,728,664)$ $1,111,289$ Employee benefit obligations $16,130,317$ $14,156,349$ $11,865,728$ $10,513,066$ Unrealized (gain) loss on foreign exchange rate $(218,620)$ $6,951$ $519,652$ $55,419$ Dividends income $(2,187,500)$ $(2,625,000)$ $(54,575,260)$ $(28,818,880)$ Interest expense $88,614,594$ $81,947,441$ $36,423,049$ $32,414,368$ Profit (loss) before changes in operating assets and liabilities $193,313,332$ $244,484,796$ $(14,617,632)$ $21,458,711$ Decrease (increase) in operating assets $11,286,830$ $(31,753,150)$ $95,051,367$ Decrease in operating liabilities $2,029,993$ $39,875,134$ $24,604,126$ $25,358,268$ Inventories $6,629,616$ $11,286,830$ $(31,753,150)$ $95,051,367$ Decrease in operating liabilities $(7,854,410)$ $(7,094,860)$ $(6,318,210)$ $(5,466,460)$ Cash received (paid) from operating activities $187,171,615$ $216,106,431$ $(51,028,299)$ $107,274,370$ Income tax paid $(13,235,898)$ $(21,569,369)$ $(2,184,123)$ $(3,840,871)$ Income tax refundable $ 1,347,716$ $ 1,347,716$	Depreciation	253,568,471	232,033,417	116,977,154	120,670,317		
(Gain) loss on disposal of equipment(15,078,662)(86,158,111)(13,728,664)1,111,289Employee benefit obligations16,130,31714,156,34911,865,72810,513,066Unrealized (gain) loss on foreign exchange rate(218,620)6,951519,65255,419Dividends income(2,187,500)(2,625,000)(54,575,260)(28,818,880)Interest expense88,614,59481,947,44136,423,04932,414,368Profit (loss) before changes in operating assets and liabilities193,313,332244,484,796(14,617,632)21,458,711Decrease (increase) in operating assets2,029,99339,875,13424,604,12625,358,268Inventories6,629,61611,286,830(31,753,150)95,051,367Decrease in operating liabilities(6,946,916)(72,445,469)(22,943,433)(29,127,516)Employee benefit obligations(7,854,410)(7,094,860)(6,318,210)(5,466,460)Cash received (paid) from operating activities187,171,615216,106,431(51,028,299)107,274,370Income tax paid(13,235,898)(21,569,369)(2,184,123)(3,840,871)Income tax refundable-1,347,716-1,347,716	Amortization of computer software	547,250	420,603	547,250	420,603		
Employee benefit obligations16,130,31714,156,34911,865,72810,513,066Unrealized (gain) loss on foreign exchange rate(218,620)6,951519,65255,419Dividends income(2,187,500)(2,625,000)(54,575,260)(28,818,880)Interest expense88,614,59481,947,44136,423,04932,414,368Profit (loss) before changes in operating assets and liabilities193,313,332244,484,796(14,617,632)21,458,711Decrease (increase) in operating assets2,029,99339,875,13424,604,12625,358,268Inventories6,629,61611,286,830(31,753,150)95,051,367Decrease in operating liabilities187,171,615(21,60,431)(51,028,299)107,274,370Income tax paid(13,235,898)(21,569,369)(2,184,123)(3,840,871)Income tax refundable-1,347,716-1,347,716	Gain on change in fair value of investment properties	-	(671,421,224)	-	(671,421,224)		
Unrealized (gain) loss on foreign exchange rate $(218,620)$ $6,951$ $519,652$ $55,419$ Dividends income $(2,187,500)$ $(2,625,000)$ $(54,575,260)$ $(28,818,880)$ Interest expense $88,614,594$ $81,947,441$ $36,423,049$ $32,414,368$ Profit (loss) before changes in operating assets and liabilities $193,313,332$ $244,484,796$ $(14,617,632)$ $21,458,711$ Decrease (increase) in operating assets $2,029,993$ $39,875,134$ $24,604,126$ $25,358,268$ Inventories $2,029,993$ $39,875,134$ $24,604,126$ $25,358,268$ Inventories $6,629,616$ $11,286,830$ $(31,753,150)$ $95,051,367$ Decrease in operating liabilities $(6,946,916)$ $(72,445,469)$ $(22,943,433)$ $(29,127,516)$ Employee benefit obligations $(7,854,410)$ $(7,094,860)$ $(6,318,210)$ $(5,466,460)$ Cash received (paid) from operating activities $187,171,615$ $216,106,431$ $(51,028,299)$ $107,274,370$ Income tax paid $(13,235,898)$ $(21,569,369)$ $(2,184,123)$ $(3,840,871)$ Income tax refundable $ 1,347,716$ $ 1,347,716$	(Gain) loss on disposal of equipment	(15,078,662)	(86,158,111)	(13,728,664)	1,111,289		
Dividends income (2,187,500) (2,625,000) (54,575,260) (28,818,880)   Interest expense 88,614,594 81,947,441 36,423,049 32,414,368   Profit (loss) before changes in operating assets and liabilities 193,313,332 244,484,796 (14,617,632) 21,458,711   Decrease (increase) in operating assets 193,313,332 244,484,796 (14,617,632) 21,458,711   Decrease (increase) in operating assets 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Employee benefit obligations	16,130,317	14,156,349	11,865,728	10,513,066		
Interest expense 88,614,594 81,947,441 36,423,049 32,414,368   Profit (loss) before changes in operating assets and liabilities 193,313,332 244,484,796 (14,617,632) 21,458,711   Decrease (increase) in operating assets 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Trade and other payables (6,946,916) (72,445,469) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Unrealized (gain) loss on foreign exchange rate	(218,620)	6,951	519,652	55,419		
Profit (loss) before changes in operating assets and liabilities 193,313,332 244,484,796 (14,617,632) 21,458,711   Decrease (increase) in operating assets 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Dividends income	(2,187,500)	(2,625,000)	(54,575,260)	(28,818,880)		
Decrease (increase) in operating assets   Trade and other receivables 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities 7rade and other payables (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Interest expense	88,614,594	81,947,441	36,423,049	32,414,368		
Trade and other receivables 2,029,993 39,875,134 24,604,126 25,358,268   Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Profit (loss) before changes in operating assets and liabilities	193,313,332	244,484,796	(14,617,632)	21,458,711		
Inventories 6,629,616 11,286,830 (31,753,150) 95,051,367   Decrease in operating liabilities (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Decrease (increase) in operating assets						
Decrease in operating liabilities   Trade and other payables (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Trade and other receivables	2,029,993	39,875,134	24,604,126	25,358,268		
Trade and other payables (6,946,916) (72,445,469) (22,943,433) (29,127,516)   Employee benefit obligations (7,854,410) (7,094,860) (6,318,210) (5,466,460)   Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Inventories	6,629,616	11,286,830	(31,753,150)	95,051,367		
Employee benefit obligations(7,854,410)(7,094,860)(6,318,210)(5,466,460)Cash received (paid) from operating activities187,171,615216,106,431(51,028,299)107,274,370Income tax paid(13,235,898)(21,569,369)(2,184,123)(3,840,871)Income tax refundable-1,347,716-1,347,716	Decrease in operating liabilities						
Cash received (paid) from operating activities 187,171,615 216,106,431 (51,028,299) 107,274,370   Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Trade and other payables	(6,946,916)	(72,445,469)	(22,943,433)	(29,127,516)		
Income tax paid (13,235,898) (21,569,369) (2,184,123) (3,840,871)   Income tax refundable - 1,347,716 - 1,347,716	Employee benefit obligations	(7,854,410)	(7,094,860)	(6,318,210)	(5,466,460)		
Income tax refundable - 1,347,716 - 1,347,716	Cash received (paid) from operating activities	187,171,615	216,106,431	(51,028,299)	107,274,370		
	Income tax paid	(13,235,898)	(21,569,369)	(2,184,123)	(3,840,871)		
Net cash provided by (used in) operating activities 173,935,717 195,884,778 (53,212,422) 104,781,215	Income tax refundable		1,347,716	-	1,347,716		
	Net cash provided by (used in) operating activities	173,935,717	195,884,778	(53,212,422)	104,781,215		

# THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht				
	Consolidated fina	ncial statements	Separate finance	ial statements	
	2018	2017	2018	2017	
		(Restated)		(Restated)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for acquisition of plant and equipment	(132,965,605)	(553,247,122)	(92,819,365)	(57,393,567)	
Proceeds from disposal of machinery and equipment	60,177,098	127,025,273	46,038,458	5,237,135	
Increase (decrease) in advance received from machinery and equipment	847,832	(25,928,547)	-	-	
Cash paid for acquisition of computer software	(1,995,000)	(3,668,800)	(1,995,000)	(3,668,800)	
Dividends income	2,187,500	2,625,000	54,575,260	28,818,880	
Net cash provided by (used in) investing activities	(71,748,175)	(453,194,196)	5,799,353	(27,006,352)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for interest expenses	(92,380,054)	(86,130,846)	(36,433,310)	(32,443,856)	
Increase (decrease) in short-term loans from financial institutions	311,028,816	(76,657,104)	73,861,227	(30,000,000)	
Proceeds of long-term loans	83,897,000	301,200,000	55,000,000	-	
Repayments of long-term loans	(111,900,000)	(94,550,000)	(4,500,000)	-	
Increase (decrease) in short-term loans from					
related persons and related companies	(250,500,000)	252,000,000	-	-	
Cash paid for dividends	(24,908,227)	(24,947,230)	(24,908,227)	(24,947,230)	
Dividends paid to non-controlling interests	(7,474,282)	(3,718,608)	-	-	
Net cash provided by (used in) financing activities	(92,236,747)	267,196,212	63,019,690	(87,391,086)	
Net increase (decrease) in cash and cash equivalents	9,950,795	9,886,794	15,606,621	(9,616,223)	
Cash and cash equivalents, beginning of the year	146,139,752	136,252,958	33,066,925	42,683,148	
Cash and cash equivalents, end of the year	156,090,547	146,139,752	48,673,546	33,066,925	

### SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash transactions				
Interest capitalized as part of the cost of assets	3,624,510	4,804,545	-	-
Decrease in payable from acquisition of assets	(535,325)	(1,120,825)	(535,325)	(1,120,825)
Decrease (increase) in receivables from disposal of machinery	12,788,640	(12,788,640)	-	-
Increase in accrued dividends	91,773	52,770	91,773	52,770
Increase in accrued dividends to non-controlling interests	137,958	87,512	-	-

### **1. GENERAL INFORMATION**

Thai Textile Industry Public Company Limited was listed on the Stock Exchange of Thailand in 1987.

The Company is engaged in the business of manufacturing, spinning service render and distributing yarns apparels and fabrics. The addresses of its registered office are as follows:

Head Office is located at 385 Moo 1, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 1 is located at 791-793, Mahajak Road, Jakkawad, Samphanthawong, Bangkok.

Branch Office 2 is located at 741 Moo 3, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 3 is located at 275 Moo 14, Soi Bang Make Khao, Sukhumvit Road, Taiban, Samutprakarn, Samutprakarn.

Branch Office 4 is located at 286 Soi Japanese School, Rama 9 Road, Bangkapi, Huay Kwang, Bangkok.

Branch Office 5 is located at 595 Moo 6, Sukhumvit Road, Bangpoo Mai, Samutprakarn, Samutprakarn.

# 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs) and guidelines promulgated by the Thailand Federation of Accounting Professions ("TFAC") and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The consolidated financial statements include the financial statements of Thai Textile Industry Public Company Limited and subsidiary, Thai Rung Textile Company Limited, which are engaged in the business of manufacturing and distributing yarns. The Company holds 87.31% of the subsidiary's registered share capital.

"The Company" represents "Thai Textile Industry Public Company Limited," while "The Group" represents "Thai Textile Industry Public Company Limited" and subsidiary which is "Thai Rung Textile Company Limited".

The significant transactions between the Company and a subsidiary have been eliminated in the consolidated financial statements.

Non-controlling interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within shareholders' equity in the consolidated statement of financial position.

For the convenience of the user, an English translation of the consolidated and separate financial statements has been prepared from the financial statements that are issued in the Thai language.

## 3. NEW FINANCIAL REPORTING STANDARDS

### 3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

# 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Thailand Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017) Construction contracts

TAS 18 (revised 2017) Revenue

TSIC 31 (revised 2017) Revenue - Barter Transactions Involving Advertising Services

TFRIC 13 (revised 2017) Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group believe that this standard will not have any significant impact on the financial statements when it is initially applied.

# 3.3 Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Thailand Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### 4. VOLUNTARY CHANGE IN ACCOUNTING POLICIES

On 14 August 2018, the Board of Director meeting passed a resolution to change in valuation of land with effective on 30 September 2018. The valuation method was changed from cost method to the revaluation method (fair value). The investment properties - land is appraised every 1 year and appraised value of land every 5 years.

The change in the above accounting policies is to make the financial statements provide more reliable and more relevant information of the financial position and financial performance of the Group and its subsidiaries.

4.1 Investment properties - land

Change in valuation of investment properties from the cost method to the fair value method as allowed by the Thai Accounting Standard 40 (Revised 2017) Investment properties. The Group restated the prior period's financial statements, presented as comparative information, to reflect the effect of this change. The cumulative effect of changes in accounting policies was presented in Note 5 to the financial statements. The Group did not adjust the opening balance as at 1 January 2017 and present the statement of financial position as at 1 January 2017 because an independent appraiser was not able to measure fair value reliably of such land for the year 2016.

4.2 Change in valuation of land under property, plant and equipment from the cost method to revalued amount (fair value) as allowed by the Thai Accounting Standard 16 (Revised 2017) Property, plant and equipment. The effects of the adoption of this standard were to be recognized prospectively. The cumulative effect of changes in accounting policies was presented in Note 5 to the financial statements.

# 5. CUMULATIVE EFFECT OF VOLUNTARY CHANGE IN ACCOUNTING POLICIES

As described in Note 4.1 and 4.2 to the financial statements, the Group voluntarily change the accounting policies regarding valuation of investment properties - land and change in valuation of land under property, plant and equipment from the cost method to revalued amount (fair value).

The cumulative effect of the voluntary change in accounting policies on the beginning balance of retained earnings as at 31 December 2017 regarding valuation of investment properties - land and restatement of the financial statements following the valuation of land on 29 December 2017 by an independent appraisers comprises.

	In Baht
	Consolidated and
	Separate financial
	statements
Cumulative effect of change in accounting policies net of income tax relating to change	
in valuation of investment properties - land:	537,136,979

The amounts of adjustments affecting the statements of financial position as at 31 December 2018 and 2017 are as follows:

		In Baht	
	Consolidated	Separate	Consolidated and
	financial	financial	Separate financial
	statements	statements	statements
	2018	2018	2017
Statements of financial position:			
Increase in investment properties - land	671,421,224	671,421,224	671,421,224
Increase in property, plant and equipment	1,036,629,773	751,936,250	-
Increase in deferred income tax liabilities	341,610,200	284,671,495	134,284,245
Increase in unappropriated retained earnings	537,136,979	537,136,979	537,136,979
Revaluation surplus on assets - net income tax Non-controlling interests	800,408,412	601,549,000	-
Revaluation surplus on assets - net income tax	28,895,406	-	-

The amounts of adjustments affecting the Group's statement of comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	In Baht				
	201	8	2017		
	Consolidated	Separate	Consolidated and		
	financial	financial	Separate financial		
	statements	statements	statements		
Statements of comprehensive income:					
Gain on change in fair value of investment properties	-	-	671,421,224		
Increase in income tax expense	-	-	134,284,245		
Increase in profit for the year	-	-	537,136,979		
Other comprehensive income					
Difference from revaluation surplus on assets - net	829,303,818	601,549,000	-		
Total comprehensive income attributable to:					
Increase in Equity holders of the parent	800,408,412	601,549,000	537,136,979		
Increase in Non-controlling interests	28,895,406	-	-		
Increase in basic earnings per share	-	-	10.74		

# 6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below;

### 6.1 Cash and cash equivalents

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

### 6.2 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts and doubtful accounts are written off during the year in which they are identified.

### **6.3** Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by:

Raw Cotton	Specific cost method
Raw materials and Supplies	Weighted average method
Work in Process	Weighted average method
Finished Goods	Weighted average method

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

### 6.4 Investment in subsidiary

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains (losses) on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, respectively.

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment (if any).

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 6.5 General investment

Investments in non-marketable equity securities are classified as general investments and carried at cost less impairment (if any).

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### 6.6 Investment properties - land

The Group are measured initially investment properties at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

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

### 6.7 Property, plant and equipment

Land is stated at revalued amount (2017: Land are stated at cost). Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

When an asset's carrying amount is increased as a result of a revaluation of the Company's and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognized in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of a revaluation of the Company's and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation is calculated on the straight line method to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings and structures	5-20 years
Machineries and equipment	3-10 years
Furniture and office equipment	3-5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on borrowing net of amortization of related deferred financial cost.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

### 6.8 Impairment of assets

Property, plant and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 6.9 Computer software

Costs associated with developing or maintaining computer software program are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year are recognized as computer software.

Expenditure which enhances or extends the performance of computer software program beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful life for 5 years.

### 6.10 Leases

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

### 6.11 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 Group recognise 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 Group reviews and reduces the carrying amount of deferred tax assets to the extent that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

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

Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professional qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in other comprehensive income.

### 6.13 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is recognised when the service is rendered.

Interest income is recognized on an accrual basis.

### 6.14 Foreign currency translation

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses, resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

### 6.15 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the income (loss) attributable to shareholders by the weighted average number of common shares during the year.

### **6.16 Financial instruments**

Financial assets carried on the statement of financial position include cash and cash equivalents, trade accounts receivable and other long-term investments. Financial liabilities carried on the statement of financial position include trade accounts payable, bank overdrafts and loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are not recognized in the financial statements on the inception.

### 6.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### 6.18 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### 6.19 Provision

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

### 6.20 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 for net realizable value of inventories

The Group considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

### **Investment property - land**

The Group present investment property - land at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

### 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 Group's plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measure land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

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.

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is 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.

### 7. TRANSACTIONS WITH RELATED PERSONS AND COMPANIES

### 7.1 Relationships and pricing policies

The relationship and pricing policies among the Company, subsidiary, related persons and companies are as follows:

Relationships

<u>Subsidiary</u>

Thai Rung Textile Co., Ltd.

Shareholding by the Company and directorship

Relationships

Related companies Thai Standard Industries Co., Ltd. Thai Textile Printing Public Co., Ltd. Rama Textile Industry (1988) Co., Ltd. Thai Unique Textile Public Co., Ltd. Picca Inter Co., Ltd. Thai Textile Development and Finishing Co., Ltd. Cassardi International Co., Ltd. Prachin Land Co., Ltd. United Paper Public Co., Ltd. Winner Textile Co., Ltd. Nida Trading (1997) Co., Ltd. Thai Textile international Co., Ltd. R.P.T. Resources Co., Ltd. T.T. Resources Co., Ltd. R.P.T. holding Co., Ltd. B.M.K. holding Co., Ltd. Related Persons

Shareholding by the Company and directorship Shareholding by the Company and directorship Shareholding by the Company and directorship Directorship Directorship Directorship Directorship Directorship Directorship and Shareholding Directorship and Shareholding Shareholder of subsidiary Directorship Directorship Directorship Directorship Directorship The Company's and subsidiary's directors and shareholder and closed cousin of shareholder of the subsidiary

**Pricing Policy** 

Pricing policies for the subsidiary, related persons and companies

Sales of products and raw materials	Compare to market price
Service income	Compare to market price
Other income	Compare to market price
Rental income	At contract price
Purchase of products	Compare to market price
Service expenses	Compare to market price
Acquisition of fixed assets	Compare to market price
Miscellaneous expenses	Compare to market price
Rental expenses	At contract price
Loan from	Interest charge at rate of 4.25% - 4.50% per annum



### 7.2 Balances of transactions with subsidiary, related persons and companies

Significant balances with subsidiary, related persons and companies as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
All the	2018	2017	2018	2017
Trade accounts receivable				
Related companies	40,028,182	64,100,724	7,357,432	28,293,619
Trade accounts payable				
Subsidiary	-	-	55,000,522	46,225,579
Related companies	24,444,674	14,917,137	24,444,674	14,917,137
Total	24,444,674	14,917,137	79,445,196	61,142,716
Acquisition of assets				
Related companies	82,975,900	_	82,975,900	-

The outstanding balance as at 31 December 2018 and the movement of short-term loan from related persons and companies for the year ended 31 December 2018 are as follows:

	In Baht				
	Consolidated financial statements				
	Balance as at	Movement		Balance as at	
	1 January 2018	Increase	Decrease	31 December 2018	
Related companies	317,000,000	592,500,000	(512,000,000)	397,500,000	
Related persons	774,700,000	229,500,000	(560,500,000)	443,700,000	
Total	1,091,700,000	822,000,000	(1,072,500,000)	841,200,000	

### 7.3 Revenues and expenses transactions with subsidiary, related persons and companies

Revenues and expenses transactions with subsidiary, related persons and companies for the years ended 31 December 2018 and 2017 are as follows:

	In Baht					
	Consolidated financial statements		Separate financial statements			
	2018	2017	2018	2017		
Sales of products and raw materials						
Subsidiary	-	-	14,929,377	7,696,594		
Related companies	1,127,702,830	914,328,412	756,807,401	577,220,664		
Total	1,127,702,830	914,328,412	771,736,778	584,917,258		
Services income						
Related companies	23,929,249	15,356,528	22,236,299	14,208,746		
Other income						
Subsidiary	-	-	513,756	525,072		
Related companies	1,415,886	1,518,611	1,415,886	1,518,611		
Total	1,415,886	1,518,611	1,929,642	2,043,683		
Rental income						
Related companies	1,980,000	1,740,000	1,980,000	1,740,000		
	In Baht					
-------------------------------------	-------------	-------------	---------------	-------------	--	--
	Consoli	dated	Separ	rate		
	financial s	tatements	financial st	atements		
	2018 2017		2018	2017		
Dividends income						
Subsidiary (Note 11)	-	-	52,387,760	26,193,880		
Related companies (Note 12)	2,187,500	2,625,000	2,187,500	2,625,000		
Total	2,187,500	2,625,000	54,575,260	28,818,880		
Purchase of products						
Subsidiary	-	-	593,972,926	536,721,864		
Related companies	767,598,586	461,045,273	767,598,586	461,045,273		
Total	767,598,586	461,045,273	1,361,571,512	997,767,137		
Service expenses						
Subsidiary	-	-	630,831	158,897		
Related companies	195,298,131	164,861,214	195,298,131	164,861,214		
Total	195,298,131	164,861,214	195,928,962	165,020,111		
Miscellaneous expenses						
Subsidiary	-	-	228,122	689,631		
Related companies	2,278,612	943,416	2,097,543	942,645		
Total	2,278,612	943,416	2,325,665	1,632,276		
Rental expenses						
Related companies	1,440,000	1,320,000	1,440,000	1,320,000		
Interest						
Related companies	11,951,075	13,536,473	-	-		
Related persons	24,771,678	30,819,195		_		
Total	36,722,753	44,355,668	_	-		
Directors and management's benefits						
Short-term employee benefits	30,036,879	31,460,459	22,940,939	23,487,739		
Post-employment benefits	669,895	832,327	669,895	623,089		
Total	30,706,774	32,292,786	23,610,834	24,110,828		

# 8. CASH AND CASH EQUIVALENTS

	In Baht							
	Consol financial s		Sepa financial s					
	2018	2017	2018	2017				
Cash on hand	7,044,108	7,802,055	6,796,857	7,569,785				
Regular checking accounts	38,290,253	9,908,726	978,265	76,626				
Saving accounts	110,756,186	128,428,971	40,898,424	25,420,514				
Total	156,090,547	146,139,752	48,673,546	33,066,925				

Deposits at financial institutions are bearing interest rate of 0.370 - 0.375% per annum (2017: 0.370 - 0.375% per annum).

# 9. TRADE AND OTHER RECEIVABLES

In Baht						
		Separate				
financial s	tatements	financial s	tatements			
2018	2017	2018	2017			
40,028,182	64,100,724	7,357,432	28,293,619			
287,568,400	298,378,978	158,761,159	192,875,515			
327,596,582	362,479,702	166,118,591	221,169,134			
5,306,373	3,354,804	293,915	906,012			
35,563,073	7,005,191	35,563,073	7,005,191			
4,328,222	4,568,470	2,152,990	2,408,519			
2,997,462	3,294,199	2,783,993	3,168,303			
-	12,788,640	-	-			
728,243	764,130	697,617	473,694			
376,519,955	394,255,136	207,610,179	235,130,853			
	financial s 2018 40,028,182 287,568,400 327,596,582 5,306,373 35,563,073 4,328,222 2,997,462 - 728,243	Consolidated financial statements2018201740,028,18264,100,724287,568,400298,378,978327,596,582362,479,7025,306,3733,354,80435,563,0737,005,1914,328,2224,568,4702,997,4623,294,199-12,788,640728,243764,130	ConsolidatedSepa financial statementsSepa financial st20182017201840,028,18264,100,7247,357,432287,568,400298,378,978158,761,159327,596,582362,479,702166,118,5915,306,3733,354,804293,91535,563,0737,005,19135,563,0734,328,2224,568,4702,152,9902,997,4623,294,1992,783,993-12,788,640-728,243764,130697,617			

Aging of trade accounts receivable as at 31 December 2018 and 2017 are as follows:

	In Baht					
	Consoli financial st		Sepa financial s			
	2018	2017	2018	2017		
Trade accounts receivable - related companies						
Within credit terms	37,631,669	62,285,275	4,960,919	26,672,938		
Overdue: Less than 3 months	2,396,513	1,815,449	2,396,513	1,620,681		
Total trade accounts receivable - related companies	40,028,182	64,100,724	7,357,432	28,293,619		
Trade accounts receivable - other companies						
Within credit terms	220,993,310	242,200,485	122,637,867	160,809,598		
Overdue:						
Less than 3 months	62,018,623	46,867,726	33,918,239	24,114,663		
3 - 6 months	3,540,304	7,244,007	1,188,890	5,884,494		
6 - 12 months	1,935,091	1,708,576	1,935,091	1,708,576		
Over 12 months	26,614,275	25,604,327	26,436,363	25,426,415		
Total trade accounts receivable	315,101,603	323,625,121	186,116,450	217,943,746		
Less allowance for doubtful accounts	(27,533,203)	(25,246,143)	(27,355,291)	(25,068,231)		
Trade accounts receivable - others - net	287,568,400	298,378,978	158,761,159	192,875,515		

# **10. INVENTORIES**

	In Baht									
		Consolidated financial statements								
			Allowance for ol	bsolescence of						
	Co	st	invento	ories	Inventor	ies - net				
	2018	2017	2018	2017	2018	2017				
Finished goods	334,191,701	362,967,914	(35,025,246)	(37,701,912)	299,166,455	325,266,002				
Work in process	192,400,446	145,741,632	-	-	192,400,446	145,741,632				
Raw materials	574,323,384	599,356,018	(7,277,202)	(8,520,632)	567,046,182	590,835,386				
Material and supplies	51,968,468	51,448,051	-	-	51,968,468	51,448,051				
Total	1,152,883,999	1,159,513,615	(42,302,448)	(46,222,544)	1,110,581,551	1,113,291,071				

During the current year, the Group reversed the write-down of cost of inventories by Baht 3.9 million (2017: Baht 3.2 million) reduced the amount of inventories recognised as expenses during the year.

	In Baht									
		Separate financial statements								
	Cos	st	Allowance for ol invento		Inventories – net					
	2018	2017	2018	2017	2018	2017				
Finished goods	252,350,505	289,515,267	(33,754,419)	(34,976,454)	218,596,086	254,538,813				
Work in process	175,101,095	128,599,702	-	-	175,101,095	128,599,702				
Raw materials	306,625,310	281,675,880	(7,277,202)	(8,520,632)	299,348,108	273,155,248				
Material and supplies	32,788,443	35,321,354	-	-	32,788,443	35,321,354				
Total	766,865,353	735,112,203	(41,031,621)	(43,497,086)	725,833,732	691,615,117				

During the current year, the Company reversed the write-down of cost of inventories by Baht 2.5 million (2017: Baht 5.9 million) reduced the amount of inventories recognised as expenses during the year.

# **11. INVESTMENT IN SUBSIDIARY**

Separate financial statements as at 31 December 2018 and 2017

			In Baht			
Invested company	Paid-up capital	Proportion of shareholding		Dividends income		
(Type of business)	(Thousand Baht)	(%)	At cost	2018	2017	
Thai Rung Textile Co., Ltd.						
(Type of business : Yarn spinning)	600,000	87.31	550,325,004	52,387,760	26,193,880	

# **12. OTHER LONG TERM INVESMENTS**

Consolidated and Separate financial statements as at 31 December 2018 and 2017

	Paid-up			In Baht		
	capital Proportion of			Dividends income		
Invested company (Type of business)	(Thousand Baht)	share holding (%)	At cost	2018	2017	
Investment in related companies						
Thai Standard Industries Co., Ltd.						
(Type of business : Weaving)	150,000	6.67	12,500,000	-	-	
Thai Textile Printing Public Co., Ltd.						
(Type of business :Printing and						
dyeing)	350,000	3.57	12,500,000	-	-	
Rama Textile Industry (1988) Co., Ltd.						
(Type of business : Yarn dyeing and						
selling)	250,000	8.75	23,750,000	2,187,500	2,625,000	
Total			48,750,000	2,187,500	2,625,000	
Investment in other companies						
Tajin Polyester Co., Ltd.						
(Type of business : Polyester producer)	548,224	1.63	11,915,000	-	-	
Chantaburi Country Club Co., Ltd.						
(Type of business : Real estate)	75,000	0.17	2,000,000	-	-	
Total			13,915,000	-	-	
Less Allowance for declining in value o	f investment -					
Chantaburi Country Club Co., Ltd.			(1,875,000)		-	
Net			12,040,000		-	
Total other long-term investments			60,790,000	2,187,500	2,625,000	

# **13. INVESTMENT PROPERTIES - LAND**

	In Baht
	Consolidated and
	Separate financial
	statements
Book value - Cost as at 1 January 2017	48,221,776
Gain on change in fair value of investment properties (Notes 4.1 and 5)	671,421,224
Book value as at 31 December 2017	719,643,000
Gain on change in fair value of investment properties	-
Book value as at 31 December 2018	719,643,000

During for the year ended 31 December 2018, The Company change in accounting policies and the voluntary changes in valuation of investment properties - land from the cost method to the fair value method. The fair value of the land measured by an independent appraisers. This reappraisal is based on the market value method as at 15 June 2018 and 29 December 2017.

# 14. PROPERTY, PLANT AND EQUIPMENT

	In Baht								
	Consolidated financial statements								
	Land	Building & structures	Machineries & equipment	Furniture & office equipment	Vehicles	Assets under installation	Total		
As at 1 January 2017									
Cost	296,002,427	862,039,813	4,557,779,945	64,760,178	28,218,590	127,682,681	5,936,483,634		
Less Accumulated depreciation		(635,191,188)	(3,173,155,709)	(62,033,154)	(19,892,236)	_	(3,890,272,287)		
Net book value	296,002,427	226,848,625	1,384,624,236	2,727,024	8,326,354	127,682,681	2,046,211,347		
For the year ended 31 December 2017									
Net book value, beginning of year	296,002,427	226,848,625	1,384,624,236	2,727,024	8,326,354	127,682,681	2,046,211,347		
Acquisition	-	5,032,998	10,832,158	866,217	10,570,899	529,628,570	556,930,842		
Transfer in (out)	-	15,287,202	201,501,798	38,600	-	(216,827,600)	-		
Disposal	-	-	(53,465,904)	-	(189,898)	-	(53,655,802)		
Depreciation	-	(23,105,895)	(203,196,798)	(1,156,150)	(4,574,574)		(232,033,417)		
Net book value, end of year	296,002,427	224,062,930	1,340,295,490	2,475,691	14,132,781	440,483,651	2,317,452,970		
As at 31 December 2017									
Cost	296,002,427	882,360,013	4,102,116,245	65,664,995	29,191,739	440,483,651	5,815,819,070		
Less Accumulated depreciation		(658,297,083)	(2,761,820,755)	(63,189,304)	(15,058,958)	-	(3,498,366,100)		
Net book value	296,002,427	224,062,930	1,340,295,490	2,475,691	14,132,781	440,483,651	2,317,452,970		

				In Ba	ht					
	Consolidated financial statements									
	La	nd								
	Original cost	Appraised value	Building & structures	Machineries & equipment	Furniture & office equipment	Vehicles	Assets under installation	Total		
For the year ended 31 December 2018										
Net book value, beginning of year	296,002,427	-	224,062,930	1,340,295,490	2,475,691	14,132,781	440,483,651	2,317,452,970		
Acquisition	-	-	2,475,258	94,369,246	611,880	-	38,598,406	136,054,790		
Revaluation surplus on assets	-	1,036,629,773	-	-	-	-	-	1,036,629,773		
Transfer in (out)	-	-	6,536,066	453,131,588	70,000	-	(459,737,654)	-		
Disposal	-	-	-	(32,309,792)	(3)	(1)	-	(32,309,796)		
Depreciation	-	-	(21,627,738)	(226,333,280)	(1,201,108)	(4,406,345)	-	(253,568,471)		
Net book value, end of year	296,002,427	1,036,629,773	211,446,516	1,629,153,252	1,956,460	9,726,435	19,344,403	3,204,259,266		
As at 31 December 2018										
Cost	296,002,427	1,036,629,773	891,371,337	4,534,563,365	66,092,875	27,850,618	19,344,403	6,871,854,798		
Less Accumulated depreciation	_	_	(679,924,821)	(2,905,410,113)	(64,136,415)	(18,124,183)	-	(3,667,595,532)		
Net book value	296,002,427	1,036,629,773	211,446,516	1,629,153,252	1,956,460	9,726,435	19,344,403	3,204,259,266		

As at 31 December 2018, assets items have been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 2,492.2 million (2017: Baht 2,436.9 million).

As at 31 December 2018, the Group's machineries with net book value of Baht 695.1 million (2017: Baht 806.4 million), respectively are mortgaged as collateral of credit facilities to financial institution as discussed in Note 16 to the financial statements.

The Group has Borrowing costs of Baht 3.6 million (2017 : Baht 4.8 million), arising from financing specifically entered into for the construction of machinery and manufacturing equipment, which were capitalised as part of such assets during the year and are included in 'additions'.

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-	In Baht							
	Separate financial statements							
_	Land	Building & structures	Machineries & equipment	Furniture & office equipment	Vehicles	Assets under installation	Total	
As at 1 January 2017								
Cost	36,143,750	501,691,437	1,907,327,781	41,967,616	23,985,651	57,873,740	2,568,989,975	
Less Accumulated depreciation		(410,812,489)	(1,293,898,407)	(40,088,050)	(17,111,860)	-	(1,761,910,806)	
Net book value	36,143,750	90,878,948	613,429,374	1,879,566	6,873,791	57,873,740	807,079,169	
For the year ended 31 December 2017								
Net book value, beginning of year	36,143,750	90,878,948	613,429,374	1,879,566	6,873,791	57,873,740	807,079,169	
Acquisition	-	-	7,404,321	411,889	8,202,885	40,253,647	56,272,742	
Transfer in (out)	-	6,249,056	89,049,681	38,600	-	(95,337,337)	-	
Disposal	-	-	(6,327,076)	-	(21,348)	-	(6,348,424)	
Depreciation	-	(13,338,465)	(102,706,322)	(858,506)	(3,767,024)	-	(120,670,317)	
Net book value, end of year	36,143,750	83,789,539	600,849,978	1,471,549	11,288,304	2,790,050	736,333,170	
As at 31 December 2017								
Cost	36,143,750	507,940,493	1,958,550,286	42,418,105	24,496,595	2,790,050	2,572,339,279	
Less Accumulated depreciation		(424,150,954)	(1,357,700,308)	(40,946,556)	(13,208,291)	-	(1,836,006,109)	
Net book value	36,143,750	83,789,539	600,849,978	1,471,549	11,288,304	2,790,050	736,333,170	

	In Baht Separate financial statements							
				Separate financi	al statements			
	L	and						
Artille.	Original cost	Appraised value	Building & structures	Machineries & equipment	Furniture & office equipment	Vehicles	Assets under installation	Total
For the year ended 31 December 2018								
Net book value, beginning of year	36,143,750	-	83,789,539	600,849,978	1,471,549	11,288,304	2,790,050	736,333,170
Acquisition	-	-	-	89,328,109	536,936	-	2,418,995	92,284,040
Revaluation surplus on assets	-	751,936,250	-	-	-	-	-	751,936,250
Transfer in (out)	-	-	-	5,057,495	70,000	-	(5,127,495)	-
Disposal	-	-	-	(32,309,790)	(3)	(1)	-	(32,309,794)
Depreciation	-	-	(11,008,746)	(101,477,509)	(816,951)	(3,673,948)	-	(116,977,154)
Net book value, end of year	36,143,750	751,936,250	72,780,793	561,448,283	1,261,531	7,614,355	81,550	1,431,266,512
As at 31 December 2018								
Cost	36,143,750	751,936,250	507,940,493	1,953,488,146	42,771,041	23,155,473	81,550	3,315,516,703
Less Accumulated depreciation	-		(435,159,700)	(1,392,039,863)	(41,509,510)	(15,541,118)	-	(1,884,250,191)
Net book value	36,143,750	751,936,250	72,780,793	561,448,283	1,261,531	7,614,355	81,550	1,431,266,512

As at 31 December 2018, assets items have been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,270.9 million (2017: Baht 1,215.0 million).

As at 31 December 2018, the Company's machineries with net book value of Baht 146.8 million (2017: Baht 83.5 million), respectively are mortgaged as collateral of credit facilities to financial institution as discussed in Note 16 to the financial statements.

For the year ended 31 December 2018, The Group hired an independent appraisers to measured fair value of the land. This reappraisal is based on the market value method. The value of land under cost method and the revaluation method are as follows:

	In Baht		
	Consolidated financial statements	Separate financial statements	
Cost method	296,002,427	36,143,750	
Revaluation method	1,332,632,200	788,080,000	

# **15. COMPUTER SOFTWARE**

	In Ba	ht	
	Consolidated and Separate fi statements		
	statem	ents	
	2018	2017	
As at 1 January			
Cost	23,908,047	20,239,247	
Less Accumulated amortization	(15,371,444)	(14,950,841)	
Net book value	8,536,603	5,288,406	
Transactions during the year ended 31 December			
Net book value, beginning of year	8,536,603	5,288,406	
Acquisition of computer software	1,995,000	3,668,800	
Amortization	(547,250)	(420,603)	
Net book value, end of year	9,984,353	8,536,603	
As at 31 December			
Cost	25,903,047	23,908,047	
Less Accumulated amortization	(15,918,694)	(15,371,444)	
Net book value	9,984,353	8,536,603	

# **16. LOANS FROM FINANCIAL INSTITUTIONS**

				In Baht			
	- Interest rate (%) p.a.		Interest rate (%) p.a. Consolidated financial statements		Separate financial statements		
	2018	2017	2018	2017	2018	2017	
Short-term loans Liabilities under							
trust receipts	3.14 - 3.50	-	259,528,816	-	22,361,227	-	
Promissory notes	3.18 - 4.38	3.55 - 4.15	871,500,000	820,000,000	871,500,000	820,000,000	
Total		=	1,131,028,816	820,000,000	893,861,227	820,000,000	
Iotai		=	1,131,028,810	820,000,000	095,001,227	820,000,000	

			In Baht			
	Interest rate (%) p.a.		Consoli financial	idated statements	Separ financial sta	
	2018	2017	2018	2017	2018	2017
Long-term loans	MLR-2,					
Long-term loans	MLR-2.25	MLR-2.25	258,647,000	286,650,000	50,500,000	-
Less Current portion of long-term loans			(131,628,000)	(107,400,000)	(18,000,000)	-
Long-term loans - net of current portion			127,019,000	179,250,000	32,500,000	-

As at 31 December 2018 and 2017, the Group has overdrafts and short - term trade financing facilities from financial institutions according to the loan agreements with a total maximum credit limit of Baht 2,359 million and Baht 2,260 million, respectively. (Separate: Baht 1,291 million (2017: Baht 1,291 million))

Under the terms of the agreements covering the Group's liabilities under trust receipts, certain imported raw materials, parts and supplies have been released to the Group in trust for the financial institutions. The Group is accountable to the financial institutions for the trusted items or their sales proceeds.

The Group's long - term loans from financial institutions are guaranteed by the Group's machines as discussed in Note 14 including providing negative pledge of property, plant and equipment.

# 17. TRADE AND OTHER PAYABLES

	In Baht			
	Consol	idated	Separate	
	financial s	tatements	financial s	tatements
	2018	2017	2018	2017
Trade accounts payable - related companies				
(Note 7.2)	24,444,674	14,917,137	79,445,196	61,142,716
Trade accounts payable - other companies	138,129,731	117,336,947	64,300,113	76,829,026
Total trade accounts payable	162,574,405	132,254,084	143,745,309	137,971,742
Accrued expenses	57,405,593	91,014,118	32,851,940	57,127,648
Payable from acquisition of assets	532,800	1,068,125	532,800	1,068,125
Advance received from sales of goods	11,088,100	15,796,640	10,157,185	14,715,540
Advance received from machines & equipment	847,832	-	-	-
Value added tax payable	6,107,564	5,477,219	-	-
Social security and other taxes	3,028,068	3,597,643	2,652,775	2,655,809
Total	241,584,362	249,207,829	189,940,009	213,538,864

### **18. EMPLOYEE BENEFIT OBLIGATIONS**

The Group operates post employment based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

# Movements in the present value of the defined benefit obligations:

	In Baht			
	Consoli	dated	Sepa	rate
	financial st	atements	financial statements	
	2018 2017		2018	2017
Defined benefit obligations at 1 January	114,159,415	107,097,926	81,674,522	76,627,916
Included in profit or loss:				
Current service cost	12,610,395	11,519,140	9,434,090	8,650,211
Interest cost	2,799,505	2,637,209	1,974,697	1,862,855
Past service cost	720,417	-	456,941	-
Included in other comprehensive income:				
Remeasurements of post-employment benefit	t obligations			
Actuarial gain	(28,651,807)	-	(15,060,707)	-
Benefits paid during the year	(7,854,410)	(7,094,860)	(6,318,210)	(5,466,460)
Defined benefit obligations at 31 December	93,783,515	114,159,415	72,161,333	81,674,522

#### Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

Cost of sales and services	13,445,476	11,884,477	9,503,584	8,566,677
Administrative expenses	2,684,841	2,271,872	2,362,144	1,946,389
Total expenses recognized in profit or loss	16,130,317	14,156,349	11,865,728	10,513,066

The Group expect to pay Baht 11.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 8.6 million)

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit of the Group is 6-10 years (Separate financial statements: 10 years).

# Principal actuarial assumptions at the reporting date

	2018	2017
Discount Rate	2.39-2.41% per annum	2.51-2.62% per annum
Salary Increase rate	5%	5%
Turnover Rate Mortality rate	Scale related to Age ranging from 0 - 59% According to Thailand TMO 2017 male and female tables	Scale related to Age ranging from 0 - 43% According to Thailand TMO 2008 male and female tables

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Baht				
	Consolidated financial statements		Separate financial statements		
Defined benefit obligation 31 December 2018	Increase	Decrease	Increase	Decrease	
Discount Rate (1% movement)	(5,384,567)	5,996,68 <mark>4</mark>	(4,102,448)	4,554,849	
Salary Increase Rate (1% movement)	6,271,966	(5,744,30 <mark>5</mark> )	4,771,679	(4,382,353)	
Turnover Rate (1% movement)	(5,783,285)	3,083,934	(4,400,760)	2,267,328	

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 26.8 million (Separate: Baht 20.5 million). The Group will reflect the effect of the change by recognising past services costs as expenses in the profit or loss of the period in which the law is effective.

#### **19. DIVIDENDS PAID**

At the ordinary shareholders' meeting dated 30 April 2018, the shareholders approved the payment of dividends at Baht 0.50 per share for 50 million shares totaling Baht 25 million, from the retained earnings. The Company has already paid for such dividends on 25 May 2018.

At the ordinary shareholders' meeting dated 28 April 2017, the shareholders approved the payment of dividends at Baht 0.50 per share for 50 million shares totaling Baht 25 million, from the retained earnings. The Company has already paid for such dividends on 26 May 2017.

#### **20. LEGAL RESERVE**

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year after deduction of the deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside

#### **21. OTHER INCOME**

Other income for the years ended 31 December 2018 and 2017 are as follows:

	In Bant			
	Consolidated		Separate	
	financial st	atements	financial st	atements
	2018 2017		2018	2017
Rental income	27,566,346	25,192,291	2,226,666	2,004,211
Gain on foreign exchange rate	11,542,561	12,533,032	9,135,808	-
Tax coupon income	614,350	1,399,556	614,350	1,399,556
Miscellaneous sale income	2,814,173	2,975,673	2,814,173	2,975,673
Other income	3,904,231	4,365,141	1,449,238	1,698,134
Total	46,441,661	46,465,693	16,240,235	8,077,574

### 22. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2018 and 2017 are as follows:

	In Bant					
	Consol	idated	Separ	ate		
	financial s	financial statements		atements		
	2018 2017		2018	2017		
Changes in finished goods and						
work in process	(17,882,601)	38,584,982	(9,336,631)	56,117,797		
Raw materials and consumable used	2,188,029,179	1,924,654,173	1,000,632,829	853,594,618		
Staff costs	480,707,420	511,769,820	343,198,538	362,903,930		
Depreciation and amortization	254,115,721	232,454,020	117,524,404	121,090,920		

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# 23. INCOME TAX

Income tax for the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated		Separate	
	financial s	tatements	financial statements	
	2018	2017	2018	2017
Current income tax				
Current year	-	24,142,589	-	-
Deferred tax				
Relating to origination and reversal of temporary Differences	(40,359,552)	116,018,685	(31,908,469)	116,966,755
Income tax expenses (income) recognized in comprehensive income	(40,359,552)	140,161,274	(31,908,469)	116,966,755
Other comprehensive income				
Deferred tax on gain loss from revaluation surplus on assets	207,325,955	-	150,387,250	-
Deferred tax on actuarial gain	5,730,361	-	3,012,141	-

### **Reconciliation of effective tax rate**

	In Baht			
		lidated	Separate	
	financial s	statements	financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before corporate income tax	(146,429,482)	679,283,775	(112,468,136)	562,398,616
Applicable tax rate Accounting profit (loss) before corporate income tax multiplied by applicable tax	20%	20%	20%	20%
rate	(29,285,896)	135,856,755	(22,493,627)	112,479,723
Effects of: Addition expenses deductible for tax	(14,956,612)	(7,583,224)	(2,496,003)	(3,563,723)
purposes Gain on change in fair value of investment	,	,	(2,490,003)	
properties Expenses not deductible for tax purposes	1,543,424	(134,284,245) 2,017,654	1,230,424	(134,284,245) 1,035,559
Income not subject to tax	(437,500)	(525,000)	(10,915,052)	(5,763,776)
Taxable loss of current year recognized to deferred income tax assets Effect of elimination entries on the consolidated	42,870,591	30,096,462	34,674,258	30,096,462
financial statements	265,993	(1,435,813)	-	
Current tax Relating to origination and reversal of temporary differences	-	24,142,589	-	Alle
	(40,359,552)	116,018,685	(31,908,469)	116,966,755
Income tax expenses (income) recognized in comprehensive income	(40,359,552)	140,161,274	(31,908,469)	116,966,755

	In Baht			
	Consolidated		Separate	
	financial st	tatements	financial statements	
	2018	2017	2018	2017
Balances of deferred income tax assets				
Allowance for doubtful accounts	5,506,640	5,049,228	5,471,058	5,013,646
Allowance for declining in value of investments	, ,	, ,	, ,	, ,
in other company	375,000	375,000	375,000	375,000
Allowance for obsolescence of inventories	8,460,489	9,244,509	8,206,324	8,699,417
Accumulated tax losses	91,530,276	52,499,296	83,333,943	52,499,296
Employee benefit obligations	18,756,703	22,831,884	14,432,267	16,334,905
Total deferred income tax assets	124,629,108	89,999,917	111,818,592	82,922,264
Balance of deferred income tax liabilities				
Investment properties - land	134,284,245	134,284,245	134,284,245	134,284,245
Land	238,136,850	30,810,895	150,387,250	-
Total deferred income tax liabilities	372,421,095	165,095,140	284,671,495	134,284,245
Deferred income tax - net	247,791,987	75,095,223	172,852,903	51,361,981

The components of deferred income tax assets and deferred income tax liabilities are as follows:

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

### 24. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The operations of the Group involve the single industry segment of manufacturing and distributing yarns, apparel and fabrics. The Group operates in single geographical area, in Thailand, therefore, these financial statements do not present the financial information by segment. The Group's revenues included sale in both domestic and export markets.

The revenues classified by domestic and export markets for the years ended 31 December 2018 and 2017 are as follows;

		In Thousand Baht				
	Domestic		Export		Total	
	2018	2017	2018	2017	2018	2017
Revenues	2,712,717	2,531,668	1,161,514	970,503	3,874,231	3,502,171
Cost	(2,639,504)	(2,423,721)	(1,130,422)	(895,051)	(3,769,926)	(3,318,772)
Gross profit	73,213	107,947	31,092	75,452	104,305	183,399

#### Major customers

For the year 2018, the Group has revenue from a major customer, represented at 8% of total revenues (2017: the Group has revenue from a major customer represented at 15% of total revenues).

### **25. PROVIDENT FUNDS**

The Group and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and their employees monthly contribute to the funds at the rate of 2% of basic salary. The funds, which are managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2018 were recognised as expenses amounting to Baht 4.5 million. (2017: amounting to Baht 4.5 million) (Separate: Baht 3.1 million (2017: Baht 3.2 million))

#### **26. FINANCIAL INSTRUMENTS**

The principal financial risks faced by the Group are liquidity risk, foreign currency risk, interest rate risk, and credit risk. The risk management policies of these particular risks are as follows:

#### 26.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

#### 26.2 Foreign Currency Risk

As part of the international trading, the Group has significant exposures to market risks from changes in foreign exchange rates. The Group uses forward exchange contracts to mitigate those risks. Forward exchange contracts are accounted for as foreign currency transactions. Gains or losses on derivative financial instruments used for hedging of foreign currency transactions are recognized as income or expense on the same basis as the corresponding hedged position.

As at 31 December 2018 and 2017, assets and liabilities of the Group which are not hedged as follows:

		Amount		Equivalent to approximately (In Million Baht)	
	Currencies	2018	2017	2018	2017
Trade accounts receivable	U.S. Dollars	2,080,594	2,623,697	66.98	85.10
Trade accounts payable	U.S. Dollars	1,209,864	678,872	39.46	22.30
	Euro	337,296	1,308	12.64	0.05
	JPY	493,200	493,200	0.15	0.14
Accrued expenses	U.S. Dollars	273,345	279,864	8.92	9.19

#### 26.3 Interest Rate Risk

The Group was exposed to interest risks because it held deposits to and loans from financial institutions. However, the Group believes that the future fluctuation on market interest rate would not provided significant effect to its operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

### 26.4 Credit Risk

The Group was exposed to credit risks mainly relating to its trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with its receivables.

### 26.5 Fair value hierarchy

As at 31 December 2018 and 2017, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

, e	-				
		In Millio	n Baht		
		Consolidated finat	ncial statements		
		As at 31 Dece	ember 2018		
	Level 1	Level 2	Level 3	Total	
Assets for which fair value are	disclosed				
Investment property - land	-	719.6	-	719.	
Land	-	1,332.6	-	1,332.	
		In Millio	n Baht		
		Consolidated financial statements			
		As at 31 Dece	ember 2017		
	Level 1	Level 2	Level 3	Total	
Assets for which fair value are	disclosed				
Investment property - land	-	719.6	-	719.	
	In Million Baht				
	Separate financial statements				
		As at 31 Dece	ember 2018		
	Level 1	Level 2	Level 3	Total	
Assets for which fair value are	disclosed				
Investment property - land	-	719.6	-	719.	
Land	-	788.1	-	788.	
	In Million Baht				
	Separate financial statements				
		As at 31 Dece	ember 2017		
	Level 1	Level 2	Level 3	Total	
Assets for which fair value are	disclosed				
Investment property - land		719.6		719.	

### 27. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2018,

#### A) Commitments

The Company entered into the operating lease agreement in respect of the lease of land and building. The term of agreements were 1 and 15 years.

As at 31 December 2018, the Company had future minimum lease payments under the operating lease agreements, as follows:

	In Million Baht
	Consolidated and
	Separate financial statements
Repayments	
Within 1 year	2.0
Over 1 to 5 years	5.8
Over 5 years	12.4

The Group has unused letter of credit amounting to approximately U.S. Dollars 3.6 million equivalent to approximately Baht 116.7 million.

The Company has commitments for software license and system consulting agreement amounting of Baht 1.5 million.

### **B)** Contingent liabilities

The Group has contingent liability in relation to letter of guarantees issued by the financial institutions in favor of the government and private company are as follows :

	Company	Subsidiary	Total
Letters of guarantees (In Million Baht)	19.47	28.00	47.47

# 28. CAPITAL MANAGEMENT

The primary objective of the Group capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2018, debt to equity ratio in the consolidated financial statements is 0.99: 1 (Separate financial statements: 0.58: 1).

### **29. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's Board of Directors on 28 February 2019.

# บริษัท โรงงานผ้าไทย จำกัด (มหาชน)

385 ซอยบางเมฆขาว ถนนสุขุมวิท ตำบลท้ายบ้าน อำเภอเมืองสมุทรปราการ จังหวัดสมุทรปราการ 10280 โทรศัพท์ 0 2703 8484 โทรสาร 0 2387 0984, 0 2387 1983 เว็บไซต์ www.tti.co.th อีเมล์ thaitex@tti.co.th

### THAI TEXTILE INDUSTRY PUBLIC COMPANY LIMITED

385 Soi Bang Make Khao, Sukhumvit Road, Taiban, Muang Samutprakarn Samutprakarn 10280 TEL +66 (0) 2703 8484 FAX +66 (0) 2387 0984, +66 (0) 2387 1983 Website: www.tti.co.th E–MAIL: thaitex@tti.co.th