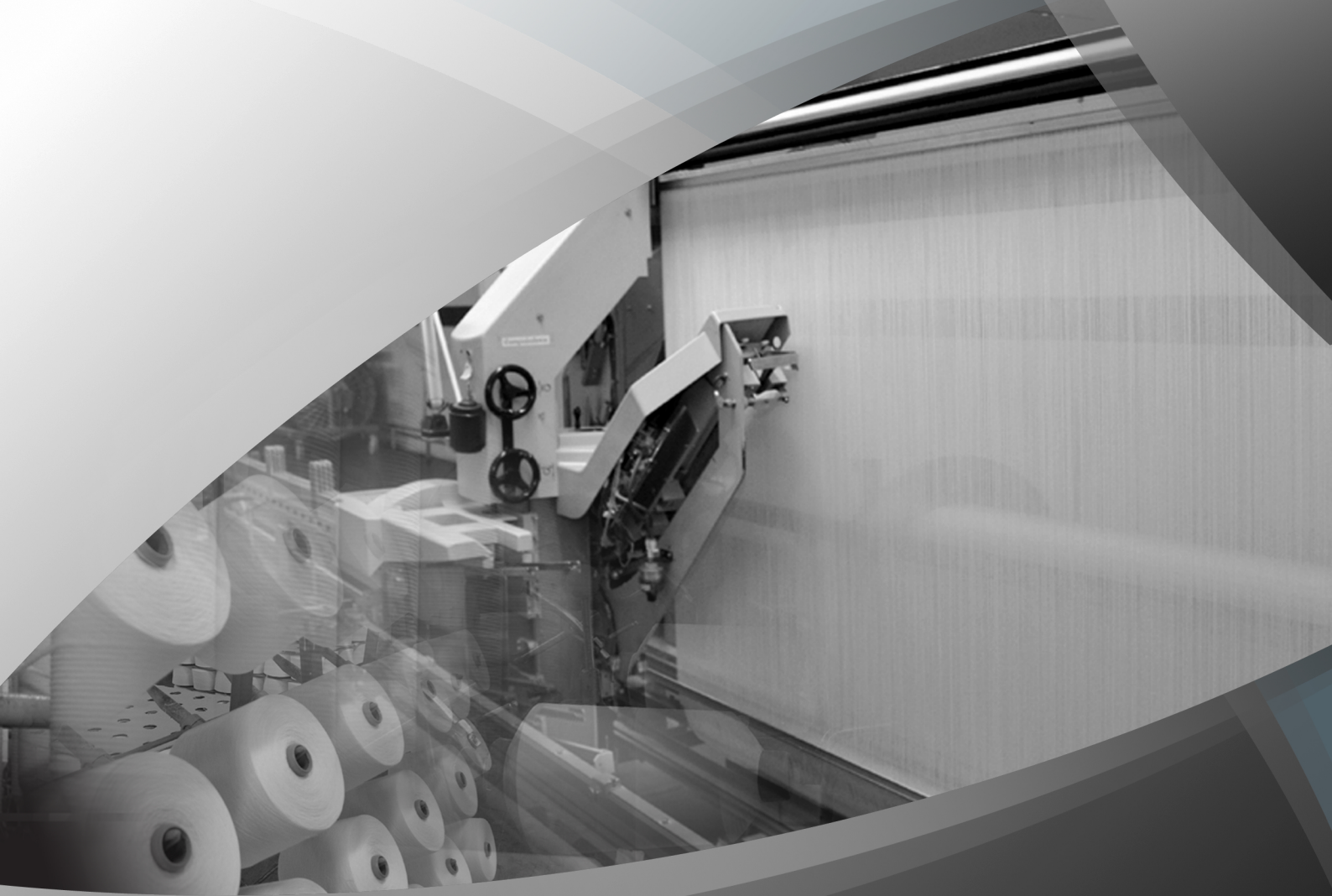




# Annual Report 2016



UNION TEXTILE INDUSTRIES PUBLIC CO.,LTD.

● Integrity ● Quality ● Service

# Contents

Page

Highlights of Financial Information.....	1
Board of Directors Report.....	2
Board of Directors.....	3
General Information of the Company.....	7
Policy and Business Operation Overview.....	8
Nature of Business Operation.....	10
Risk Factors.....	13
Shareholders .....	14
Structure of Management.....	17
Corporate Governance.....	22
Corporate Social Responsibility.....	33
Internal Control and Risk Management .....	40
Connected Transactions.....	43
Management Discussion and Analysis.....	44
Audit Committee Report.....	50
Board of Directors' Responsibilities Report for the Financial Statements.....	51
Independent Auditor's Report.....	52
Index of Form 56-2.....	84



## Highlights of Financial Information

As at 31 December 2016

(Unit: Thousand Baht)

### Financial Statement

	2016	2015	2014
Total assets	992,402	937,204	936,884
Total liabilities	137,120	122,773	144,319
Total shareholders' equity	855,282	814,431	792,565
Total revenues	791,938	776,014	983,888
Total expenses	761,527	750,041	1,009,388
Share of profit (loss) from investments in associated companies	3,687	4,309	5,344
Finance costs	(605)	(590)	(1,771)
Profit (loss) before corporate income tax	33,493	29,692	(21,927)
Corporate income tax	2,728	(671)	(51)
Net Profit (Loss)	36,221	29,021	(21,978)

### Financial Ratio

	2016	2015	2014
Earnings (Loss) per share (Baht)	0.34	0.18	(0.96)
Dividends per share (Baht)	0	0	0
Total Shareholders' equity per share (Baht)	14.25	13.57	13.21
Return on sales %	4.57	3.74	(2.23)
Return on Equity (ROE) %	4.34	3.61	(2.76)
Return on Assets %	3.75	3.10	(2.21)
Debt/Equity ratio (Times)	0.16	0.15	0.18
Current Ratio (Times)	4.27	4.19	3.04



## Board of Directors Report

World economy situation slightly improved in 2016, but the economic recovery in Euro zone still slowed down due to uncertainty of economic crisis resolution, limitations of using monetary policy, and worries about UK to leave European Union causing high uncertainty on economic and politic. For Thailand economy, exports still subdued the same as economic slowed down of trade partners. Nevertheless, the company has followed up the market situations and risk factors that might affect the operating results in order to have trade measures in accordance with changed situations to mitigate risks.

The operating results of 2016, the Company has total revenue of 792 million Baht, increased 16 million Baht or 2.05%, compared the same period last year. Comprising incomes from sales and services 734 million Baht increased 0.71% and other incomes 58 million Baht increased 22.79%. The Company has total expenses 762 million Baht increased 1.53 per cent, comprising cost of sales 682 million Baht, increased 1.74% selling and administrative expenses 80 million Baht decreased 0.23%. As a result, the Company has net profit, according to the separate financial statements, amounted 32.53 million Bath. For the equity method financial statements, the Company had net profit 36.22 million Baht. The Company has total assets 992 million Baht, total liabilities 137 million Baht and the Shareholders' equity 855 million Baht. Then, the Debt to Equity ratio is 0.16 times and Liquidity ratio of 4.27 times, showing that the Company has strong financial status and sufficient financial liquidity.

Economic trends for 2017, EU economy expects to slow down and high uncertain. The fluctuation of financial market is high in accordance with the raise on US interest rates. Benefits for business environment that diminished resulting higher costs, such as labor wages, crude oil prices, and cotton prices in world market. In addition, high fluctuation of monetary value would affect the pricing and revenue. Thus, the operations in 2017, the Company must be careful and assess risk factors continuously regarding economy of foreign countries whose impact on exports and focus on elevating capability and working standards, to be high performance so as to meet changes and intense competitive.

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

**Miss Dalad Saphthavichaikul**

Chairman





## Board of Directors



**Miss Dalad Saphavichaikul**  
Chairman



**Mrs. Boonserm Vimuktanandana**  
Chairman of Audit Committee /  
Independent Director



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



**Mr. Preecha Wattanasaranont**  
Independent Director /  
Audit Committee / Nominating and  
Remuneration Committee



**Mrs. Pimporn Chotirattanakul**  
Managing Director



**Mrs. Chantorntree Darakananda**  
Director /  
Nominating and Remuneration  
Committee



**Mr. Chutindhon Darakananda**  
Director



**Capt. Supich Sankhagowit RTN**  
Assistant Managing Director



**Mrs. Saranya Darakananda**  
Director



## Board of Directors

### 1. Miss Dalad Saphthavichaikul

Chairman  
Age: 60 years

#### Education:

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

#### IOD's Training

- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FN) Class 1/2001
- Audit Committee Program (ACP) Class 10/2005
- Director Diploma Examination Class 4/2001

#### Experience:

- 1999 - 2007 Executive Director and Vice President, Saha-Union Public Company Limited.
- 1999 - 2011 Director, Saha-Union Public Company Limited.
- 1995 - May 2015 Director, Union Textile Industries Public Company Limited
- 2011 - May 2014 Director, Union Plastic Public Company Limited.
- 2012 - May 2012 Director, Union Pioneer Public Company Limited.
- 2012 - 2016 President, Saha-Union Public Company Limited.

#### Current Positions

##### Listed Companies

- 2012 - Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.
- June 2012 - Present Chairman, Union Pioneer Public Company Limited.
- May 2014 - Present Chairman, Union Plastic Public Company Limited.
- May 2015 - Present Chairman, Union Textile Industries Public Company Limited.
- 2017 - Present Vice Chairman, Saha-Union Public Company Limited.

##### Saha-Union Group Companies

- 2012 - Present Chairman, Union Nifco Co., Ltd.
- 2012 - Present Chairman, Union Garment Co., Ltd.
- 2013 - Present Chairman, Union Zojirushi Co., Ltd.
- 2013 - Present Chairman, Union Micronclean Co., Ltd.
- 2013 - Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014 - Present Chairman, Union Thai-Nichiban Co., Ltd.
- 2014 - Present President, Computer Union Co., Ltd.
- May 2014 - Present Director, The Royal Hotel Co., Ltd.
- August 2015 - Present Director, The Sukhumvit 62 Medical Limited.
- 2017 - Present Chairman, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

##### Other Companies

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

**Years of Directorship** 22 years (since 1995)

### 2. Mrs. Boonserm Vimuktanandana

Chairman of Audit Committee / Independent Director  
Age : 68 years

#### Education:

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

#### Training:

- Short-term (4 months) training of Finance & Accounting at Wharton School, University of Pennsylvania, USA.
- Director Accreditation Program (DAP) Class 100/2013
- Audit Committee Program (ACP) Class 42/2013

#### Experience:

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

#### Current Positions:

##### Listed Companies

- 2013 - Present Chairman of the Audit Committee / Independent Director, Union Textile Industries Public Company Limited.

##### Other Listed Companies

- 2013 - Present Chairman of the Audit Committee / Independent Director, Thiensurat Public Company Limited.

**Saha-Union Group Companies** - None -

##### Other Companies

- 1987 - Present Lecturer, graduate school in public and private universities.
- 1987 - Present Instructor training
- 1997 - Present Chairperson of the Executive Committee and the Training Program, Chulalongkorn University.
- 2010 - Present Subcommittee on test performance scores, Federation of Accounting Professions.

**Years of Directorship** 4 years (since 22 January 2013)

**Years of Independent Directorship** 4 years (since 22 January 2013)

### 3. Dr. Pilastpong Subsermsri

Audit Committee / Independent Director /  
Chairman of Nomination and Remuneration Committee  
Age: 66 Years

#### Education:

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

#### Training:

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

#### Experiences/ Current Positions:

- Jan 2011- Present Audit Committee / Independent Director / Chairman of the Nomination and Remuneration Committee, Union Textile Industries Public Company Limited.

**Saha-Union Group Companies** - None -

##### Other Companies

- 2000 - Present Chairman of Thai E-Communication Co., Ltd.

**Years of Directorship** 6 (since 1 January 2011)

**Years of Independent Directorship** 6 years (since 1 January 2011)



#### 4.Mr. Preecha Wattanasaranont

Audit Committee / Independent Director /  
Nominating and Remuneration Committee  
Age: 64 Years

##### Education:

- Bachelor's Degree, Science in Industrial Education (Mechanical Technology), King Mongkut's Institute of Technology, North Bangkok Campus.

##### Training:

- Director Accreditation Program (DAP) Class 7/2004
- Advanced Audit Committee Program (AACP) Class 23/2016

##### Experience:

- 1994 - 2012 Managing Director, Union Pioneer Public Company Limited.
- 2000 - April 2013 Director, Union Rubber Products Corporation Co.,Ltd.
- 2013 - April 2015 Director, Union Pioneer Public Company Limited.

##### Current Positions:

##### Listed Companies

- May 2015 - Present Independent Director, Union Textiles Industries Public Company Limited.
- January 2016 - Present Audit Committee / Nominating and Remuneration Committee, Union Textiles Industries Public Company Limited.

**Saha-Union Group Companies** - None -

**Other Companies** - None -

**Years of Directorship** 1 year 7 months (since 20 May 2015)

**Years of Independent Directorship** 1 year 7 months (since 20 May 2015)

#### 5.Mrs. Pimporn Chotirattanakul

Managing Director  
Age : 66 Years

##### Education:

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

##### Training :

- Director Accreditation Program(DAP) Class 5/2003

##### Experiences :

- 1987 - 2011 Director, Uni Fibre Co.,Ltd.
- 1994 - 2010 Director, Union Universe Co.,Ltd.
- 2004 - 2011 Director, Union Micronclean Co.,Ltd.
- 2005 - 2010 Director, Union Tex-East Co.,Ltd
- 2007 - December 2014 Managing Director, Union Garment Co.,Ltd
- January 2014 - December 2014 Director, Union Textile Industries Public Company Limited.
- November 2014 - May 2016 Director, Union Micronclean Co.,Ltd

##### Current Positions:

##### Listed Companies

- January 2015 - Present Managing Director, Union Textile Industries Public Company Limited.

##### Saha-Union Group Companies

- April 2014 - Present Director, Union Tex-East Co.,Ltd
- April 2014 - Present Director, Union Universe Co.,Ltd.
- January 2015 - Present Acting Managing Director, Union Garment Co.,Ltd.

**Other Companies** - None -

**Years of Directorship** 3 years (since 1 January 2014)

#### 6.Mrs. Chantornree Darakananda

Director / Nomination and Remuneration Committee  
Age: 53 years

##### Education:

- Doctor of Medicine, Chulalongkorn University.
- Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

##### IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

##### Experiences:

- 1994 - 2008 Deputy Managing Director, Union Industries Corp., Ltd.
- 2002 - 2008 Deputy Managing Director, Union Thread Industries Co., Ltd.
- 2002 - 2008 Director, Saha-Union Public Company Limited.
- 2002 - 2009 Director, Union Textile Industries Public Company Limited.
- 2002 - 2014 Director, Pro-Lab Co., Ltd.
- 2013 - September 2014 Director, Saha-Union Public Company Limited.
- September 2014 - 2016 Executive Vice President, Saha-Union Public Company Limited

##### Current Positions

##### Listed Companies

- June 2014 - Present Director, Union Plastic Public Company Limited.
- January 2015 - Present Director, Union Textile Industries Public Company Limited.
- May 2015 - Present Nomination and Remuneration Director, Union Textile Industries Public Company Limited.
- April 2015 - Present Director, Union Pioneer Public Company Limited.
- 2017 - Present President, Saha-Union Public Company Limited.

##### Other Listed Companies

- 1990 - Present Director, Ladphrao Hospital Public Company Limited.

##### Saha - Union Group Companies

- 2009-Present Deputy Managing Director, Venus Thread Co., Ltd.
- 2009-Present Deputy Managing Director, Union Zip Co., Ltd.
- May 2014-Present Director, The Royal Hotel Co., Ltd.
- April 2015-Present Director, Computer Union Co., Ltd.
- April 2015-Present Director, Union Zojirushi Co., Ltd.
- April 2015-Present Director, Union Nifco Co., Ltd.
- April 2015-Present Director, Union Rubber Products Corp.,Ltd.
- April 2015-Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2015-Present Director, Union Stainless Steel Products Co., Ltd.
- August 2015-Present Director, The Sukhumvit 62 Medical Limited.
- Present Director, Other Companies in Saha-Union Group

##### Other Companies

- 2012 - Present Director, Union Sime Darby (Thailand) Co., Ltd.

**Years of directorship** 2 years (since 1 January 2015)



## 7. Mr. Chutindhon Darakananda

Director  
Age: 57 years

### Education:

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

### IOD's Training

- Director Accreditation Program (DAP) Class 17/2004

### Experiences:

- December 1990-2006 Director, Saha-Union Public Company Limited.
- 1993-2007 Director, Union Textile Industries Public Company Limited.
- 1993-2007 Director, Union Pioneer Public Company Limited.
- 2001-March 2009 Director, Union Energy (China) Co., Ltd.
- 2007-2012 Vice Chairman (Investments in China), Saha-Union Public Company Limited.

### Current Positions

#### Listed Companies

- January 2011-Present Nomination and Remuneration Committee, Saha-Union Public Company Limited.
- 2013-Present Vice Chairman, Saha-Union Public Company Limited.
- February 2013 - Present Director, Union Textile Industries Public Company Limited.

#### Saha-Union Group Companies

- 1992-Present Vice Chairman, Union Spinning Mills Co., Ltd.
- 1992-Present Vice Chairman, Venus Thread Co., Ltd.
- 1997-Present Vice Chairman, Saha Union Holding Co., Ltd.
- 1997-Present Vice Chairman/Managing Director, Union Business Management Co., Ltd.
- 2002-Present Vice Chairman/Managing Director, Union Thread Industries Co., Ltd.
- 2002-Present Vice Chairman/Managing Director, Union Industries Corp., Ltd.
- 2013-Present Director, Union Garment Co., Ltd.
- 2013-Present Director, Union Micronclean Co., Ltd.
- May 2014-Present Director, The Royal Hotel Co., Ltd.
- November 2015-Present Director, Union Zojirushi Co., Ltd.
- Present Chairman, Vice Chairman and Director, Other Companies in Saha-Union Group

**Other Companies** - None -

**Years of directorship** 3 years 11 months (since 19 February 2013)

## 8. Capt. Supich Sankhagowit, RTN

Assistant Managing Director  
Age : 67 years

### Education:

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

### Training:

- Director Accreditation Program (DAP) Class 63/2007

### Experience:

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

### Current Positions:

#### Listed Companies

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

## 9. Mrs. Saranya Darakananda

Director  
Age : 41 Years

### Education:

- Master Degree, M.Sc. International Relations, LSE, University of London
- Bachelor Degree in Political Science, Major International Relations Thammasat University

### Training:

- Director Accreditation Program(DAP) Class 126/2016

### Experiences:

- September 2001-June 2004 Second Secretary, Ministry of Foreign Affairs, Thailand.
- July 2004-June 2006 Consul, Royal Thai Consulate-General, Ho Chi Minh City, Vietnam.

### Current Positions

#### Listed Companies

- January 2016-Present Director, Union Textile Industries Public Company Limited.

**Saha-Union Group Companies** - None -

#### Other Companies

- July 2006 - Present Export Director, Bangkok Cycle Industrial Co., Ltd.

**Years of Directorship** 1 year (since January 2016)

## Company Secretary



### Mrs. Chadaporn Jeamsakultip

Age: 54 years • **Years of secretary position** 8 years

### Education:

- Bachelor's Degree in Business Administration (Management), Sukhothai Thammathirat Open University
- Certificate in Business Administration (Accounting), Vocational College, Bangkok Technical Campus, (Current Named Rajamangala University of Technology Krungthep (RMUTK)), Bangkok

### Training

- Company Secretary Program (CSP) Class 27/2008, Thai Institute of Directors (IOD).
- Effective Minute Taking (EMT) Class 11/2008, Thai Institute of Directors (IOD).
- Fundamental Practice for Corporate Secretary (FPCS 28), Thai Listed Companies Association.
- Smart Disclosure Program (SDP), The Stock Exchange of Thailand
- CSR for Corporate Sustainability (Preliminary Course) (P01) / CSR Reporting / Sustainability Risk and Materiality Analysis (S04) CSR Evaluation and Data Management (S05) / Sustainability Reporting (S06) / SR Center and Sustainable Business Development Institute, The Stock Exchange of Thailand.
- Customs Professional Program, The Customs Department.

### Experiences:

- July 2008 - 2013 Assistant to the Company Secretary, Saha-Union Public Company Limited.

### Current Positions:

- January 2009 - Present Company Secretary, Union Textiles Industries Plc. • January 2014 - Present Company Secretary, Saha-Union Plc.
- January 2016 - Present Company Secretary, Union Plastic Plc. • January 2016 - Present Company Secretary, Union Pioneer Plc.



## General Information of the Company

### Union Textile Industries Public Company Limited

Type of Business Operations: Textile Industry Company's PCL Registration Number: No. 0107537000980 Authorized

Capital: 600 million Baht. Paid-up capital: 600 million Baht

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

Location : Head Office :	Other references : Registra
No.1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260 Tel.: 0-2311-5111-9 Fax.: 0-2323-3123 Website: <a href="http://www.ut.co.th">http://www.ut.co.th</a>	Thailand Securitier Depository Co., Ltd. 93 Fl. 14, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel : 0-2009-9000 Fax : 0-2009-9992
Branch 1 :	Auditor :
No.205 Moo 4 Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn, Samut Prakarn 10280 Tel.: 0-2323-1085-87 Fax.: 0-2323-9216	Mrs. Poonnard Paocharoen CPA No. 5238 or Mr. Khitsada Lerdwana, CPA No.4958 or Mr.Termphong Opanaphan, CPA No. 4501 or Miss Vissuta Jariyathanakorn, CPA No.3853. EY Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel : 0-2264-0777 Fax: 0-2264-0789 - 90

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

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

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

### Other significant information that might affect decision of investor

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





## Policy and Business Operation Overview

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

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

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

### UT Vision, Mission, Objectives and Strategies

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

#### Vision:

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

#### Mission:

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

#### Objectives

- Normal financial status and liquidity.
- Effective asset management.

#### Strategies

- Keep current business operation with competitive capability.
- Increase revenue from existing resources.



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### **Significant Changes and Development**

In 2016, there was not any change concerning controlling power and nature of business operations.

Over the past 3 years, the Company had no significant changes neither capital structure, management nor business operations. the Company procured machines, accessories for production amounted to 18 million Baht in order to upgrade or replaced obsolete machines and equipment in order to maintain the quality standard of the product, reduce costs and the cost per unit, as well as improve the working environment.

### **Shareholding structure of group of company**

The Company is a company in Saha-Union group of companies. Details of juristic persons that the Company hold at least 10% of theirs shares are shown under item "Shareholders".

### **Relationship with business group of majority shareholders**

The majority shareholder is Saha-Union group of companies including Saha-Union Plc., holding 49.88 % of shares, Union Business Management Co.,Ltd., holding 17.10 % of shares and Union Thread Industries Co.,Ltd., holding 6.11% of share.



## Nature of Business Operation

The Company operates as greige fabrics manufacturer through production process of yarn spinning and fabric weaving. The main products made from either pure cotton or cotton blended with polyester or other synthetic fiber. The Company may has its incomes from works in process products, in case of having the available capacity such as production and sales yarns.

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

### Income structure

Product Line / Business Group	Operated by	% of Share holding of the Company	Income (Million Baht)					
			2016	%	2015	%	2014	%
Company :								
Manufacturer and distributor of weaving fabrics, yarn and services	Union Textile Industries PLC.		733.97	92.25	728.80	93.40	925.37	93.54
Associates :								
Investment / Agency and Service business / Distribution of textile products and other materials	Uni Fibre Co., Ltd.	20.83	3.69	0.46	4.31	0.55	5.34	0.54
Manufacturer of dying and finishing Fabrics	TenGate-Union Protective Fabrics Asia Co., Ltd	49.35	-	-	-	-	-	-
Other incomes	Union Textile Industries PLC		57.97	7.29	47.21	6.05	58.52	5.92
Total:			795.63	100.00	780.32	100.00	989.23	100.00

The operating results in 2016, the Company had incomes from sales and service amounted to 734 million Baht, increased 5 million Baht or 1%: export sales amounted 618 million Baht, increased 9% and local sales amounted 116 million Baht, decreased 28%.

The Company has recognized its share of profit from investments in Uni-Fibre Co., Ltd. amounted 3.69 million Baht and pause to recognize share of profit (loss) from TCUA since the Company set aside the allowance for impairment of its investment in TCUA completely in the year 2012. The TCUA filed for deregistration on 22 March 2013.

The Company had other incomes such as sold of waste, rent and dividend from other long-term investments amounting 57.97 million Baht, increased 10.76 million Baht.

### Types of Products and Services.

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

The Company does not have to rely on any supplier, customer or distributor that is an important role for the business operation of the Company.



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## Marketing and Competition

### Highlights of marketing of products and services.

In 2016, the Company, having marketing policy, focused on quality of products based on requirement of customer, on time delivery under fair prices and acceptable.

- Types of customers are companies and manufacturing factories that use the Company's products as raw materials for their productions. The Company has good relationship with customers.
- Target groups of customers are companies and manufacturing factories, both local and overseas that have their well-known brands or trademark.
- Distribution and Channels of Distribution: The Company is directly distributing its products to customers, both local and overseas. In 2016, the proportion of sales value is 16% local and 84% export.
- The Company has 9 major customers in both local and overseas. Oversea customers are from Japan, England and Italy.
- In 2016, the Company earned from two customers that exceed 30% of total income, but the Company does not have to rely on any customer that affect the survival of the Company.

### Competition:

- Competition within the industry in 2016, focusing on price as first priority.
- Trends of industry situation and competitive conditions in 2017, local market would be positive because of domestic economy recovery, soaring of black clothes demand since the end of 2016, and promoting entrepreneurs to develop their products using domestic raw material. About exports trends, expecting that there might be slightly growth due to economic situation of the trade partners still slowdown and risk from upstream textile investment of China and Taiwan in Vietnam that might affect textile demand such as yarns and fabrics from Thailand lessen. In addition, there are various factors that still be monitored continuously in 2017: US trade policy under new president; Brexit impact; uncertainty of economic recovery of Europe, Japan and China; fluctuation of money market and capital markets affected from differences monetary policies of world economic countries, including trends of interest rates rise.
- The Company has 15 local and overseas competitors.
- The production capacity of the Company is medium size compared to most competitors, having a production capacity about 1.5 to 1.7 million meters per month.
- The Company's status and competitiveness are trusted by customers in terms of quality and delivery of products.
- The competitive condition in the future; sales prices is still major factor for customers to place orders, although the company has advantage on quality and on time delivery, but disadvantage from competitors that have lower labor wages and being raw material producer, i.e. cotton. Therefore, to have capability doing business continuously, the Company commits to adapt according to economic situations and competitions, by doing the followings;
  - Cost management: raw material, cost of product, and selling and administrative expenses
  - Personnel capacity development.
  - Productivity development: quality and efficiency.
  - Production planning and control: on time delivery and shorten lead time.
  - Promoting good relationship with customers, and continuous.



### Marketing Strategies

- Retain existing customers and increase sales volume.
- Provide customer service priority;
  - Quality and timely delivery.
  - Quotation: immediate and reasonable.
- Elevate sales and marketing capabilities.
- Acquiring new customers: selling features, advantages, and benefits of a product.

### Providing products or Service

The Company has 2 factories, consisted spinning mill and weaving mill, and located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn District, Samut Prakarn Province 10280. The production capacity and actual production of 2016 compared to those of 2015 and 2014 are as follows;

		2016	2015	2014
1. Spinning				
● Production Capacity	(1,000 pounds)	14,400	15,600	15,600
● Actual Production	(1,000 pounds)	12,948	13,033	13,300
2. Weaving				
● Production Capacity	(1,000 meters)	20,400	23,400	23,400
● Actual Production	(1,000 meters)	15,631	15,635	17,158

### Production Policy

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

### Raw Material Procurement

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

- The Company does not have to rely on any supplier that is an important role for the survival of the Company.
- Limitations of raw materials procurement;
  - Procurement of cotton, an agricultural product, accommodated the weather which is seasonal fluctuations in each year, must be imported from abroad, including the price on the world market and the exchange rate.
  - Synthetic fibers: there fewer supplier, required products' specification of each supplier is different, and also prices will vary according specification and market demands.

In 2016, the Company purchased raw materials from 6 suppliers. The proportion purchase value of raw material were 42 percent domestic and 58 percent import.

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

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

### Jobs that have not yet been delivered.

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





## Risk Factors

- **Risks from Raw Materials**

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

- **Risk from Exchange Rates**

In 2016, the Company has exported its products with the total value thereof equal to 84% of the gross sales; whereby, the Company's products were sold in US dollars and Euro; therefore, the fluctuation of exchange rates could affect its operating results; however, the Company has closely followed up the movement of exchange rates and had its measures to execute currency futures sale agreements covering the value of products as per the purchase orders of customers in each period of time, including the matching of incomes and expenses in US dollars, which helped reduce the risks in terms of import of raw materials and export of products.

- **Risk Accumulated Losses of the Company Risk**

As of 31 December 2016, the Company had its cumulated losses of 99 million Baht, as per the Separate Financial Statements because the Company recognized its loss from impairment of investments in TCUA. Such accumulated losses made the Company unable to pay dividends to its shareholders as per the Dividend Payment Policy as prescribed. Therefore, shareholders had potential risks of not receiving dividends in the near future because the Company had its main incomes from textile sale and services which still slowed down and had considerably high competitions in terms of pricing; and since this business had low rates of profits, therefore, it might affect the Company's profitability in the future.

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

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

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



## Shareholders

### Company's Securities

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

The conditions of preferred share are as follows;

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

### Shareholders

List of 10 major shareholders of the Company, as of the last closing date of shareholders' registration book on 29 March 2016.

Rank	Major Shareholders	No. of Ordinary Shares	No. of Preferred Shares	Total	% of Total Shares
1.	Saha-Union Group of companies				
	1.1 Saha-Union Public Company Limited.	15,580,540	14,348,660	29,929,200	49.88
	1.2 Union Business Management Company Limited.	10,260,200		10,260,200	17.10
	1.3 Union Tread Industries Company Limited.	3,668,280		3,668,280	6.11
2	Bangkok Bank Public Company Limited	3,497,400	400,000	3,897,400	6.50
3	Mr.Surachai Ratithong	1,640,000		1,640,000	2.73
4	Mr.Pisith Preukpaiboon	1,021,900		1,021,900	1.70
5	Bangkok Insurance Public Company Limited.	672,900	233,000	905,900	1.51
6	BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH	478,000		478,000	0.80
8	Mrs.Sukhumol Sirimongkolkasem	453,600		453,600	0.76
7	Mr.Charn Sophonpanich	452,600		452,600	0.75
9	Mr.Chutindhorn Darakananda	380,500		380,500	0.63
10	Mr. Bunyong Apiruklaoskul	362,800		362,800	0.60
	Total	38,468,720	14,981,660	53,450,380	89.08

There is no agreement between major shareholders on matters that affect the issuing and offering of securities or the Company management.



## Issuance of other securities

The company has not issued debt securities.

## Dividend Payment Policy

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

Details of dividend payment during 2011 - 2015

Year	2015	2014	2013	2012	2011
Dividend payment (Million Baht)	0.00	0.00	0.00	0.00	12.00
Net profit (loss) (Million Baht)	24.71	(27.32)	11.57	(276.95)	14.70
Dividend per net profit (Per cent)	0.00	0.00	0.00	0.00	81.62

According to the operating results of 2016, the Board of Directors' meeting no. 3/2017 held on 14 March 2017 had passed a resolution to propose the Annual General Meeting of Shareholders no. 24 under Approving the appropriateness of profit allocation agenda to cessation of dividend payment to common shareholders for the year 2016 due to the Company still had accumulated loss of 98,710,526 Baht, according to the Separate Financial Statement as of 31 December 2016. According to the Company's article of Association, the dividend which the preferred shareholders are entitled to receive at the rate 14% annually, will be accumulated up to seven years.

## Director's shareholding

Director Name	2016		2015		increased (decreased)
	Shareholding	%	Shareholding	%	
1. Miss Dalad Saphavichaikul	45,000	0.075	45,000	0.075	-
2. Mrs. Boonserm Vimuktanandana	None		None		-
3. Mr. Pilastpong Subsermsri	None		None		-
4. Mrs. Pimporn Chotirattanakul	None		None		-
5. Mr. Chutindhon Darakananda	380,500	0.634	380,500	0.634	-
6. Mrs. Chantorntree Darakananda <sup>(1)</sup>	215,200	0.359	215,200	0.359	-
7. Mr. Preecha Wattanasaranont	None		None		-
8. Capt. Supich Sankhagowit RTN	None		None		-
9. Mrs. Saranya Darakananda <sup>(2)</sup>	None				

### Remarks:

(1) included connected persons

(2) 2016 is first year directorship of Mrs. Saranya Darakananda.

- Integrity
- Quality
- Service

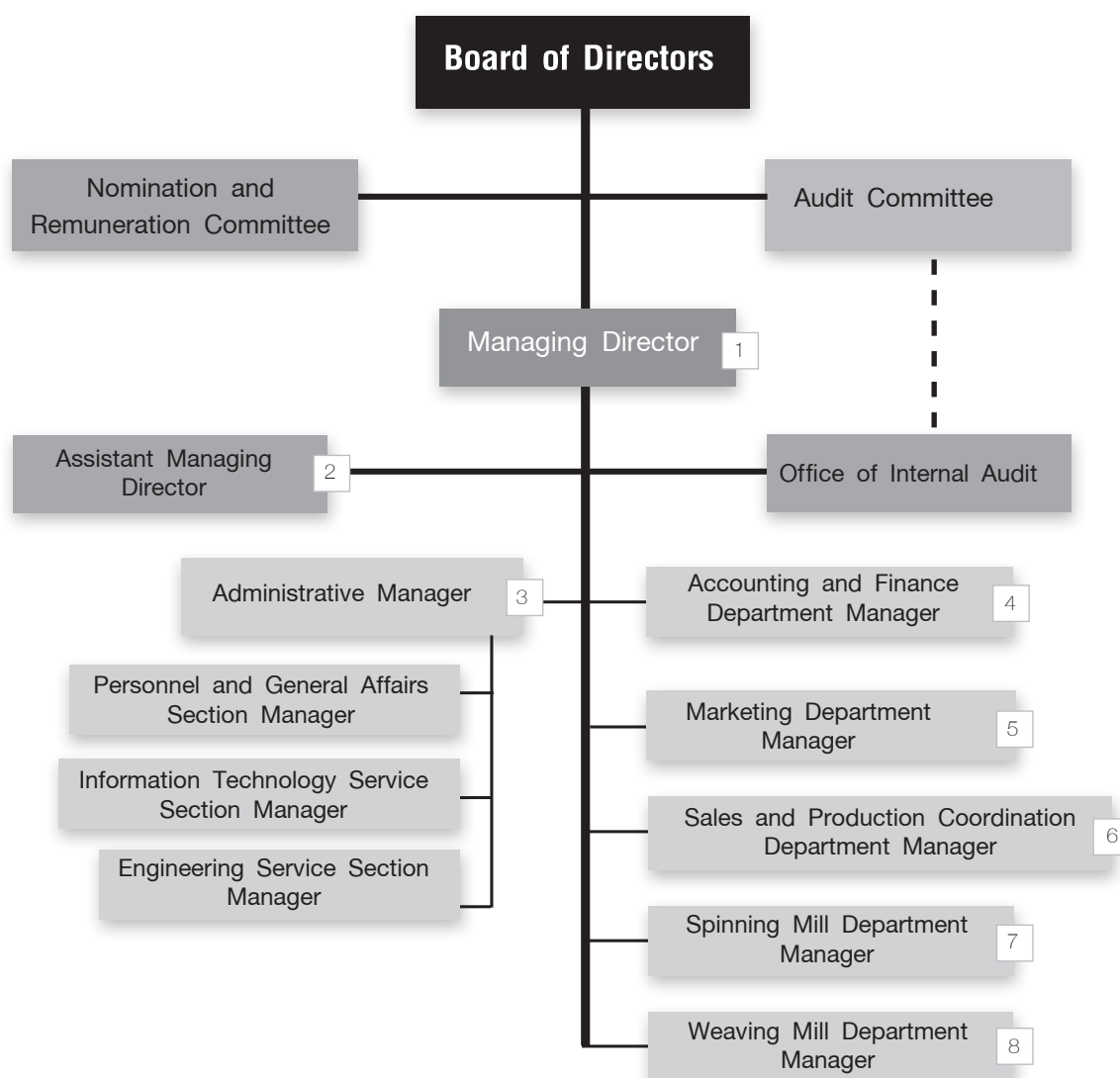




## Structure of Management

### Company Organization chart

As of 31 December 2016



① – ⑧ is executives as defined by SET

#### Board of Directors

In AGM No.23 convened on 19 April 2016, the Meeting has its resolution to establish the Board of Directors, totaling 9 persons.

At present, the Board of Directors comprises:

- Non-executive directors 4 persons
- Executive directors 2 persons
- Independent directors 3 persons (one-third of the total number of the Board)

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





#### Member of the Board of Directors and Controlling person for the year 2016

Director Name		Position
1. Miss Dalad	Sapthavichaikul	Chairman
2. Mrs. Boonserm	Vimuktanandana	Independent director / Chairman of Audit Committee
3. Mr. Pilastpong	Subsermsri	Independent director / Audit Committee and Chairman of Nomination and Remuneration Committee
4. Mr. Preecha	Wattanasaranont	Independent director / Audit Committee and Nomination and Remuneration Committee
5. Mrs. Pimporn	Chotirattanakul	Managing Director
6. Mr. Chutindhon	Darakananda	Director and Nomination and Remuneration Committee
7. Mrs. Chantorntree	Darakananda	Director
8. Capt. Supich	Sankhagowit RTN	Assistant Managing Director
9. Mrs, Saranya	Darakananda	Director

#### Executives

Member of executive, defined by SET, as of 31 December 2016

Name		Position
1. Mrs. Pimporn	Chotirattanakul	Managing Director
2. Capt. Supich	Sankhagowit RTN	Assistant Managing Director Acting Administrative Manager
3. Miss Prayoon	Sripraram	Accounting and Finance Department Manager.
4. Mr. Weeratham	Pochinya	Marketing Department Manager.
5. Miss. Napaporn	Kreinggaivanich	Sales and Production Coordination Department Manager
6. Mr. Suvich	Normsoongneon	Spinning Mill Department Manager.
7. Mr. Somchai	Loaruengtakul	Weaving Mill Department Manager

#### Scopes of authorities and duties of Executives

##### Managing Director

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



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## Company Secretary

The Board of Directors had a solution to appoint Mrs. Chadaporn Jiemsakultip being the Company Secretary since 1 July 2008 to perform her duties under Section 89/15, 89/16, 89/17 and 89/23 of the Securities and Exchange Act (No.4) B.E. 2551.

In addition, the secretary is responsible for;

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

## Benefits and Remuneration of the Board of Directors and the Management

### (1) Monetary Remunerations

#### Directors' remuneration

Resolution of the Shareholders 's Annual General Meeting No 23 on 19 April 2016 approved the remuneration of directors for the year 2016 in the amount not exceeding 1,500,000 Baht per year, (the same as 2015) and assigned the committee to allocate the appropriate amount of remuneration payment. Meeting allowances for each member of the Board of Directors, regarding the number of meetings, as follows:



#### (1) Board of Directors

Name		Position	Meeting allowances (Baht)	
			2016	2015
1. Miss Dalad	Sapthavichaikul	Chairman	96,000	96,000
2. Mrs. Boonserm	Vimuktanandana	Independent director	96,000	96,000
3. Mr. Pilastpong	Subsermsri	Independent director	96,000	96,000
4. Mr. Preecha	Wattanasaranont <sup>(1)</sup>	Independent director	96,000	56,000
5. Mrs. Pimporn	Chotirattanakul	Managing Director	96,000	96,000
6. Mrs. Chantorntree	Darakananda	Director	96,000	96,000
7. Mr. Chutindhon	Darakananda	Director	96,000	96,000
8. Capt. Supich	Sankhagowit RTN	Director	96,000	96,000
9. Mrs. Saranya	Darakananda <sup>(2)</sup>	Director	96,000	
		Total	864,000	864,000 <sup>(3)</sup>

#### Remark

- (1) Mr. Preecha Wattanasaranont became independent director on 20 May 2015  
 (2) First year as Director.  
 (3) Included meeting allowance of Miss Sriwarin Jirapakkana and Mrs. Suthinee Khunwongsa amounted 40,000 and 96,000 Baht, respectively

#### (2) Audit Committee

Name		Position	Meeting allowances (Baht)	
			2016	2015
1. Mrs. Boonserm	Vimuktanandana	Chairman of Audit Committee	132,000	132,000
2. Mr. Pilastpong	Subsermsri	Audit Committee	120,000	120,000
3. Mr. Preecha	Wattanasaranont <sup>(4)</sup>	Audit Committee	120,000	
		Total	372,000	372,000 <sup>(5)</sup>

#### Remark

- (4) First year as Audit Committee.  
 (5) Included meeting allowance of Mrs. Suthinee Khunwongsa amounted 120,000 Baht respectively.

#### (3) Nomination and Remuneration Committee

Name		Position	Meeting allowances (Baht)	
			2016	2015
1. Mr. Pilastpong	Subsermsri	Chairman of Nomination and Remuneration Committee	6,000	18,000
2. Mr. Preecha	Wattanasaranont <sup>(6)</sup>	Nomination and Remuneration Committee	6,000	
3. Mrs. Chantorntree	Darakananda	Nomination and Remuneration Committee	6,000	6,000
		Total	18,000	54,000 <sup>(7)</sup>

#### Remark

- (6) First year as Nomination and Remuneration Committee.  
 (7) Included meeting allowance of Miss Sriwarin Jirapakkana and Mrs. Suthinee Khunwongsa amounted 12,000 and 18,000 Baht, respectively.

#### Executives' remuneration

Total remunerations of Managing Director and managers are under the Company wages and salary structure that would be revised as required and according to the principle and policy directed by the Board of Directors. The remuneration level would be based on the Company's operating results and the performance and results of each manager. In 2016, the Company paid 8.99 million Baht in terms of salaries and bonuses for 7 members of the management.



## (2) Other Remuneration

### Directors' other remuneration

None

### Other Executives' remuneration

- Provident fund

The Company's provident fund has been set up for executives and employees, which the Company contributed at the rate 3% of each member's salary. For the 4 executives, the Company paid to the fund in total amounted 93,480 Baht.

### **Personnel**

1. As of 31 December 2016, the Company had 665 employees, decreased by 23 persons from the year 2015.
2. The number of employees in each department

● Spinning and Weaving mill, totaling	589	persons
● Finance and Accounting, totaling	11	persons
● General Affairs, totaling	59	persons
● Sales and Marketing, totaling	6	persons

3. Total remunerations of employees:

	(Unit: million Baht)		
	2016	2015	2014
● Salary and labor cost	110.16	112.41	119.47
● Bonuses	12.60	13.23	14.14
● Social Securities	3.87	4.05	4.28
● Provident fund contribution	2.52	2.66	2.94
<b>Total</b>	<b>129.15</b>	<b>132.35</b>	<b>140.83</b>

4. There has been no significant labor dispute over the past 3 years.
5. Employee development policy

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



## Corporate Governance

### 1. Corporate Governance Policy

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

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

### 2. Committee

The structure of the Board comprises 3 committees: Board of Directors, Audit Committee, and Remuneration and Nominating Committee.

#### The Board of Directors

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

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





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

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

#### The Audit Committee

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

- Members of the Audit Committee

	Nam	Position
1.	Mrs. Boonserm Vimuktanandana	Chairman
2.	Mr. Pilastpong Subsermsri	Member
3.	Mr. Preecha Wattanasaranont	Member

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



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

In 2016, the Independent / audit directors had no related business transaction or provided any service on professional activity to the Company.

#### The Nomination and Remuneration Committee

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

- Members of the Nomination and Remuneration Committee

	Name		Position
1.	Mr. Pilastpong	Subsermsri	Chairman
2.	Mr. Preecha	Wattanasaranont	Member
3.	Mrs. Chantrontree	Darakananda	Member

- Details of education and experience are shown on page 4-5
- Scope of authorities and responsibilities
  - (1) Determine guidelines for nomination of directors.
  - (2) Select and nominate the qualified individuals to be approved by the Board of Directors.
  - (3) Consider the procedures of determination of remuneration for directors.
  - (4) Determine the amount of remunerations of directors to be proposed to the meeting of the Board of Directors for approval.



### 3. Nomination of Directors and Managing Director :

Nomination of independent director

#### Criteria for selection of independent director

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



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- (g) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.
  - (h) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.
  - (i) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.
- (2) After the appointment to be independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to make decision on the business operation of the Company, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision.
  - (3) Having experience and understanding in connection with the Company's businesses.
  - (4) Having visions and sufficient time for performance of duties.

#### **Nomination of Director**

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

1. Having the qualifications according to the Public Limited Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
2. Being of knowledgeable, capable, independent, dedicated with suitable age and ability to perform director's duties with care and loyalty. Reputable business persons of integrity and superb professional references may also qualify as nominees.
3. Having the skill of industry knowledge, accounting & finance, business judgment, management skill, business strategy, corporate governance and legal.

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

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

#### **Nomination of Managing Director**

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



#### 4. Supervising the business operations of subsidiary and associated company

The Company invested in 2 associated companies, which is

- Uni-Fibre Co.,Ltd., business investment, agency and service business, distribution of textile products and other materials, in the proportion of 20.83% of total shares.
- TenCate-Union Protective Fabrics Asia Ltd. (TCUA)\*, manufacturing and distribution of dyeing and finishing fabrics, in the proportion of 49.35% of total shares. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.
- Business operations policy of the Company and associated company.

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

#### 5. Use of Inside Information

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

For securities trading, the Company has defied the directors and managements to avoid securities trading of the Company within 7 days before the disclosure of the annual or quarterly financial report and within 24 hours after the disclosure of that information.

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

In the year 2016, not found such violation and no cases of the Company's directors/executives have traded securities by using of the inside information.

#### 6. Auditor Remuneration.

##### (1) Audit Fee.

The Company's auditor of 2016 is Mrs. Ponnard Paocharoen or Mr. Khitsada Lerdwana or Mr.Termphong Opanaphan or Miss Vissuta Jariyathanakorn of EY Office Limited; the fees for review annual financial statements, including 3-quarter interim, were 1,020,000\* Baht.

##### Remark;

\*Auditor fee increased 100,000 Baht from the resolution of the AGM No. 23 because of the auditor has to review the annual report as defined by Thai Standard on Auditing, "THE AUDITOR'S RESPONSIBILITY IN RELATION TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS".

##### (2) Non-audit Fee;

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



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

In 2016, the Company has complied with the Principle of Corporate Governance for the Listed Companies for the Year 2012, except for the matters disclosed above, as follows:

### Shareholders' Rights and Equitable Treatment

1. The Company has given its shareholders an opportunity to study the criteria and methods relating to the submission of matters or question about the Company in advance to be included as an agenda of the Annual General Meeting of Shareholders No. 23. This guideline was disseminated on the Company website <http://www.ut.co.th> from 1 October 2015 until 31 December 2015. Finally, there was no matter submitted.
2. The Company disclosed the invitation for attending the Annual General Meeting of Shareholders No.23, including supporting documents, both in Thai and English, on the Company website since 29 March 2016 and sent, through Thailand Securities Depository Co., Ltd., to all shareholders appeared in the Register of Shareholders as of the closing date of the Register of Shareholders in advance on 29 March 2016, before the shareholders' meeting dated 19 April 2016. The enclosed supporting documents were as follows;
  - 1) Copy of Minutes of the Annual General Meeting of Shareholders No.22 dated 21 April 2015.
  - 2) CD of the Annual Report, Balance Sheets and Profit and Loss Accounts or Financial Statements for the Year Ended on 31 December 2015.
  - 3) Profiles of Persons Nominated for Director <sup>(1)</sup>
  - 4) Definitions of "Independent Directors" for Persons Appointed as Independent Directors.
  - 5) Criteria and Method of Nomination of Directors.
  - 6) The Company's Regulations Relating to Shareholders' Meetings.
  - 7) Proxy Form <sup>(2)</sup>
  - 8) Map of the Meeting Venue <sup>(3)</sup>

### Remarks

- (1) Specified with name-surname, educations, working experiences/list of past directorship, type of directors to be nominated. In case of re-election of director retired in accordance with the Company's Regulations, information about number of board of directors' meetings in the past year, number of terms/years in office of the Company's directorship will be provided.
  - (2) To facilitate a shareholder who is unable to attend the Meeting, he/she may authorize an independent director or any person, regardless of being an executive or a director of the Company, to attend the Meeting on his/her behalf; whereby, the voting rights as per the Meeting agenda shall be in accordance with the intention of the shareholder; moreover, the shareholder may download a Proxy Form on the Company website: [www.ut.co.th](http://www.ut.co.th).
  - (3) For shareholders, including institutional investors, convenient to come and attend the Meeting.
3. In the Invitation for the 23rd Annual General Meeting of Shareholders:
    - (1) Inform Objective and reason of each session to the Meeting shall be specified by referring to the related criteria, rules, regulations or the Public Limited Companies Act.
    - (2) Opinions of the Board of Directors in each session of the Meeting shall be clearly given.
    - (3) In the Consideration and Approval of Allocation of Profits agenda, the Company has clarified its policy and details of dividend payment during 2013-2014 for the shareholders' consideration and approval of cancellation of dividend payments of 2015 and rights of the preferred shareholders' in accordance with the Company's Regulation.
    - (4) In the Consideration and Appointment of the Auditor of 2016 agenda and Determination of Remuneration agenda, it was clearly specified with details relating to names-surnames of all auditors, the audit office, experiences, abilities of the auditors, including issues relating to independence of the auditors and the audit fees.





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- (5) It was remarked relating to documents/evidences for registration of meeting attendances of shareholders who attended the Meeting in person or by proxies.
4. In the Annual General Meeting of Shareholders No.23 Dated Tuesday, 19 April 2016:
- 1) The Meeting was convened at the Meeting Room, 9th Floor, Saha-Union Head Office Building, No.1828 Sukhumvit Road, Bangchak Sub-district, Phra Khanong District, Bangkok.
  - 2) All 9 directors consisting of the Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and the Board of Directors, attended the Meeting. Also, the auditor, Finance and Accounting Manager and Company Secretary attended the meeting to discussed and answered shareholders' questions about the Company.
  - 3) The Chairman of the Meeting clarified the voting rights in which the Company's Regulations prescribed that all shareholders shall be entitled to cast their votes in each agenda, i.e. one share per one vote, and shareholders will have the opportunity to ask questions or make comments in each agenda.
  - 4) In the Consideration and Election of Directors agenda, as per the Company's Regulations prescribed that at each of the annual general meetings of shareholders, one-third of the total number of directors shall be released from office by rotation. The Chairman of the Meeting gave shareholders the opportunity to determine a method of directors' election either voting individually or as a whole, if the Meeting may think appropriate.
  - 5) In the Consideration and Determination of Directors' Remuneration agenda, the Chairman of the Meeting has clarified the policies, criteria and guidelines for annual review thereof in comparison with the listed companies of similar business sizes, as well as duties and responsibilities of the Board of Directors, operating results of the Company and appropriateness to the current economic condition and has proposed the matters to shareholders' meeting to determine the amount of annual remuneration of directors; and has assigned the Nomination and Remuneration Committee to consider and allocate the amount thereof; provided that the data of remuneration of the Board of Directors and each subcommittee has been disclosed in the heading "Remuneration of Directors and Executives".
  - 6) In this Meeting, there was no other additional agenda unspecified in the Invitation for the Annual General Meeting of Shareholders.
  - 7) The resolutions of the Annual General Meeting of Shareholders No. 23 notified to The Stock Exchange of Thailand on 22 April 2016
5. Minutes of the Annual General Meeting of Shareholders No. 23 held on 19 April 2016.
- (1) There was a record relating to notification of method of vote casting and counting of votes to shareholders before starting the Meeting according to the meeting agenda; and all votes shall be cast in ballots.
  - (2) Issues relating to shareholders' inquiries or opinions as well as questions and answers were recorded so that shareholders who failed to attend the Meeting shall be informed.
  - (3) In each agenda of the Meeting where a resolution thereof shall be passed by means of vote casting and shall be clearly recorded; whereby, the Chairman of the Meeting has reported the number of "agree", "disagree" and "abstain" votes to the Meeting for acknowledgment in each session thereof.
  - (4) Minutes of the Meeting were disclosed on the Company's website on 3 May 2016.



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## Roles of Stakeholders

6. The Company has operated its businesses and transactions with its full awareness that rights of stakeholders, including rights as prescribed by laws or by mutual agreements and good relationship and cooperation among them were crucial factors that helped promote the sustainable growth of the Company and create the competitiveness for its long-term successes; therefore, the Board of Directors has determined the policies by taking account of roles of groups of stakeholders, as follows:
- (1) Promote the process of strengthening good relationship and cooperation between the Company and its stakeholders.
  - (2) Adhere to concepts of transparent business operation of the Company and take account of roles of all groups of stakeholders, including policies of environmental, social and community protection.
  - (3) Provide all stakeholders with communication channels for inquiries, notification of data, complaints or questions in financial reports through channels, as follows:
    - In case of retrieval of the Company's data, please access the Company's website at [http:// www. ut.co.th](http://www.ut.co.th); provided that the Company's Secretary shall update the data regularly.
    - In case of doubts in financial reports, please contact the Finance and Accounting Manager and/or the Managing Director via Telephone No.02-3231085-87.
    - In case of notification of data or complaints, please notify the same to the Secretary to the Board of Directors for inspection via Telephone No.02-3231085-87 and reporting to the Chairman of the Audit Committee, the Managing Director or the assigned person for investigation/problem solving as may be suitable, in case, the complaints are well-grounded; provided that the Company had its measures to keep confidentiality of the received data and to protect the data providers.

## Disclosure and Transparency

7. The Board of Directors shall be obliged to supervise the correct, complete and prompt disclosure of significant data relating to the Company by assigning:
- (1) The Managing Director shall supervise and assume the joint responsibilities with the Finance and Accounting Manager; and the Company's Secretary shall be obliged to communicate and give data to shareholders.
  - (2) The Company's Secretary shall update the data regularly.

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

## Responsibilities of the Board of Directors

8. In 2016, there were 12 meetings of the Board of Directors as scheduled in advance, whereas, at each of the Board of Directors' meetings:
- (1) The Chairman of the Board of Directors and the Managing Director consider and select matters to be included in the agenda of the Board of Directors' meetings. Each director shall have their independence to propose matters in relation to the meeting to be included in other matters agenda.



- (2) The Company Secretary shall send invitations for the meeting, including the meeting agenda and supporting documents for at least 7 days prior the meeting so that the Board of Directors shall be able to study the data thereof.
- (3) It shall take at least 2 hours for the Management to propose matters; and directors shall thoroughly and carefully discuss the main problems; whereas, the Chairman of the Board of Directors has promoted the careful use of discretion; and all directors have paid their attentions to all issues proposed to the Meeting, including the corporate governance.
- (4) The top management shall attend the Board of Directors' meetings to provide additional information and details in issues directly involved with the problems such as marketing situations, procurement of raw materials and production, etc. so that the Board of Directors shall have opportunities to know more about the top management for consideration of the succession plan.
- (5) The Board of Directors may ask for additional information from the Managing Director or the Company Secretary or other executives as assigned within the scope of the prescribed policy.
- (6) Non-executive directors may have opportunities to meet and discuss among them as need in order to discuss interesting problems relating to business administration without the management's attendance; and to notify the Managing Director of the results of such meeting.
- (7) The number of meeting attendances of each director shall be as appeared on Page 32.

9. The Board of Directors has jointly and personally considered the performance appraisal of 2016 in comparison with those of 2015 and 2014

Criteria	2016	2015	2014
Structure and qualifications of the Board of Directors	3.8	3.8	3.8
Roles, duties and responsibilities of the Board of Directors	3.8	3.8	3.8
Meetings of the Board of Directors	3.9	3.9	3.9
Performance of duties of Directors	3.8	3.7	3.8
Relationship with the Management	3.9	3.9	4.0
Self-development of directors and development of executives	3.7	3.7	3.7
Total	3.8	3.8	3.8

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



11. In 2016, there were meetings of different committees, as follows:

- The Board of Directors has 12 meetings as scheduled.
- The Audit Committee has 4 meetings as schedule.
- The Nomination and Remuneration Committee has 1 meeting as scheduled.
- Details of each Director attended the meeting.

(Attended / No. of Meetings)

Director Name			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Shareholders Meeting
1.	Miss Dalad	Sapthavichaikul	12/12			1/1
2.	Mrs. Boonserm	Vimuktanandana	12/12	4/4		1/1
3.	Mr. Pilastpong	Subsermsri	12/12	4/4	1/1	1/1
4.	Mr. Preecha	Wattanasaranont	12/12	3/4	1/1	1/1
5.	Mrs. Pimporn	Chotirattanakul	12/12			1/1
6.	Mr. Chutindhon	Darakananda	12/12			1/1
7.	Mrs. Chantorntree	Darakananda	11/12		1/1	1/1
8.	Capt. Supich	Sankhagowit RTN	12/12			1/1
9.	Mrs. Saranya	Darakananda	10/12			1/1

12. Development of Directors and Executives;

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



## Corporate Social Responsibility

The Company has done business under the core values of Saha-Union group of companies, “Integrity, Quality Service” that comply with the principle of good corporate governance, including in accordance with rules and regulations. In addition, the Company’s business operations will adhere to operate with social responsibilities and protection of the environment and stakeholders. The Company promote employees had an opportunity expressed their opinion regarding core values that accepted and practice continuously, becoming the company’s culture, as follows;



The Board of Directors has considered and reviewed the vision and mission as per existing business environment as shown under item “Policy and Business Operation Overview” page 8.

### Policy Overview

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

#### (1) Fair business operations

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

#### (2) Anti-corruption

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

#### (3) Respect for Human Rights

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

#### (4) Fair Treatment to All Employees

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



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**(5) Responsibilities to Consumers**

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

**(6) Environmental Protection**

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

**(7) Participation in Social or Community Development**

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

**(8) Innovation and Diffusion**

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

## **Operation and reporting**

### **1. Reporting process**

**(1) Prepare**

The Company appointed the CSR working team to be better understand about social responsibility practices and reporting: participated in the project for encourage of industrial to development Corporate Social Responsibility (CSR-DIW) promoted by the Department of Industrial Works, and applied to integrate sustainable suitable for the existing capabilities of the Company.

**(2) Connect**

The Company's stakeholders are shareholders, employees, customers, and business partners/creditors, community surrounding the Company, competitors, and concerned Regulators.

The CSR working team collected topics which stakeholders brought about for the company considerations, including in relation to the textiles industry contents; grouped in relation to sustainability dimensions: economic, social, and environmental, as follows;

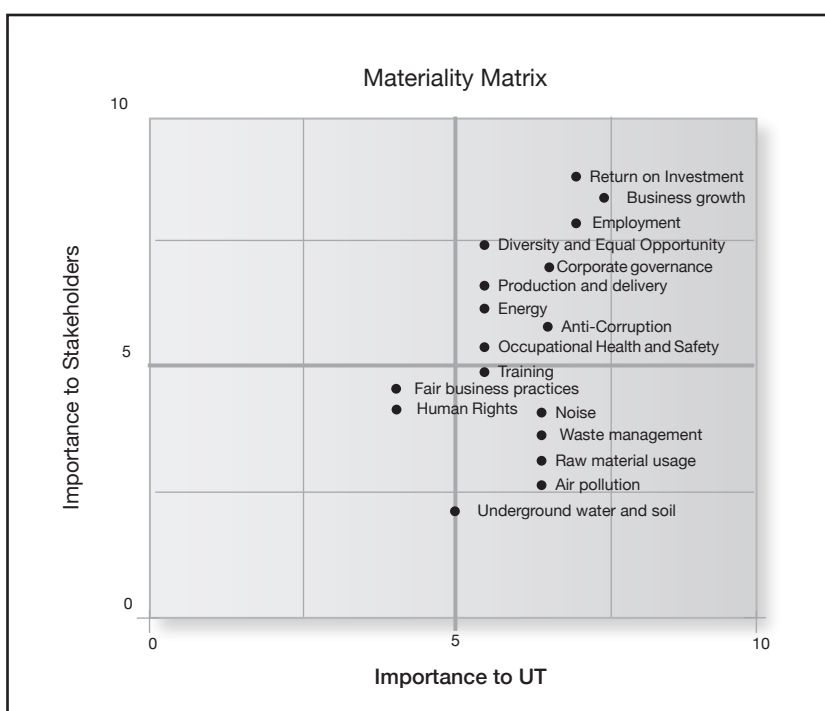




Sustainability Dimensions	Sustainability Topics	Aspect boundary						
		Emp-loyee	Share-holders	Custo-mer	Business Partners	Com-munity	Regu-lators	Compe-titors
Economic	Return on Investment		O					
	Business growth		O	O	O			
	Corporate governance	O	O	O	O	O	O	O
	Raw material usage	O		O	O			
	Fair business practices			O	O			O
	Employment	O		O			O	
	Production and delivery	O		O				
Social	Diversity and Equal Opportunity	O					O	
	Training	O					O	
	Occupational Health and Safety	O					O	
	Human Rights	O				O	O	
	Anti-Corruption	O	O	O	O		O	
Environmental	Waste management	O				O	O	
	Energy	O					O	
	Noise	O				O	O	
	Air pollution	O				O	O	
	Underground water and soil					O	O	

(3) Define

For each Aspect, the Company assess its importance on a) the Company's economic, environmental and social impacts – important to UT and b) stakeholder assessments and decisions – important to Stakeholders as illustrated below, the Materiality Matrix. The Aspect that was rated high on both views, considered to be material aspect – Materiality.





### Summary of Material Aspect

Sustainability Dimensions	Material Aspect	Strategy
Economic	Return on Investment	<ul style="list-style-type: none"> <li>● Increase revenue from non-operating assets and investment properties.</li> </ul>
	Business Growth	<ul style="list-style-type: none"> <li>● Under feasibility study</li> </ul>
	Corporate Governance	<ul style="list-style-type: none"> <li>● Compliance to the Principles of Good Corporate Governance for Listed Companies 2012, the Stock Exchange of Thailand.</li> </ul>
	Employment	<ul style="list-style-type: none"> <li>● Compliance to Labour Protection Act.</li> </ul>
	Production and delivery	<ul style="list-style-type: none"> <li>● Quality Management System – ISO 9001</li> <li>● Take advantage of using Time of Use tariff for production.</li> </ul>
Social	Occupational Health and Safety	<ul style="list-style-type: none"> <li>● Compliance to Occupation, Safety, Health and Environment Act.</li> <li>● Promoting workplace safety awareness and engaging in the workplace safety week.</li> </ul>
	Diversity and Equal Opportunity	<ul style="list-style-type: none"> <li>● Compliance to Labour Protection Act.</li> </ul>
	Anti-Corruption	<ul style="list-style-type: none"> <li>● Encourage anti-corruption awareness, communicate</li> </ul>
Environmental	Energy	<ul style="list-style-type: none"> <li>● Replacing fluorescent light with LEDs.</li> </ul>

#### (4) Monitor

##### Return on Investment

Details of financial information illustrated on pages 55-62.

##### Corporate Governance

The Thai Institute of Directors Association (IOD) disclosed the result of the Corporate Governance Report of Thai Listed Companies (CGR) 2016 assessment.

Category	Listed Companies	UT
Rights of Shareholders	92%	87%
Equitable Treatment of Shareholders	92%	88%
Role of Stakeholders	74%	79%
Disclosure and Transparency	82%	77%
Board Responsibilities	68%	73%
Overall average scores	78%	78%

##### Employment

- As of 31 December 2016, the Company had 665 employees: 221 men and 444 women.
- The Company received an outstanding workplace award on elderly employment 2016 organized by The National Commission on the Elderly, Ministry of Social Development and Human Security.



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#### Occupational Health and Safety.

- In 2016, there were 19 occupational accidents: 7 times were given for more than 3 days of medical leaves and 12 times no medical leave.
- The Company certified Green Industry level 4 by the Department of Industrial Works, Ministry of Industry.

#### Diversity and Equal Opportunity.

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

- The Company received an outstanding workplace award on labor relations and welfare for the year 2016 by the Department of Labor Protection and Welfare, Ministry of Labor: accounted for 12 consecutive years.

#### (5) Report

The Company's sustainability reporting is under preparation, based on Global Reporting Initiative – G4 GRI Content Index Core 'In accordance' option and will be disclosed on the Company website [www.ut.co.th](http://www.ut.co.th)

### **Business Operations Affecting the Corporate Social Responsibilities**

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

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

(3) The Company received CSR-DIW Continuous 2016 award organized by the department of Industrial Works, the Ministry of Industry.

### **CSR and Environmental Protection Activities**

In 2016, the Company participated on social and environmental activities, as follows:

- Joined together with Saha-Union group of companies donated money in stem cell transplant project, Ramathibodi Foundation and donated things to Bang Khae Home for Older Persons.
- Joined together with Khlong Tamru community area participated in planting mangrove seedlings under the Mangrove Forest Restoration project, the project cooperation in conservation of natural resources and environment by the engagement of the private sector for the year 2016 organized by the Office of environment Fund, the Ministry of Natural Resources and Environment.
- Received certification of drug abuse management in the workplace standard.
- Arranged Buddhist ceremonies activities with communities: offering a Candle and Offering a Kathina Robe
- Donated money and things to nearby schools and government agencies.
- Participated in Aerobic Dance Show with communities on the National Mother's Day.
- Arranged the "Big Cleaning" activities, including anti-mosquito and pest control in the compound of factories, dormitories and cafeteria.
- Arranged activity together with the Office of Labour Protection and Welfare Samutprakarn against and resolve drugs abuse in the workplace.
- Arranged field trip activities; economic sufficiency, culture, and environmental.



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## Prevention of Corruption Involvements:

### 1. Anti-corruption policy.

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

### 2. Operations

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

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





## Social and Environmental Activities





## Internal Control and Risk Management

### Summary of Opinions of the Board of Directors on the Internal Control System.

In the Board of Directors' Meeting No.11/2016 convened on 22 November 2016, the Board of Directors included all of 3 independent directors/Audit Committee reviewed the internal control system, using Adequacy Assessment Form for the Internal Control System of the Securities and Exchange Commission as a guideline, together with reports from management and opinions from the Audit Committee. As a result, the Board of Directors has an opinion that the internal control structure of the Company has five key components, having personnel to operate works effectively and adequate, as follows;

#### Part 1: Control Environment.

The Company has developed UT Corporate Governance and Business Code of Conducts Manual by compiling directives which are announced or specified as regulations, as a guideline for executives and employees to practice their duties with honesty and ethics.

The Company has defined roles and duties of the Board of Directors, demonstrating independence from management, oversight of setting clear and measurable target of the business operation. To considered, review and approve the master plan as the management presented under various situations in accordance with changes in the business environment. And not to have excessive motivation, making employees work toward a target too high which might lead to corruption.

The Company has set the Audit Committee Charter, including the roles and duties of concerned departments; so duties and responsibilities of the audit committee have been met, such as review of internal control system and internal audit to be effective and appropriate. Practices of risk management that affect the Company's objectives.

The organizational structure of the company has defined a clear chain of command. The Company has developed procedures, work instructions and job description in the form of documentation. The Personnel and General Affairs Section is responsible for the personnel administration: recruitment, training, retaining competence employees, communicating, performance appraisal, determine benefits and incentives or rewards to employee who has done good work, and preparing succession plan.

#### Part 2: Risk Management.

The Board of Directors has prescribed that the management shall report to the Board of Directors' Meeting regarding risk factors, both internal and external factors, which might significantly affect the business operations of the Company. In 2016, the main issue discussed were textile market situation, raw materials situation and exchange rates.

The Company has risk management manual as a guideline to identify and evaluate risk level of activities or internal processes. The internal audit office will use the result of risk assessment for preparing the annual internal audit plan and report to audit committee the audit results. In 2016, the internal auditor reviewed: working overtime, purchasing, machine maintenance, working safety, information technology, inventory control system, petty cash, employee welfare, and regulations compliance. In summary, there has been a compliance with the prescribed processes; and there was no significant error indicating any malfeasance.

#### Part 3: Control Activities.

The Company has set internal control measures to cover activities and processes as documented in the form of orders, announcements, regulations, guidelines, or instruction manual appropriate for the processes or activities. The Company has set very clear, separate duties for responsibilities concerning authorization, recording and supervision of assets; including limiting the authority and budget of the management of each level in writing clearly in 2016.





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

The Company has used AS/400 information system to support accounting, purchasing, inventory control, and personnel management by assigning the Information Technology Service Center to oversee the system and define rights to access data in accordance with the AS/400 information security policy.

#### **Part 4: Information & Communication.**

The Board of Directors has assigned the management to prepare information about items to be presented to the Board of Directors for consideration including answering questions, clarifying any issues. This will be recorded with the opinion or observation of the directors which will be recorded in the Minutes of the Board of Directors' Meeting. The company secretary is responsible for keeping the minutes of the board of directors' meeting and the Financial and Accounting manager is responsible for keeping financial documents in relation to the Regulations defined.

The Company has an internal communication process, using bulletin board, computer network and notify the shift workers as communication channels. The Personnel and General Affair Section is responsible for collecting comments or other information from a suggestion box, including from hotline telephone, and forward to concerned unit considered. For matter that might be fraud or corrupt behaviors in the workplace, the internal auditor will report to the audit committee. For external communication, the administration will oversee such as meeting with community around the company regarding complaint or arranging jointly activities. In 2016 there was no complaint or report of fraud or corruption.

#### **Part 5: Monitoring Activities.**

The business operation results will be reported monthly in the Board meeting, including clarification of causes and corrective actions in case the operation result did not meet the target as planned and considered being agenda to follow up which need to be handled correctly and report to the Board meeting.

The Company has a policy for the management to report to the board immediately if there is a situation or suspicion of serious malfeasance, unlawful activities or unusual activities which may significantly affect the reputation and financial standing of The Company. In 2016 there was no such situation.

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

#### **Opinions of the Audit Committee on the Internal Control.**

In 2016, the Audit Committee has considered and approved the internal audit plan; and has acknowledged the audit results; and has considered the management's report and has also given recommendations which were beneficial to the management of correction of defects; and has followed up the results of improvements thereof; and has reported the same to the Board of Directors on a quarterly basis.

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



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### **Internal Audit Supervisor and the Compliance Supervisor.**

The Audit Committee has approved as proposed by the management to appoint Mr. Wattanachart Wongkasem as the Internal Audit Supervisor. Mr. Wattanachart Wongkasem has qualifications in education, training, and experience in internal audit jobs and understand the activities and business operations of the Company; therefore, Mr. Wattanachart Wongkasem is deemed suitable to perform such duties.

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



## Connected Transactions

(1) In 2016, the Company had significant transactions with connected persons, which disclosed in the Notes to financial statements' item 6 Related party transactions of the Auditor's Report and financial statement for the year ended 31 December 2016 as follows;

Connected person	Transaction	Value (million Baht)		Reason and needs
		2016	2015	
Saha-Union Plc. (SUC) - SUC holds 49.88 % of UT's shares UT and SUC have common directors	Purchases of cotton and synthetic fibers.	326	316	Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity
	Trade account payable			
	- At beginning of year. - At end of year	41 56	45 41	
Union Garment Co., Ltd. (UG) - SUC holds 99.99 % of UG's shares	Sales of fabrics.	11	21	Support normal doing business such supply chain.
	Rental parts of building	5	3	Economic benefits of a property that is not in use
UT and UG have common directors	Provide utilities	2	2	Joint uses
	Trade receivables			
	- At beginning of year - At end of year	3 2	1 3	
Union Pioneers Plc. (UPF) - SUC holds 48.96% of UPF's shares.  UT and UPF have common directors.	Sales of yarns	-	3	Support normal doing business such supply chain
	Trade receivables			
	- At beginning of year - At end of year	- -	1 -	
Union Micron Clean Co.,Ltd. (MRC) - SUC holds 25.00% of MRC's shares UT and MRC have common directors*	Sales of fabrics	3	2	Support normal doing business such supply chain Economic benefits of a property that is not in use or not suitable for the company's current production.
	Rental parts of SP Building	2	2	
	Trade receivables			
	- At beginning of year - At end of year	- -	- -	
Union Spinning Mills Co.,Ltd. (USM) - SUC holds 25.00% of USM's shares - Union Thread Industries Co., Ltd. (Darakananda group) holds 6.11% of UT's shares and 74.99% of USM's shares - UT and USM have common directors*	Rental spinning machineries	2	2	Economic benefits of a property that is not in use or not suitable for the company's
	Trade receivables			
	- At beginning of year	-	-	
	- At end of year	-	-	

(2) Pricing policies and transaction conditions;

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

(3) The need and rational of the transactions;

- Most benefits to the Company.

(4) Policy or trend on related party transactions in the future.

- Transaction which is normal doing business or under the term of the on-going agreement should be based on fairness and agree with both parties and does not cease to transfer benefits
- There was no other type of related party transactions, including acquisition or disposal of assets in such a manner that breach of / did not comply with the regulations of the Stock Exchange of Thailand.



## Management Discussion and Analysis (MD&A)

Business operating results and financial position for the year 2016, in which the equity method is applied, of the Company could be analyzed and explained as follows::

### 1. Overview

The Company has been operating in textile business, manufacturing greige fabrics, through production process of yarn spinning and fabric weaving, based on the customers' specification, that might be 100% cotton or cotton blend, polyester or other synthetic fibers, fabrics.

#### 1.1 Factors that affect business operations.

In the past year, the Company affected from the sluggish global economy and the economy of the customers countries. Especially, the main customer in England was affected by the Brexit vote, resulting on of the decrease in customer orders. Another factors, such as world crude oil prices, world cotton prices, higher since the third quarter, and the fluctuations of currency exchange rates which might affect the Company business operations, having export as main proportional.

#### 1.2 Summary of operating results.

For the year ending 31 December 2016, the Company had net profit amounting 36.22 million Baht, profit increased 7.20 million Baht compared to the year 2015 having a net profit 29.02 million Baht. The comparative of operating results between year 2016 and 2015 are summarized as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2016	2015	Amount	%
Total revenues	791.94	776.01	15.93	2.05
Total expenses and finance cost	762.13	750.63	11.50	1.53
Share of profit from investments in associated companies	3.69	4.31	(0.62)	(14.38)
Income (expense) tax revenue	2.72	(0.67)	3.39	505.97
Net Profit (loss)	36.22	29.02	7.20	24.81

### 2. Results of Operations

#### 2.1 Revenue

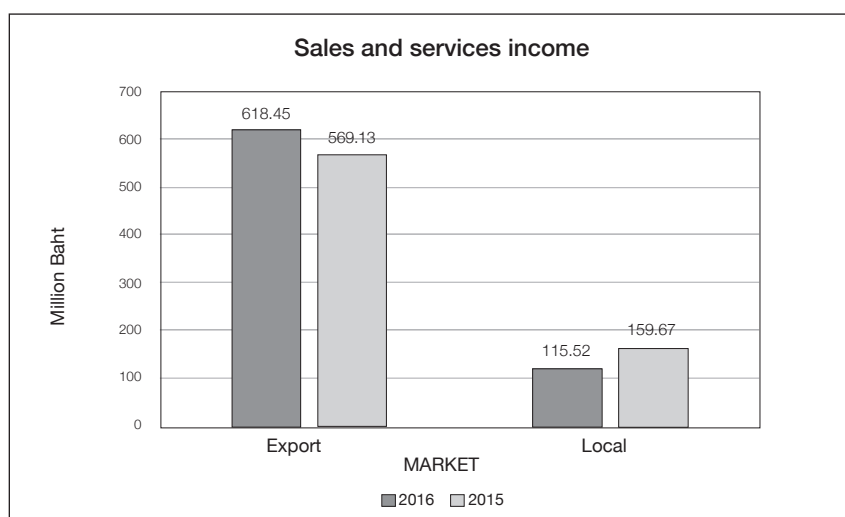
(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2016	2015	Amount	%
Sales and services income	733.97	728.80	5.17	0.71
- Export sales	618.45	569.13	49.32	8.67
- Local sales	115.52	159.67	(44.15)	(27.65)
Other income	57.97	47.21	10.76	22.79
Total revenues	791.94	776.01	15.93	2.05



## 1) Sales and services income

Year 2016, the Company had sales and services income 733.97 Million Baht increased 5.17 million Baht or 0.71 % compared to 2015, divided into export sales increased 49.32 million Baht or 8.67%, coming from main customers in Europe market. Local sales decreased 44.15 million Baht or 27.65%, as the results of economic slowdown and still had more fabrics in inventories.



## 2) Other income

Year 2016, the Company had other income 57.97 million Baht increased from the year 2015 amounted 10.76 million Baht or 22.79%. Main causes of increases were gains on exchange rate increased 8.13 million Baht, rental income increased 3.35 million Baht, gains on sales of machinery and equipment increased 3.45 million Baht, and sales of scrap and others decreased 4.17 million Baht.

## 2.2 Costs and expenses

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2016	2015	Amount	%
Total cost of sales	682.01	670.34	11.67	1.74
Selling expenses	22.04	19.42	2.62	13.49
Administrative expenses	57.48	60.28	(2.80)	(4.64)
Financial Cost	0.60	0.59	0.01	1.69

Cost of sales and services increased by 11.67 million Baht or 1.74%, mainly came from raw materials prices. Selling expenses increased 2.62 million Baht or 13.49%, as a result of the export expenses increased. Administrative expenses decreased 2.80 million Baht or 4.64%, due to the disposal of spare parts of sold machinery in 2015. Finance cost decreased 0.01 million Baht or 1.69%.



### 2.3 Net profit (loss)

The Company accounted for a net profit of 36.22 million Baht, profit increased 7.20 million Baht compared with the year 2015. The net profit consisted of 32.53 million Baht net profit in the Separate financial statement and share of profit from investment in associated company amounted 3.69 million Baht.

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 1.40 Baht per share or the sum of 21.00 million Baht. Then, the Company had net profit 0.34 Baht per common share.

### 2.4 Profitability

Description	Unit	For the year ending 31 December	
		2016	2015
Gross Profit Margin	%	7.08	8.02
Net Profit (Loss) Margin	%	4.57	3.74
Debt to Equity ratio	Times	0.16:1	0.15:1
Return On Equity	%	4.34	3.61

#### Gross Profit Margin

Year 2016, the Company had gross profit 51.96 million Baht, making gross profit margin 7.08% of sales, decreased from the year 2015 which had gross profit 58.46 million Baht and gross profit margin 8.02% of sales. Reasons for decreasing gross profit came from prices of cotton, main raw material, were about 4% higher than the year 2015 and the Brexit effect on our main customer in England lessen orders causing average selling price decreased about 3%.

#### Net Profit (Loss) Margin

The Company had net profit margin amounted 36.22 million Baht or 4.57% increased 7.20 million Baht compared with the year 2015 which had net profit margin 29.02 million Baht or 3.74%.

#### Debt to Equity Ratio

The Company had D/E ratio 0.16 times, increased from 2015 that had 0.15 times, as a result of the net profit margin, also the total shareholders' equity increased.

#### Return on Equity (ROE)

The 36.22 million Baht net profit is 4.34% of shareholders' equity higher than that of the year 2015 having 3.61%.





### 3. Asset management

#### 3.1 Financial position

As of 31 December 2016, the Company's financial position compared with the previous year were the followings;  
(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2016	2015	Amount	%
Total Assets	992.40	937.20	55.20	5.89
Total Liabilities	137.12	122.77	14.35	11.69
Total Shareholders' equity	855.28	814.43	40.85	5.02

##### 1) Assets

As of 31 December 2016, the Company had total assets amounting 992.40 million Baht, comprising, in proportion, 40.54% current assets, 1.11% secured bond, 21.26% Investments in associated companies, 13.54% other long-term investment, 5.80% investment properties, 17.06% property, plant and equipment and 0.69% other non-current assets. Compared with the year 2015, the total assets increased 55.20 million Baht or 5.89%. Changes came from the cash and cash equivalents item that increased 93.80 million Baht, inventories decreased 25.40 million Baht or 16.27%, secured bond increased 11 million Baht, investment properties increased 16.37 million Baht or 39.71%, since the Company renovated parts of spinning mill for rental. Thus, property, plant and equipment, including sold of unused machineries and equipment's, decreased 49.94 million Baht or 22.77%.

##### 2) Liabilities

The Company had total liabilities of 137.12 million Baht, increased 14.35 million Baht or 11.69%, due to the payment of purchasing during the end of 2016 not yet due. Hence, increased trade and other payables amounted 13.89 million Baht.

##### 3) Shareholders' equity

The Company accounted for shareholders' equity amounting 855.28 million Baht, increased by 40.85 million Baht or 5.02%, resulting from the Company had net profit 36.22 million Baht and from the adjustment of the market value of the stocks invested in the Stock Exchange of Thailand which was not the actual profit amounted 4.63 million Baht.

#### 3.2 Analysis of financial status

As of 31 December 2016, the Company's capital structure comprise of liabilities amounting to 137.12 million Baht and total shareholders' equity amounting to 855.28 million Baht. The Company had debt-to-capital ratio of 13.82%, indicating strong financial status.

### 4. Liquidity and capital adequacy

#### 4.1 Capital sources

##### Analysis of changes in capital sources

As of 31 December 2016, the Company had cash and cash equivalent amounted 105.40 million Baht increased 93.80 million Baht compared with the previous year. Details of net cash flow from (used in) were as follows:



(Unit: million Baht)

Description	For the year ending December 31			
	Year		Changes	
	2016	2015	Amount	%
Net cash flows from (used in) operating activities	108.31	11.48	96.83	843.47
Net cash flows from (used in) investing activities	(14.51)	(9.43)	5.08	53.87
Net cash flows from (used in) financing activities	0	(14.02)	(14.02)	(100.00)
Cash and cash equivalent	105.40	11.60	93.80	808.62

- Net cash flows from operating activities increased since the Company had fewer account receivables, inventory, but more trade and other payables.
- Net cash flows used in investing activities increased since the Company bought machines and equipment as needs and invested in secured bond.
- In 2016, there was no net cash flows used in financing activities,

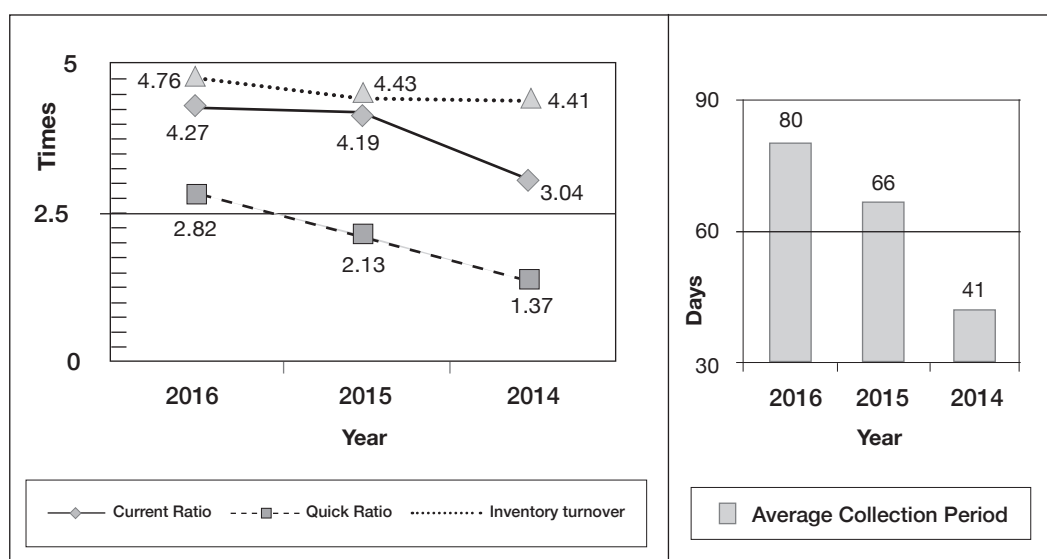
#### The optimal capital structure

The Company had Debt to Equity ratio 0.16 times, higher than that of 2015, 0.15 times, indicating low relative proportion of debt and shareholders' equity.

#### 4.2 Capital expenditure

In the year 2016, the Company had capital expenditure for the replacement of machinery and equipment to support employees' operations amounted 3.95 million Baht.

#### 4.3 Liquidity adequacy



- Current ratio was 4.27 times, higher than that of the year 2015 which was 4.19 times.
- Quick ratio was 2.82 times, better than that of the year 2015 which was 2.13 times.
- Inventory turnover was 4.76 times, greater than that of the year 2015 which was 4.43 times.
- Average debt collection was 80 days about the same period that gives credit term to each customer.



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#### 4.4 The ability to procure additional sources of capital.

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

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

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

### 5. Contractual Obligations and Off-Balance Sheet Arrangements

Please see Note to Financial Statements for the year ended 31 December 2016 Item 23.

### 6. Forward looking

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

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

- Allowance for doubtful accounts.
- Allowance of diminution in value of inventories.
- Property, plant and equipment/Depreciation.
- Deferred income tax.
- Post-employment benefits under defined benefit plans.



## Audit Committee Report

### To Shareholders:

In 2016, the Audit Committee comprises three independent directors, chaired by Associate Professor Boonserm Vimuktanandana, with Dr. Pilastpong Subsermsri and Mr. Preecha Wattanasaranon as members. There were 4 meetings, Associate Professor Boonserm Vimuktanandana and Dr. Pilastpong Subsermsri attended all 4 meetings, and Mr. Preecha Wattanasaranon attended 3 meetings. Each meeting, the Audit Committee discussed with management, internal auditor and the external auditor on the related matters; and has performed their duties, summarized as follows:

1. Review of Financial Statement: The committee reviewed the quarterly financial statements and the financial statements of 2016 in conjunction with the management and the internal auditor by inviting the external auditor to attend all meetings which the quarterly financial statements and the annual financial statements shall be reported, thus, to ensure that the financial statements have been prepared in accordance with the Generally Accepted Accounting Standards and with the criteria of the Stock Exchange of Thailand. In addition, the Audit Committee also held one meeting with the external auditor with the absence of the management in order to discuss freely on the auditor's remarks and to give comments to the external audit plan.

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

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

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

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

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

7. Appointment of the Independent Auditor: The committee, considered audit fee and audit plan, presented the recommendation to the Board of Directors to be approved by the Shareholders' meeting relating to the appointment of EY Office Limited as the Company's auditor of 2016.

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

On behalf of the Audit Committee

(Associate Professor Boonserm Vimuktanandana)  
Chairperson of the Audit Committee



## Board of Directors' Responsibilities Report for the Financial Statements

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

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

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

The Board of Directors concluded that the company's overall internal control system was satisfactory and adequate to give credibility to the financial statements of company as of 31 December 2016

On behalf of the Board of Directors

(Miss Dalad Saphavichaikul)  
Chairman

(Mrs. Pimporn Chotirattanakul)  
Managing Director

## Independent Auditor's Report

To the Shareholders of Union Textile Industries Public Company Limited

### Opinion

I have audited the accompanying financial statements, in which the equity method is applied, of Union Textile Industries Public Company Limited, which comprise the statement of financial position as at 31 December 2016, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Union Textile Industries 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 Union Textile Industries Public Company Limited as at 31 December 2016, its 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. 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### 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.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

### Revenue recognition

The Company's revenues mostly consisted of overseas sales which are made under differing commercial terms. In addition, the economic slowdown has directly effected a range of businesses. There is therefore a possibility of inappropriate timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT System and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.



- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Allowance for impairment loss on machinery and equipment**

The Company had a net book value of machinery and equipment amounting to Baht 113 million which is material to the statement of financial position as at 31 December 2016. In determining the impairment loss, management had to exercise judgment with respect to its projections of future operating performance, plans for management of assets and determination of an appropriate discount rate and key assumptions. There is therefore a possibility of inappropriate amount of impairment loss on machinery and equipment.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for the Company, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and I performed a sensitivity analysis on the returns expected to be realised on the assets.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the 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 Company'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 Company 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.

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.

The engagement partner on the audit resulting in this independent auditor's report Mrs.Poonnard Paochaoren



**Poonnard Paochaoren**

Certified Public Accountant (Thailand) No. 5238

EY Office Limited

Bangkok: 21 February 2017

# Statements of Financial position

(Unit: Baht)

As at 31 December 2016

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	105,398,388	11,597,799	105,398,388	11,597,799
Trade and other receivables	8	164,519,482	165,153,178	164,519,482	165,153,178
Inventories	9	130,719,352	156,118,144	130,719,352	156,118,144
Other current assets		1,689,904	2,634,206	1,689,904	2,634,206
<b>Total current assets</b>		<u>402,327,126</u>	<u>335,503,327</u>	<u>402,327,126</u>	<u>335,503,327</u>
<b>Non-current assets</b>					
Restricted bond	23.3	11,000,000	-	11,000,000	-
Investments in associated companies	10	210,944,369	203,827,745	25,000,100	25,000,100
Other long-term investments	11	134,399,300	132,899,300	134,399,300	132,899,300
Investment properties	12	57,598,755	41,227,327	57,598,755	41,227,327
Property, plant and equipment	13	169,344,987	219,285,414	169,344,987	219,285,414
Deferred tax assets	19	6,523,804	4,096,088	6,523,804	4,096,088
Other non-current assets		263,800	364,724	263,800	364,724
<b>Total non-current assets</b>		<u>590,075,015</u>	<u>601,700,598</u>	<u>404,130,746</u>	<u>422,872,953</u>
<b>Total assets</b>		<u>992,402,141</u>	<u>937,203,925</u>	<u>806,457,872</u>	<u>758,376,280</u>

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

# Statements of Financial position (continued)

(Unit: Baht)

As at 31 December 2016

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	14	93,920,217	80,034,907	93,920,217	80,034,907
Other current liabilities		259,378	39,990	259,378	39,990
<b>Total current liabilities</b>		<u>94,179,595</u>	<u>80,074,897</u>	<u>94,179,595</u>	<u>80,074,897</u>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	15	42,941,203	42,697,914	42,941,203	42,697,914
<b>Total non-current liabilities</b>		<u>42,941,203</u>	<u>42,697,914</u>	<u>42,941,203</u>	<u>42,697,914</u>
<b>Total liabilities</b>		<u>137,120,798</u>	<u>122,772,811</u>	<u>137,120,798</u>	<u>122,772,811</u>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered					
15,000,000 preference shares of Baht 10 each	16	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
		<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and fully paid					
15,000,000 preference shares of Baht 10 each	16	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
Retained (deficit) earnings					
Appropriated - statutory reserve	17	150,000,000	150,000,000	150,000,000	150,000,000
Unappropriated		34,635,823	(1,584,876)	(98,710,526)	(131,244,131)
Other components of shareholders' equity		70,645,520	66,015,990	18,047,600	16,847,600
<b>Total shareholders' equity</b>		<u>855,281,343</u>	<u>814,431,114</u>	<u>669,337,074</u>	<u>635,603,469</u>
<b>Total liabilities and shareholders' equity</b>		<u>992,402,141</u>	<u>937,203,925</u>	<u>806,457,872</u>	<u>758,376,280</u>

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

# Income statements

(Unit: Baht)

For the year ended 31 December 2016

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>					
Sales		733,965,603	728,795,049	733,965,603	728,795,049
Other income					
Sales of scrap		13,839,639	17,346,423	13,839,639	17,346,423
Rental income		20,944,454	17,593,977	20,944,454	17,593,977
Dividend income	11	4,100,000	3,050,000	4,100,000	3,050,000
Gains on sales of machinery and equipment		4,260,445	815,214	4,260,445	815,214
Exchange gains		9,142,047	1,014,825	9,142,047	1,014,825
Others		5,686,055	7,398,633	5,686,055	7,398,633
<b>Total revenues</b>		<b>791,938,243</b>	<b>776,014,121</b>	<b>791,938,243</b>	<b>776,014,121</b>
<b>Expenses</b>					
Cost of sales		682,731,404	672,057,675	682,731,404	672,057,675
Reversal of allowance for diminution in value of inventories	9	(722,523)	(1,721,050)	(722,523)	(1,721,050)
Total cost of sales		682,008,881	670,336,625	682,008,881	670,336,625
Selling expenses		22,037,821	19,426,832	22,037,821	19,426,832
Administrative expenses		57,480,575	60,277,223	57,480,575	60,277,223
<b>Total expenses</b>		<b>761,527,277</b>	<b>750,040,680</b>	<b>761,527,277</b>	<b>750,040,680</b>
<b>Profit before share of profit from     investments in associated companies,     finance costs and income tax expense</b>		<b>30,410,966</b>	<b>25,973,441</b>	<b>30,410,966</b>	<b>25,973,441</b>
Share of profit from investments in associated companies	10.2	3,687,094	4,309,116	-	-
<b>Profit before finance cost     and income tax expense</b>		<b>34,098,060</b>	<b>30,282,557</b>	<b>30,410,966</b>	<b>25,973,441</b>
Finance costs		(605,076)	(590,059)	(605,076)	(590,059)
<b>Profit before income tax expense</b>		<b>33,492,984</b>	<b>29,692,498</b>	<b>29,805,890</b>	<b>25,383,382</b>
Income tax income (expenses)	19	2,727,715	(671,289)	2,727,715	(671,289)
<b>Profit for the year</b>		<b>36,220,699</b>	<b>29,021,209</b>	<b>32,533,605</b>	<b>24,712,093</b>
<b>Basic earnings per share (Baht)</b>	20				
Profit for the year		0.34	0.18	0.26	0.08

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

# Statements of comprehensive income

(Unit: Baht)

For the year ended 31 December 2016

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Profit (loss) for the year</b>	36,220,699	29,021,209	32,533,605	24,712,093
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments				
Available-for-sale securities of the Company - net from income tax	1,200,000	(2,200,000)	1,200,000	(2,200,000)
Available-for-sale securities of the associated company - net from income tax	3,429,530	(6,341,552)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	4,629,530	(8,541,552)	1,200,000	(2,200,000)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain - net of income tax	-	1,386,896	-	1,386,896
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	-	1,386,896	-	1,386,896
<b>Other comprehensive income for the year</b>	4,629,530	(7,154,656)	1,200,000	(813,104)
<b>Total comprehensive income for the year</b>	40,850,229	21,866,553	33,733,605	23,898,989

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



## Statements of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Financial statements in which the equity method is applied							Total shareholders' equity
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity			
	Preference shares	Ordinary shares	Appropriated - statutory reserve	Unappropriated	Available-for-sale investments of the Company	Surplus on changes in value of available-for-sale investments	Available-for-sale investments of the associated company	
<b>Balance as at 1 January 2015</b>	150,000,000	450,000,000	150,000,000	(31,992,981)	19,047,600	55,509,942	792,564,561	
Profit for the year	-	-	-	29,021,209	-	-	29,021,209	
Other comprehensive income for the year	-	-	-	1,386,896	(2,200,000)	(6,341,552)	(7,154,656)	
Total comprehensive income for year	-	-	-	30,408,105	(2,200,000)	(6,341,552)	21,866,553	
<b>Balance as at 31 December 2015</b>	150,000,000	450,000,000	150,000,000	(1,584,876)	16,847,600	49,168,390	814,431,114	
<b>Balance as at 1 January 2016</b>	150,000,000	450,000,000	150,000,000	(1,584,876)	16,847,600	49,168,390	814,431,114	
Profit for the year	-	-	-	36,220,699	-	-	36,220,699	
Other comprehensive income for the year	-	-	-	-	1,200,000	3,429,530	4,629,530	
Total comprehensive income for year	-	-	-	36,220,699	1,200,000	3,429,530	40,850,229	
<b>Balance as at 31 December 2016</b>	150,000,000	450,000,000	150,000,000	34,635,823	18,047,600	52,597,920	855,281,343	

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

# Statements of changes in shareholders' equity (continued)

(Unit: Baht)

For the year ended 31 December 2016

	Separate financial statements						
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity		Total shareholders' equity
	Preference shares	Ordinary shares	Appropriated statutory reserve	Unappropriated	Surplus on changes in value of investment in available-for-sale investments		
<b>Balance as at 1 January 2015</b>	150,000,000	450,000,000	150,000,000	(157,343,120)	19,047,600	611,704,480	
Profit for the year	-	-	-	24,712,093	-	24,712,093	
Other comprehensive income for the year	-	-	-	1,386,896	(2,200,000)	(813,104)	
Total comprehensive income for the year	-	-	-	26,098,989	(2,200,000)	23,898,989	
<b>Balance as at 31 December 2015</b>	<u>150,000,000</u>	<u>450,000,000</u>	<u>150,000,000</u>	<u>(131,244,131)</u>	<u>16,847,600</u>	<u>635,603,469</u>	
<b>Balance as at 1 January 2016</b>	150,000,000	450,000,000	150,000,000	(131,244,131)	16,847,600	635,603,469	
Profit for the year	-	-	-	32,533,605	-	32,533,605	
Other comprehensive income for the year	-	-	-	-	1,200,000	1,200,000	
Total comprehensive income for the year	-	-	-	32,533,605	1,200,000	33,733,605	
<b>Balance as at 31 December 2016</b>	<u>150,000,000</u>	<u>450,000,000</u>	<u>150,000,000</u>	<u>(98,710,526)</u>	<u>18,047,600</u>	<u>669,337,074</u>	

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

# Cash flow Statement

(Unit: Baht)

For the year ended 31 December 2016

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before tax	33,492,984	29,692,498	29,805,890	25,383,382
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	45,437,318	54,828,660	45,437,318	54,828,660
Reversal of allowance for diminution in value of inventories	(722,523)	(1,721,050)	(722,523)	(1,721,050)
Gains on sales of machinery and equipment	(4,260,445)	(815,214)	(4,260,445)	(815,214)
Share of profit from investments in associated companies	(3,687,094)	(4,309,116)	-	-
Dividend income	(4,100,000)	(3,050,000)	(4,100,000)	(3,050,000)
Unrealised gains on exchange	(855,159)	(1,510,301)	(855,159)	(1,510,301)
Provision for long-term employee benefits	4,671,949	5,911,567	4,671,949	5,911,567
Interest expenses	-	119,710	-	119,710
Profit from operating activities before changes in operating assets and liabilities	69,977,030	79,146,754	69,977,030	79,146,754
Operating assets (increase) decrease				
Trade and other receivables	1,488,855	(51,501,018)	1,488,855	(51,501,018)
Inventories	26,121,315	(7,625,258)	26,121,315	(7,625,258)
Other current assets	(200,104)	1,928,801	(200,104)	1,928,801
Other non-current assets	100,924	455,977	100,924	455,977
Operating liabilities increase (decrease)				
Trade and other payables	13,885,310	398,745	13,885,310	398,745
Other current liabilities	219,387	(870,043)	219,387	(870,043)
Provision for long-term employee benefits	(4,428,660)	(11,225,392)	(4,428,660)	(11,225,392)
Cash flow from operating activities	107,164,057	10,708,566	107,164,057	10,708,566
Cash paid for interest expenses	-	(128,125)	-	(128,125)
Cash paid for income tax	1,144,406	901,322	1,144,406	901,322
<b>Net cash flows from operating activities</b>	<b>108,308,463</b>	<b>11,481,763</b>	<b>108,308,463</b>	<b>11,481,763</b>

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

# Cash flow Statement (continued)

(Unit: Baht)

For the year ended 31 December 2016

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Restricted bond (increase)	(11,000,000)	-	(11,000,000)	-
Acquisition of machinery and equipment	(12,225,544)	(13,525,008)	(12,225,544)	(13,525,008)
Proceeds from sales of machinery and equipment	4,617,670	1,042,551	4,617,670	1,042,551
Dividend income	4,100,000	3,050,000	4,100,000	3,050,000
<b>Net cash flows used in investing activities</b>	<b>(14,507,874)</b>	<b>(9,432,457)</b>	<b>(14,507,874)</b>	<b>(9,432,457)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	-	(14,019,466)	-	(14,019,466)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(14,019,466)</b>	<b>-</b>	<b>(14,019,466)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>93,800,589</b>	<b>(11,970,160)</b>	<b>93,800,589</b>	<b>(11,970,160)</b>
Cash and cash equivalents at beginning of year	11,597,799	23,567,959	11,597,799	23,567,959
<b>Cash and cash equivalents at end of year</b>	<b>105,398,388</b>	<b>11,597,799</b>	<b>105,398,388</b>	<b>11,597,799</b>

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

## 1. General information

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

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

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

## 2. Basis of preparation

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

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

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

- 2.2 The separate financial statements present investments in associated companies under the cost method.

## 3. New financial reporting standards

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

The Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

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## TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

### 4. Significant accounting policies

#### 4.1 Revenue recognition

##### *Sales of goods*

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

##### *Dividends*

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

##### *Rental income*

Rental income is recognised on an accrual basis based on the contract period.

#### 4.2 Cash and cash equivalents

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

#### 4.3 Trade accounts receivable

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

#### 4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

#### 4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.



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

- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associated companies are accounted for in the financial statements in which the equity method is applied using the equity method less allowance for loss on impairment (if any).
- d) Investments in associated companies are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

#### 4.6 Investment properties

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

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

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

#### 4.7 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

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

#### 4.8 Related party transactions

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

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

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#### 4.9 Long-term leases

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

#### 4.10 Foreign currencies

The financial statements, in which the equity method is applied, and the separate financial statement of the Company are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

#### 4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### 4.12 Employee benefits

##### *Short-term employee benefits*

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

##### *Post-employment benefits*

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

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

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

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

#### **4.13 Provisions**

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

#### **4.14 Income Tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

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

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

#### **4.15 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 applies a quoted market price in an active market to measure its 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 measures 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.

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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 determines 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.

## **5. Significant accounting judgements and estimates**

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

### **Allowance for doubtful accounts**

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

### **Allowance of diminution in value of inventories**

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

### **Property, plant and equipment/Depreciation**

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

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

### **Deferred tax assets**

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

## Post-employment benefits under defined benefit plans

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

## 6. Related party transactions

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

(Unit: Million Baht)

	2016	2015	Pricing policy
<b>Transactions with parent company</b>			
Purchases of raw materials	326	316	Cost plus margin of parent company
<b>Transactions with related companies</b>			
Sales of goods	14	26	Cost plus margin
Purchase of goods and raw materials	1	1	Cost plus margin of related companies
Rental income	21	13	Contract price
Other income	2	2	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2016	2015
<b>Trade and other receivables - related parties (Note 8)</b>		
Parent company	-	144
Associated company	38,995	38,995
Related companies (Has common shareholders)	1,734	3,105
Related company (Has by the Company)	101	110
Others	12	12
Total	40,842	42,366
Less: Allowance for doubtful debt	(38,995)	(38,995)
Total trade and other receivables - related parties, net	1,847	3,371
<b>Trade and other payables - related parties (Note 14)</b>		
Parent company	55,911	40,971
Associated company	629	629
Related companies (Has common shareholders)	178	9
Others	5	5
Total trade and other payables - related parties	56,723	41,614

#### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses of its directors and management as below.

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	10,174	10,905
Post-employment benefits	70	(27)
Total	<u>10,244</u>	<u>10,878</u>

#### **7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cash	40	45
Bank deposits	105,358	11,553
Total	<u>105,398</u>	<u>11,598</u>

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.38 to 0.50 percent per annum (2015: 0.38 percent per annum)

#### **8. Trade and other receivables**

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>		
Age of receivables		
Not yet due	1,289	2,529
Past due over 12 months	9,635	9,635
Total	<u>10,924</u>	<u>12,164</u>
Less: Allowance for doubtful debts	(9,635)	(9,635)
Total trade receivables - related parties, net	<u>1,289</u>	<u>2,529</u>
<u>Trade receivables - unrelated parties</u>		
Age of receivables		
Not yet due	147,770	150,746
Past due up to 3 months	11,358	6,040
Total trade receivables - unrelated parties, net	<u>159,128</u>	<u>156,786</u>
Total trade receivables - net	<u>160,417</u>	<u>159,315</u>
<u>Other receivables</u>		
Other receivables - related parties	29,918	30,202
Other receivables - unrelated parties	3,544	4,996
Total	<u>33,462</u>	<u>35,198</u>
Less: Allowance for doubtful debts	(29,360)	(29,360)
Total other receivables - net	<u>4,102</u>	<u>5,838</u>
Total trade and other receivables - net	<u>164,519</u>	<u>165,153</u>

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

## 9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	33,317	59,257	(1,088)	(1,486)	32,229	57,771
Work in process	21,168	26,483	-	-	21,168	26,483
Raw materials and chemicals	77,043	71,753	-	(225)	77,043	71,528
Spare parts and factory supplies	542	698	(263)	(362)	279	336
<b>Total</b>	<b>132,070</b>	<b>158,191</b>	<b>(1,351)</b>	<b>(2,073)</b>	<b>130,719</b>	<b>156,118</b>

## 10. Investments in associated companies

### 10.1 Details of associated companies

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			2016	2015	2016	2015	2016	2015
			%	%				
Unifibre Co., Ltd.	Investment Agency and service business, Distribution of textile products and other materials	Thailand	20.83	20.83	210,944	203,828	25,000	25,000
Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA")	Production of work wear and safety wear fabric	Thailand	49.35	49.35	16,950	16,950	190,000	190,000
Total investments in associated companies					227,894	220,778	215,000	215,000
Less: Allowance for impairment loss on investment in TCUA					(16,950)	(16,950)	(190,000)	(190,000)
Total investments in associated companies - net					210,944	203,828	25,000	25,000

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

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

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

As at 31 December 2012, the return on equity of TCUA had been less than 5 percent for 4 consecutive years, commencing from 1 January 2009, and TCUA has accumulated losses in excess of 50 percent of its registered



capital. In view of above-mentioned contractual requirement, there is uncertainty as to whether TCUA will be able to continue as a going concern especially when it had lost one major customer in the fourth quarter of 2012. For prudent reasons, the Company has set aside full allowance for impairment of its investment in TCUA.

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

## 10.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied			
	Share of profit from investments in associated companies during the year		Share of other comprehensive income from investments in associated companies during the year	
	2016	2015	2016	2015
Unifibre Co., Ltd.	3,687	4,309	3,430	(6,342)
Total	3,687	4,309	3,430	(6,342)

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

The Company had no dividend received from associated companies in 2016 and 2015.

## 10.3 Summarised financial information about associate

Summarised information about financial position

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	2016	2015
Current assets	7	36
Non-current assets	1,070	1,002
Current liabilities	2	1
Non-current liabilities	63	59
Net assets	1,012	978
Shareholding percentage (%)	20.83	20.83
Share of net assets	211	204
Carrying amounts of associate based on equity method	211	204

Summarised information about comprehensive income

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	For the year ended 31 December	
	2016	2015
Revenue	32	33
Profit	18	21
Total comprehensive income	18	21

## 11. Other long-term investments

	Shareholding percentage		Investment value	
	2016	2015	2016	2015
	%	%	Thousand Baht	Thousand Baht
<b>Investment in available-for-sale securities</b>				
Saha-Union Plc.	0.33	0.33	16,191	16,191
Add: Unrealised gain from change in value of investment			22,559	21,059
Investment in available-for-sale securities, net			38,750	37,250
<b>Investment in other companies</b>				
Union Business Management Co., Ltd.	19.00	19.00	94,999	94,999
Union Micronclean Co., Ltd.	13.00	13.00	650	650
Total Investments in other companies			95,649	95,649
Total other long-term investments - net			134,399	132,899

During the current year, the Company received dividends of Baht 2.6 million from Union Micronclean Co., Ltd (2015: Baht 1.0 million) and Baht 1.5 million from Saha-Union Plc. (2015: 2.0 million).

## 12. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Land awaiting sales / Leased land	Plants for use in investment	Total
31 December 2016			
Cost	46,852	179,430	226,282
Less Accumulated depreciation	-	(168,683)	(168,683)
Net book value	46,852	10,747	57,599
31 December 2015			
Cost	41,227	167,538	208,765
Less Accumulated depreciation	-	(167,538)	(167,538)
Net book value	41,227	-	41,227

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below

(Unit: Thousand Baht)

	2016	2015
Net book value at beginning of year	41,227	41,928
Transfer from property, plant and equipment	17,517	-
Depreciation charged	(1,145)	(701)
Net book value at end of year	57,599	41,227

As at 31 December 2016, the fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices Baht 670 million, while that of the plant for rent has been determined using the income approach Baht 21 million. Key assumptions used in the valuation include yield rate, long-term vacancy rate and rental rates.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost</b>							
As at 1 January 2015	35,498	197,806	1,632,997	23,943	15,804	823	1,906,871
Additions	-	-	3,828	456	-	9,241	13,525
Disposals / write-off	-	(6,570)	(63,901)	(1,143)	(118)	-	(71,732)
Transfer between classes of accounts	-	-	800	-	-	(800)	-
As at 31 December 2015	35,498	191,236	1,573,724	23,256	15,686	9,264	1,848,664
Additions	-	-	50	239	-	11,937	12,226
Disposals / write-off	-	(1,465)	(57,513)	(1,914)	(38)	-	(60,930)
Transfer between classes of accounts	(5,625)	5,330	3,658	-	-	(20,880)	(17,517)
As at 31 December 2016	29,873	195,101	1,519,919	21,581	15,648	321	1,782,443
<b>Accumulated depreciation</b>							
As at 1 January 2015	-	176,292	1,435,962	21,118	13,383	-	1,646,755
Depreciation for the year	-	5,421	46,795	1,239	673	-	54,128
Depreciation on disposals / write-off	-	(6,570)	(63,676)	(1,140)	(118)	-	(71,504)
As at 31 December 2015	-	175,143	1,419,081	21,217	13,938	-	1,629,379
Depreciation for the year	-	5,596	37,107	989	600	-	44,292
Depreciation on disposals / write-off	-	(1,463)	(57,177)	(1,895)	(38)	-	(60,573)
As at 31 December 2016	-	179,276	1,399,011	20,311	14,500	-	1,613,098
<b>Net book value</b>							
1 January 2015	35,498	21,514	197,035	2,825	2,421	823	260,116
31 December 2015	35,498	16,093	154,643	2,039	1,748	9,264	219,285
31 December 2016	29,873	15,825	120,908	1,270	1,148	321	169,345
<b>Depreciation for the year</b>							
2015 (Baht 46 million included in manufacturing cost, and the balance in administrative expenses)							54,128
2016 (Baht 36 million included in manufacturing cost, and the balance in administrative expenses)							44,292

As at 31 December 2016, the Company has net book value of machinery and equipment for rental Baht 8 million.

As at 31 December 2016, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,373 million (2015: Baht 1,338 million).

### 14. Trade and other payables

(Unit: Thousand Baht)

	2016	2015
Trade accounts payable - related parties	56,347	41,269
Trade accounts payable - unrelated parties	18,223	17,265
Other payable - related parties	376	345
Accrued expenses	18,974	21,156
Total trade and other payables	93,920	80,035

## 15. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Present value of defined benefit obligation	73,873	74,322
Fair value of plan assets	(30,932)	(31,624)
Net defined benefit liability	<u>42,941</u>	<u>42,698</u>

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
<b>Defined benefit obligation at beginning of year</b>	74,322	82,582
Included in profit or loss:		
Current service cost	4,087	3,843
Interest cost	1,977	2,441
Included in other comprehensive income:		
Actuarial gain arising from		
Demographic assumptions changes	-	(82)
Financial assumptions changes	-	3,465
Experience adjustments	-	(5,117)
Benefits paid during the year	(6,513)	(12,810)
<b>Defined benefit obligation at end of year</b>	<u>73,873</u>	<u>74,322</u>
<b>Fair value of plan assets at beginning of year</b>	31,624	32,837
Included in profit or loss:		
Change in fair value	1,392	372
Contribution by the Company	2,524	2,663
Paid during the year	(4,608)	(4,248)
<b>Fair value of plan assets at end of year</b>	<u>30,932</u>	<u>31,624</u>

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

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Current service cost	4,087	3,843
Interest cost	1,977	2,441
Change in fair value of plan assets	(1,392)	(372)
<b>Total expense recognised in profit or loss</b>	<u>4,672</u>	<u>5,912</u>

The Company expects to pay Baht 12.6 million of long-term employee benefits during the next year (2015: Baht 10.1 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2015: 12 years).

Principal actuarial assumptions at the valuation date were as follows:

	2016	2015
	(% per annum)	(% per annum)
Discount rate	2.8	2.8
Future salary increase rate (depending on age of employee)	3.5 - 6.5	3.5 - 6.5
Turnover rate	0.0 - 30.0	0.0 - 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	Increase 1%		Decrease 1%	
	2016	2015	2016	2015
Discount rate	(3,494)	(3,831)	3,873	4,249
Future salary increase rate	4,520	4,176	(4,146)	(3,841)
Turnover rate	(1,217)	(847)	1,317	932

#### 16. Preference shares

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

The cumulative unpaid dividend to the preference shares as of 31 December 2016 totalled Baht 123 million (2015: Baht 102 million).

#### 17. Statutory reserve

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

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

As at 31 December 2016, the statutory reserve was Baht 150 million (equivalent to 25 percent of its registered share capital) had reached the minimum amount as stipulated in the Company's regulations.

#### 18. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	2016	2015
Salary and wages and other employee benefits	143,917	148,627
Depreciation	45,437	54,829
Utilities expenses	109,539	120,668
Raw materials and consumables used	404,460	409,036
Changes in inventories of finished goods and work in process	23,387	(16,861)

## 19 Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the years end 31 December	
	2016	2015
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(2,728)	671
<b>Income tax expenses (income) reported in the income statement</b>	<b>(2,728)</b>	<b>671</b>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the years end 31 December	
	2016	2015
Gain on change in value of available-for-sale investments	300	550
Actuarial gains	-	(347)

Reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statement	
	2016	2015	2016	2015
Accounting profit before tax	33,493	29,692	29,806	25,383
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	6,698	5,938	5,961	5,076
Effects of:				
Non-deductible expenses	44	-	44	-
Tax-exempt dividend income	(820)	(610)	(820)	(610)
Share of profit from investment in associate companies	(737)	(862)	-	-
Recognised unused tax losses in this year	(3,065)	-	(3,065)	-
Unrecognised deferred tax on deductible temporary differences and unused tax losses	(4,848)	(3,795)	(4,848)	(3,795)
<b>Total</b>	<b>(9,426)</b>	<b>(5,267)</b>	<b>(8,689)</b>	<b>(4,405)</b>
Income tax expenses (income) reported in the statement of comprehensive income	(2,728)	671	(2,728)	671

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

Statements of financial position

	As at 31 December 2016	As at 31 December 2015
<b>Deferred tax assets</b>		
Provision for long-term employee benefits	8,588	8,540
Unused tax losses	3,065	-
<b>Deferred tax liabilities</b>		
Unrealised gain from revaluation of investments	(4,512)	(4,212)
Accumulated depreciation of assets	-	(77)
Others	(617)	(155)
<b>Total</b>	<b>6,524</b>	<b>4,096</b>

As at 31 December 2016, the Company has deductible temporary differences and unused tax losses totaling Baht 479 million (2015: Baht 503 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 232 million will expire by 2019.

## 20. Basic earnings per share

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

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

Financial statements in which the equity method is applied

	Profit		Weighted average number of ordinary shares		Basic earnings per share	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit	36,221	29,021				
Less: Dividend of preference shares	(21,000)	(21,000)				
<b>Profit attributable to ordinary shares</b>	<b>15,221</b>	<b>8,021</b>	<b>45,000</b>	<b>45,000</b>	<b>0.34</b>	<b>0.18</b>



	Separate financial statements					
	Profit		Weighted average number of ordinary shares		Basic earnings per share	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit	32,534	24,712				
Less: Dividend of preference shares	(21,000)	(21,000)				
<b>Profit attributable to ordinary shares</b>	<b>11,534</b>	<b>3,712</b>	45,000	45,000	0.26	0.08

## 21. Segment information

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

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

Geographic information

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

	(Unit: Million Baht)	
	2016	2015
Revenue from external customers		
United Kingdom	241	271
Italy	287	205
Others	206	253
<b>Total</b>	<b>734</b>	<b>729</b>

Major customers

For the year 2016, the Company has revenue from two major customers in totaling amount of Bah 528 million (2015: Baht 476 million).

## 22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 3 million (2015: Baht 3 million) to the fund.

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## 23. Commitment and contingent liabilities

### 23.1 Capital commitment

As at 31 December 2016, the Company had capital commitments amounting to Baht 1 million, relating to the electrical equipment.

As at 31 December 2015, the Company had capital commitments amounting to Baht 1 million, relating to the improvement of building.

### 23.2 Operating lease commitment

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

As at 31 December 2016, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 1 million (2015: Baht 1 million)

### 23.3 Guarantees

As at 31 December 2016, the Company pledge BOT bond of Baht 11 million with Metropolitan Electricity Authority to guarantee the usage of electricity.

As at 31 December 2015, there were outstanding bank guarantees of Baht 12 million issued by banks on behalf of the Company to guarantee the usage of electricity.

## 24. Fair value hierarchy

As at 31 December 2016, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows

(Unit: Million Baht)

	Level 1	Level 2	Level 3	Total
<b>Asset measured at fair value</b>				
Available-for-sale securities	39	-	-	39
<b>Assets for which fair value are disclosed</b>				
Investment property	-	670	21	691

## 25. Financial instruments

### 25.1 Financial risk management

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

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivables, as stated in the statement of financial position.

### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investment in BOT bond. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Company is expected to be minimal.

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

(Unit: Million Baht)

Financial statements in which the equity method is applied  
as at 31 December 2016

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	105	-	105	0.38 - 0.50
Trade and other receivables	-	-	165	165	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	211	211	-
Other long-term investments	-	-	134	134	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	94	94	-

(Unit: Million Baht)

Financial statements in which the equity method is applied  
as at 31 December 2015

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	12	-	12	0.38
Trade and other receivables	-	-	165	165	-
Investments in associated companies	-	-	204	204	-
Other long-term investments	-	-	133	133	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	80	80	-

(Unit: Million Baht)

Separate financial statements  
as at 31 December 2016

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	105	-	105	0.38 - 0.50
Trade and other receivables	-	-	165	165	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	134	134	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	94	94	-

(Unit: Million Baht)

Separate financial statements  
as at 31 December 2015

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	12	-	12	0.38
Trade and other receivables	-	-	165	165	-
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	133	133	-
<b>Financial liabilities</b>					
Trade and other payables	-	-	80	80	-

**Foreign currency risk**

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

As at 31 December 2016 and 2015, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2016	2015	2016	2015
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.58	2.23	35.5660	35.9233
Euro	2.20	1.65	37.2769	39.0780

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2016

Foreign currency	Sold amount	Weighted average contractual exchange rate to sell	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.78	34.58 - 35.93	03/02/17 - 23/06/17
Euro	2.23	37.80 - 40.70	17/02/17 - 23/06/17

As at 31 December 2015

Foreign currency	Sold amount	Weighted average contractual exchange rate to sell	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.66	33.94 - 36.50	26/02/16 - 22/06/16
Euro	2.62	37.95 - 41.20	17/02/16 - 22/06/16

## 25.2 Fair value of financial instruments

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

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

## 26. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.16:1 (2015: 0.15:1) and debt to equity ratio in the separate financial statements was 0.21:1 (2015: 0.19:1).

## 27. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 21 February 2017.

## Index of Form 56-2

1.	Policy and Business Operation Overview	8
2.	Nature of Business Operation	10
3.	Risk Factors	13
4.	General Information of the Company	7
5.	Shareholders	14
6.	Dividend Payment Policy	15
7.	Structure of Management	17
8.	Corporate Governance	22
9.	Corporate Social Responsibility	33
10.	Internal Control and Risk Management	40
11.	Connected Transactions	43
12.	Highlights of Financial Information	1
13.	Management Discussion and Analysis	44



**Head Office:**

No.1828 Sukhumvit Road, Bang Chak, Phra Khanong, Bangkok 10260

Tel.: 0-2311-5111-9 Fax.: 0-2323-3123

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

**Branch 1:**

No.205 Moo 4 Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn, Samut Prakarn 10280

Tel.: 0-2323-1085-87 Fax.: 0-2323-92166