

ANNUAL Report 2018



บริษัท ยูเนียนอุตสาหกรรมสิ่งทอ จำกัด(มหาชน)
UNION TEXTILE INDUSTRIES PUBLIC CO.,LTD.

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Highlights of Financial Performance

As at 31 December 2018

Financial Statement

(Unit: Thousand Baht)

	2018	2017	2016
Total assets	1,082,749	1,010,174	992,402
Total liabilities	124,490	97,244	137,120
Total shareholders' equity	958,259	912,930	855,282
Total revenues	820,405	815,312	791,938
Total expenses	799,208	782,224	761,527
Share of profit (loss) from investments in associated companies	84,228	10,549	3,687
Finance costs	(499)	(487)	(605)
Profit (loss) before income tax expenses	104,926	43,151	33,493
Income tax income (expenses)	(1,278)	(242)	2,728
Net Profit (Loss)	103,648	42,909	36,221

Financial Ratio

	2018	2017	2016
Earnings (Loss) per share (Baht)	1.84	0.49	0.34
Dividends per share (Baht)	0	0	0
Total Shareholders' equity per share (Baht)	15.97	15.22	14.25
Return on sales (%)	12.63	5.26	4.57
Return on Equity (ROE) (%)	11.08	4.85	4.34
Return on Assets (%)	9.90	4.29	3.75
Debt/Equity ratio (Times)	0.13	0.11	0.16
Current Ratio (Times)	5.54	7.63	4.27

The Board of Directors' Report

The overall picture of the textile business in the past year :

Union Textile Industries Public Co., Ltd. ran the business under the following pressures :

- the economic slowdown of the trading partners' countries
- the intense price competition
- the rising of cotton price global since the 2nd quarter of 2018

Besides, the volatility of oil prices and instability of currency, exchange rates, the spin-off of global trade and monetary policies, still posing considerable risks to all aspects of economic growths. Nevertheless, the Company, with determinations to build a working pattern that enhance the competitive potential and preserve the essential group of customers who treasures our universal standard qualities, our punctual delivery schedules our optimized prices, had been able to secure continuous streams of orders from our core customers.

In 2018, the Company recorded a total revenue of Baht 820,000,000 , an increase of Baht 5,000,000 or 0.62%. Sales revenue increased by Baht 4,300,000 , other incomes increased by Baht 700,000. The Company's total expenditures were Baht 799,000,000 , an increase of Baht 17,000,000 , cost of sales increased by Baht 22,000,000 , sales and administrative expenses decreased by Baht 5,000,000. The Company recorded a net profit, for the Separate Financial Statement of Baht 19,420,000. However the operating results, according to the Financial Statement, recording the investment by the equity method, the Company earned a net profit of Baht 103,650,000 , total assets at Baht 1,082,750,000 , total liabilities at Baht 124,490,000 , shareholder's equity Baht 958,260,000. The ratio of liabilities to capital was 0.13 and the ratio of liquidities was 5.54.

The above figures signified a high liquidity of the Company's financial status.

In 2019, world economy has a tendency to grow at a slower pace, though not in a state of recession. Major risk factors that could affect world economies are: trade war between the United States and China could trigger instabilities and trusts in worldwide trades and investments, the continuous worldwide monetary constraints due to a tendency of the Central Banks' monetary policies, the political instability of Europe and the unresolved United Kingdom's Brexit agreement.

For the textile industry, 2019 could see a setback in fabric productions due to the effect of economic slowdown on exports. However the Company would do its best with the existing potentials and resources, to administer the effects and opportunities arising from global economic conditions, in order to maximize the efficiencies and hence the Company's best possible benefits.

The Board of Directors wishes to thank all the shareholders, trade partners and beneficiaries who continuously convey their trusts, who support in the best possible ways, who express their rights and roles and participations in the principle of a good governance. The company will withhold the concepts of doing business in transparent prudent, verifiable manners. We shall be socially responsible, resisting wrongdoings in accordance with the Company's business ethic and philosophy in order to steer the Company to success and long lasting advancements.



Miss Dalad Saphavichaikul

Chairman

Board of Directors



Miss Dalad Saphavichaikul
Chairman



Mrs. Boonserm Vimuktanandana
Chairman of Audit Committee /
Independent Director



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



Mr. Preecha Wattanasaranont
Audit Committee / Independent Director /
Nomination and Remuneration Committee



Mrs. Pimporn Chotirattanakul
Managing Director



Mr. Chutindhon Darakananda
Director



Mrs. Chantorntree Darakananda
Director /
Nomination and Remuneration Committee



Mrs. Saranya Darakananda
Director



Capt. Supich Sankhagowit RTN
Assistant Managing Director

Board of Directors



Miss Dalad Saphthavichaikul
Chairman
Age: 62 years
Years of Directorship 24 years
(since 1995)

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
- Ethical Leadership Program (ELP) Class 13/2018

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.
- 2017 Vice President, Saha-Union Public Company Limited
- January 2017 - October 2018 Chairman, Saha-Union Holding Co., Ltd.

Current Positions

Listed Companies

- 2018 - Present Chairman, Saha-Union Public Company Limited.
- May 2015-Present Chairman, Union Textile Industries Public Company Limited.
- May 2014-Present Chairman, Union Plastic Public Company Limited.
- 2012 - Present Chairman, Union Pioneer Public Company Limited.
- 2012 - Present Chairman of the Risk Management Committee, 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.
- May 2014-Present Director, The Royal Hotel Co., Ltd.
- 2017-Present Chairman and President, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

Other Companies

- 1989 - Present Director, Processing Center Co., Ltd.
- August 2015-Present Director, The Sukhumvit 62 Medical Limited.
- December 2017-Present Vice Chairman, KPN Healthcare Public Co., Ltd



Mrs. Boonserm Vimuktanandana
Chairman of the Audit Committee / Independent Director
Age: 70 years
Years of Directorship 6 years
(since 22 January 2013)
Years of Independent Directorship 6 years
(since 22 January 2013)

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.
- 2018 - Present Council Tax Auditor Examination, The Revenue Department.



Dr. Pilastpong Subsermsri
Audit Committee / Independent Director / Chairman of the Nomination and Remuneration Committee
Age: 68 years
Years of Directorship 8 years
(since 1 January 2011)
Years of Independent Directorship 8 years
(since 1 January 2011)

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:

Listed Companies

- Dec 2010- 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.



Mr. Preecha Wattanasaranont
Audit Committee/ Independent Director/
Nomination and Remuneration Committee
Age: 66 years
Years of Directorship 3 years 7 months
(since 20 May 2015)
Years of Independent Directorship 3 years 7 months
(since 20 May 2015)

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 -



Mrs. Pimporn Chotirattanakul
Managing Director
Age: 68 years
Years of Directorship 5 years
(since 1 January 2014)

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.
- June 2016 - April 2017 Director, Acting Managing Director, Union Micronclean Co.,Ltd

Current Positions:

Listed Companies

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

Saha-Union Group Companies

- April 2014 - Present Director, Alsico Asia Pacific Co.,Ltd
- April 2014 - Present Director, Union Universe Co.,Ltd.
- January 2015 - Present Director /Acting Managing Director, Union Garment Co.,Ltd.
- May 2017 - Present Director, Union Micronclean Co.,Ltd.

Other Companies - None -



Mr. Chutindhon Darakananda
Director
Age: 59 years
Years of directorship 5 years 11 months
(since 19 February 2013)

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.
- 1992 - February 2017 Vice Chairman, Venus Thread Co., Ltd.
- 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.
- 2002 - January 2018 Vice Chairman / Managing Director, Union Thread Industries Co., Ltd.
- 2002 - January 2018 Vice Chairman / Managing Director, Union Industries Corp., Ltd.
- 2007 - 2012 Vice Chairman (Investments in China), Saha-Union Public Company Limited.
- May 2014-February 2017 Director, The Royal Hotel Co., Ltd.

Current Positions

Listed Company

- 2013-Present Vice Chairman, Saha-Union Public Company Limited.
- February 2013 - Present Director, Union Textile Industries Public Company Limited.
- May 2017 - Present Director, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- 2013 - Present Director, Union Garment Co., Ltd.
- 2013 - Present Director, Union Micronclean Co., Ltd.
- November 2015-Present Director, Union Zojirushi Co., Ltd.
- March 2017-Present Director, Venus Thread Co., Ltd.
- May 2017-Present Director, Union Nifco Co., Ltd.
- February 2018-Present Chairman, Union Spinning Mills Co., Ltd.
- February 2018-Present Chairman / Managing Director, Union Business Management Co., Ltd.
- February 2018-Present Chairman / Managing Director, Union Thread Industries Co., Ltd.
- February 2018-Present Chairman / Managing Director, Union Industries Corp., Ltd.
- March 2018 - Present Chairman, The Royal Hotel Co., Ltd.
- November 2018-Present Chairman, Saha Union Holding Co., Ltd.
- Present Chairman, Vice Chairman and Director, Other Companies in Saha-Union Group

Other Companies

- April 2017 - Present Director, The Sukhumvit 62 Medical Limited.
- December 2017-Present Director, KPN Healthcare Public Co., Ltd.



Mrs. Chantornree Darakananda

Director / Nomination and
Remuneration Committee

Age: 55 years
Years of directorship 4 years
(since 1 January 2015)

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:

- 1990 – February 2017 Director, Ladphrao Hospital Public Company Limited.
- 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.
- 2009 – March 2017 Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 – March 2017 Deputy Managing Director, Union Zip Co., Ltd.
- 2013 – September 2014 Director, Saha-Union Public Company Limited.
- September 2014 – 2016 Executive Vice President, Saha-Union Public Company Limited.
- May 2014 – March 2017 Director, The Royal Hotel Co., Ltd

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.

Saha - Union Group Companies

- 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.
- March 2016 – Present Director, Union Thai-Nichiban Co., Ltd.
- March 2017 – Present Director, Union Zip Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

Other Companies

- 2012 – Present Director, Union Sime Darby (Thailand) Co., Ltd.
- August 2015 – Present Director, The Sukhumvit 62 Medical Limited.
- December 2017–Present Director, KPN Healthcare Public Company Limited.



Mrs. Saranya Darakananda

Director

Age: 43 years
Years of directorship 3 years
(since January 2016)

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
- July 2006 – December 2016 Export Director, Bangkok Cycle Industrial Co.,Ltd.

Current Positions

Listed Companies

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

Saha-Union Group Companies

- February 2017 – Present Project Manager, Union Zojirushi Company Limited.

Other Companies

- None -



Capt. Supich Sankhagowit, RTN

Assistant Managing Director

Age: 69 years
Years of directorship 11 years 8 months
(since 24 April 2007)

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 Public Company Limited.
- 2006 Managing Director, Union Stainless Steel Products Co., Ltd.

Current Positions:

Listed Companies

- 2007–Present Assistant Managing Director, Union Textile Industries Public Company Limited.

Saha-Union Group Companies - None -

Other Companies - None -



Mrs. Chadaporn Jeamsakultip

Company Secretary

Age: 56 years
Years of secretary position 10 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

- CGR Workshop 1/2018 Enhancing Good Corporate Governance based on CGR Scorecard, Thai Institute of Directors (IOD)
- 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 (Pre-liminary 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 Public Company Limited.
- January 2014 - Present Company Secretary, Saha-Union Public Company Limited.
- January 2016 - Present Company Secretary, Union Plastic Public Company Limited.
- January 2016–Present Company Secretary, Union Pioneer Public Company Limited.

General Information

Union Textile Industries Public Company Limited.

Location : Head Office :	Branch 1 :
No.1828 Sukhumvit Road, Khwaeng Phrakhanong Tai, Khet Phra Khanong, Bangkok 10260 Tel.: 0-2311-5111-9 Fax.: 0-2323-3123	No.205 Moo 4 Sukhumvit Road., (km.39.5) Bangpoomai, Muang Samut Prakarn, Samut Prakarn 10280 Tel.: 0-2323-1085-87 Fax.: 0-2323-9216 Website: http://www.ut.co.th

Type of Business Operations: Textile Industry

Company's PCL Registration Number: No. 0107537000980

Authorized Capital: 600 million Baht:

Paid-up capital: 600 million Baht:

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

Juristic persons that the Company have at least 10% of paid-up capital.

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, Phrakhanong Tai, 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, Phrakhanong Tai, 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, Phrakhanong Tai, 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 references:

Registrar:

Thailand Securitier Depository Co., Ltd. 93 Ratchadapisek Road, Din Dang, Bangkok 10400
Telephone : 0-2009-9000 Fax : 0-2009-9991

Auditor:

Mrs. Poonnard Paocharoen, CPA No. 5238 or
Mr. Khitsada Lerdwana, CPA No.4958 or
Mr. Termpong 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
Telephone : 0-2264-9090 Fax: 0-2264-0789- 90

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 has been in the textile business, operating its integrated: yarn spinning, fabric weaving, dyeing and finishing since 21 March 1977; and registered as a limited public company according to the Thai law, on 30 March 1994, having Saha-Union Group holding major shareholder.

The company had scale down its productions, as a results from world economics crisis decreased the textile market. On 16 August 2008, the Company ceased its dyeing and finishing operation and invested its buildings, machinery and equipment in Ten Gate-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 griegie 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.
- Being attention, accountability, and response to customers' requirements.
- Keep business confidentiality, strengthening relationships and satisfaction of customers.
- 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.

Goals

- Short-term
 - Profitability
 - Current ratio > 1.0
- Long-term
 - ROE >= 5% per year

Strategies

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

Significant Changes and Development

- In 2018, 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 19 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 on page 7

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 shares.

Nature of Business Operation

The Company operates as greige fabrics manufacturer through a production process of yarn spinning and fabric weaving. The main products made from either 100% cotton or cotton blended with polyester or other synthetic fiber. The Company may have 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 in the Company	Income (Million Baht)					
			2018	%	2017	%	2016	%
Company : Manufacturer and distributor of weaving fabrics, yarn and services	Union Textile Industries PLC.		760.57	83.45	756.26	91.57	733.97	92.25
Associates : Investment / Agency and Service business / Distribution of textile products and other materials	Uni Fibre Co., Ltd.	20.83	84.23	9.98	10.55	1.28	3.69	0.46
Manufacturing of Dyeing and Finishing	Ten Cate-Union Protective Fabrics Asia Co., Ltd.	49.35			-		-	
Other incomes	Union Textile Industries PLC.		59.83	6.57	59.05	7.15	57.97	7.29
Total:			904.63	100.00	825.86	100.00	795.63	100.00

The operating results in 2018, the Company had incomes from sales and service amounted 761 million Baht, increased by 4 million Baht or 0.57%: export sales amounted 651 million Baht, increased by 5% and local sales amounted 110 million Baht, decreased by 20%.

The Company has recognized its share of profit from investments in associated company in the financial statements in which the equity method is applied amounted 84 million Baht; and had other incomes amounted 60 million Baht: sales of scrap, rental income, dividend from other long-term investments, and exchange gains

Types of Products and Services.

The Company's main products are woven fabrics: 100% cotton or blend of cotton and polyester or other synthetic fibers, whose specification used for general workwear garments or other specific industries.

The Company has not depend on any supplier, customer or distributor being a key role for the business operation.

Marketing and Competition

Summary of marketing of products and services.

The Company's market policy keep focused on customers, both local and overseas, that have their international well-known brand name or trademark. At present, the Company has a good relationship with 9 major customers: local and overseas; Japan, England, and Italy. In 2018, the Company had sales proportion in value was 14% local and 86% export. The Company earned more than 30% of the total income from two customers but the Company did not rely on neither one that affect company survival.

Competition:

In the year 2018, competition within the industry focused on sales price as first key factor. The company has 14 competitors: 8-local and 6-overseas, but the Company competitiveness potential still reliable to customers on quality and delivery, as the Company set the marketing and sales practices as follows;

- Elevate sales and marketing capabilities.
- Retain existing customers and increase sales volume both domestic and export markets.
- Make importance of quality, on-time delivery, and good service mind.

Competition/marketing strategies:

In 2019, the situation in the textile industry: fibers, fabrics section, expected to have an improve tendency, but still need to monitor closely on various risk factors such as the slowdown in the global economy and finance, uncertainty of trade conflict between US and China that might be either positive and negative effects, the Chinese's economy slowdown, the unclear exiting from the European Union of the United Kingdom (Brexit), exchange rate risks and volatile currency, and fluctuations in oil prices, etc.

Sales prices still a key factor for customer to make an order, although the Company gains an advantage in term of quality and on time delivery, but disadvantage competitors that have the rights on the Generalized System of Preferences – GSP. Thus, in order to increase competitiveness potential, The Company commits to do as follows;

- Cost control management: raw material, cost of the product, and selling and administrative expenses.
- Develop employee to be ready and able to adapt to meet changes.
- Improve quality level and increase production efficiency.
- Production control management: on-time delivery, and reduce the production lead time.
- Keep good relationship with customers, continuously.

Providing products or Service**Products acquisition**

The Company factory located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn District, Samut Prakarn Province 10280; Having production capacity about 1.5 to 1.7 million meters per month, about medium size compared to most competitors. As shown a table below, the production capacity and actual production of 2018 compared to those of 2017 and 2016 as follows;

		2018	2017	2016
1. Spinning				
• Production Capacity	(1,000 pounds)	14,400	14,400	14,400
• Actual Production	(1,000 pounds)	13,062	13,433	12,948
2. Weaving				
• Production Capacity	(1,000 meters)	20,400	20,400	20,400
• Actual Production	(1,000 meters)	17,179	16,606	15,631

The Company has set a production policy by focusing on technical workwear fabrics which made to order and suitable to the capabilities of the production process.

The main raw materials used for production are cotton, 100% imported, and synthetic fibers purchased from local manufacturers. In 2018, the Company purchased raw materials from 5 suppliers. The proportion purchase value of raw material were 41 percent domestic and 59 percent import.

The Company has not depend on any supplier being a key role for the survival of the Company.

Limitations of raw materials procurement;

- Procurement of cotton, which is an agricultural product, whose properties varied according to weather conditions during the cotton growth; must be imported, including the fluctuation of cotton price and exchange rates.
- Synthetic fibers: there are a few local suppliers, whose products' properties will vary, as well as prices will vary according to properties and market mechanisms.

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 scrap, 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.

Un-delivered works.

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



Risk Factor

Risk from Raw Materials

The Company operates businesses of yarn spinning and fabric weaving, using cotton and polyester as main raw materials whose costs were about 55% of the total costs. However, cotton prices in the world markets were subject to weather condition, affecting the harvesting of cotton each year; speculation of the hedge fund; the remaining quantity of cotton in the world markets; and China's cotton policy, etc. About Polyester, although domestic procurement, its prices varied according to U.S. Exchange rates, affecting limit of order quantity and delivery time. The Company needs to procure raw materials in advance in order to have products as customers required, quantity and lead time. Therefore, the Company was unavoidably affected by the fluctuation of cotton and polyester prices, as above mentioned, which may impact to the Company's operating results; however, the Company has taken actions to prevent such risks by monitoring the situation of raw materials price changes closely and continuously, including 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 2018, the Company has exported its products with the total value thereof equal to 86% of the gross sales; whereby, the Company's products were sold in U.S. 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 U.S. dollars, which helped mitigate the risks in terms of import of raw materials and export of products.

Risk Accumulated Losses of the Company Risk

As of 31 December 2018, the Company had its cumulated losses of 44 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 25 percent of paid-up capital.

The Company's majority shareholder is Saha-Union Public Company Limited; entering related party transactions is normal doing business under general trade terms. Moreover, the Audit Committee comprises 3 independent directors whose knowledge and experience on review the financial statements; have authority to consider connected transaction, or matter that might have a conflict of interests to be in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that such matter is reasonable and most benefits for the Company. In addition, in the Board of Directors' meeting agenda to approve a related party transaction, the Company has a policy defined that directors who might have a conflict of interests, do not have the right to vote in this matter and do not attend this agenda.

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 invested 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 3 April 2018

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	1,643,000		1,643,000	2.74
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.	Mrs.Sukhumol Sirimongkolkasem	502,000		502,000	0.84
7.	BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH	478,000		478,000	0.80
8.	Mr.Charn Sophonpanich	452,600		452,600	0.75
9.	Mr.Bunyong Apiruklaoskul	429,000		429,000	0.72
10.	Mr. Chutindhorn Darakananda	380,500		380,500	0.63
	Total	38,586,320	14,981,660	53,567,980	89.28

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

Director's shareholding

Director Name		2018		2017		increased (decreased)
		Shareholding	%	Shareholding	%	
1. Miss Dalad	Sapthavichaikul	45,000	0.075	45,000	0.075	0
2. Mrs. Boonserm	Vimuktanandana	None		None		-
3. Mr. Pilastpong	Subsermsri	None		None		-
4. Mr. Preecha	Wattanasaranont	None		None		-
5. Mrs. Pimporn	Chotirattanakul	None		None		-
6. Mr. Chutindhon	Darakananda	380,500	0.634	380,500	0.634	0
7. Mrs. Chantorntree	Darakananda	215,200*	0.359	215,200	0.359	0
8. Capt. Supich	Sankhagowit RTN	None		None		-
9. Mrs. Saranya	Darakananda	None		None		-

Remarks:

* included connected persons

Issuance of other securities

The company has not issued debt securities.

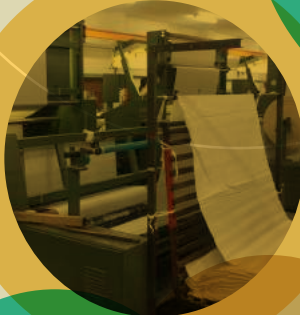
Dividend Payment Policy

“ 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 2013 - 2017

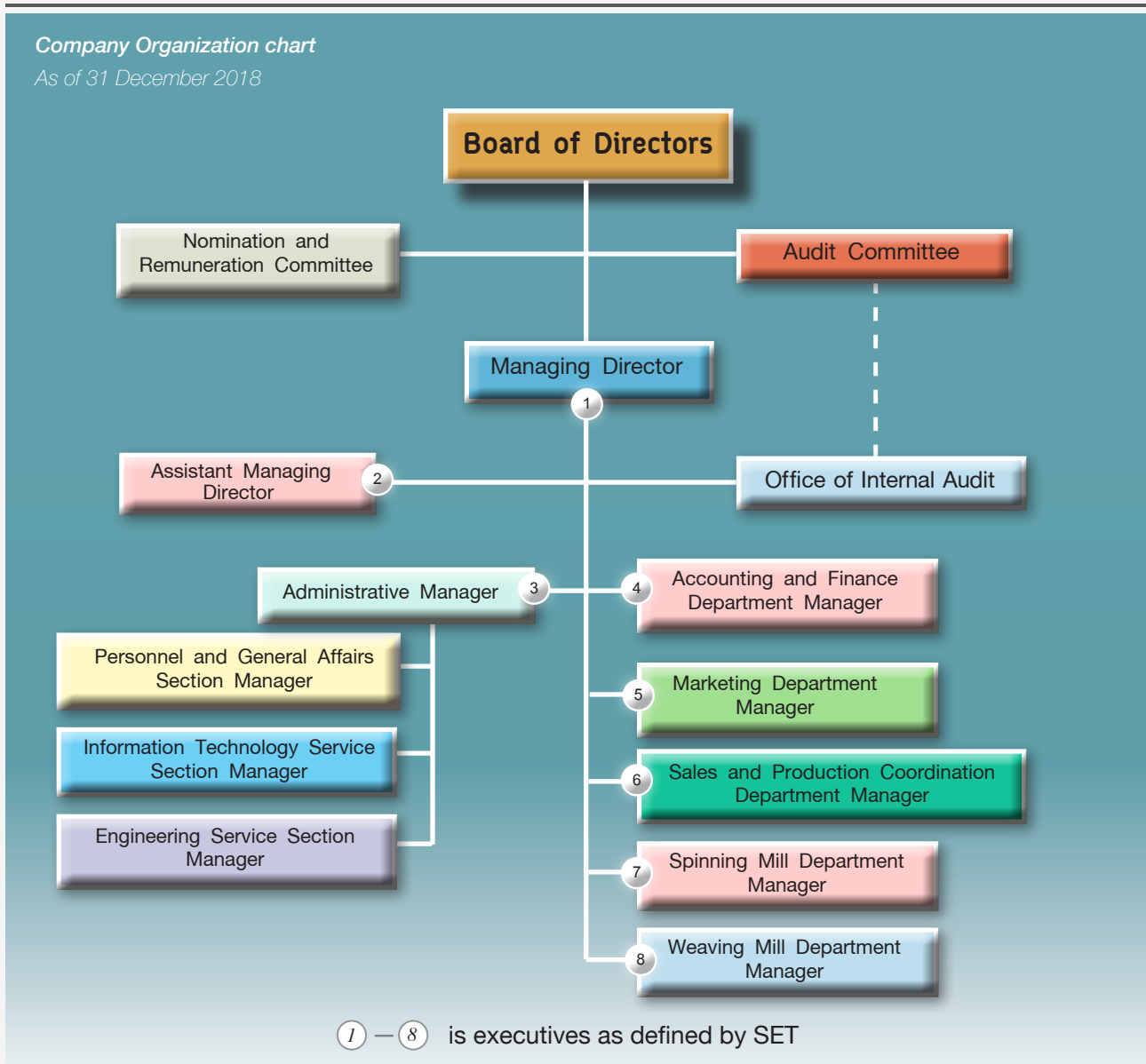
Year	2017	2016	2015	2014	2013
Dividend payment (Million Baht)	0.00	0.00	0.00	0.00	00
Net profit (loss) (Million Baht)	32.36	32.53	24.71	(27.32)	11.57
Dividend per net profit (Per cent)	0.00	0.00	0.00	0.00	0.00

According to the operating results of 2018, the Board of Directors' meeting no. 3/2019 held on 19 March 2019 had passed a resolution to propose the Annual General Meeting of Shareholders no. 26 under Approving the appropriateness of profit allocation agenda to cessation of dividend payment to common shareholders for the year 2018 due to the Company still had accumulated loss of 44 million Baht. 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.



INTEGRITY
QUALITY
SERVICE

Structure of Management



Board of Directors

- In AGM No.25 convened date 24 April 2018 the Meeting has its resolution to establish the Board of Directors, totaling 9 persons, comprising
 - Non-executive directors 4 persons
 - Executive directors 2 persons
 - Independent directors 3 persons (one-third of the total number of the Board)
- The Chairman of the Board is a non-executive director; no relationship with management and not the same person as Managing Director. The Chairman has duty and responsibility to oversee the practices of the management; giving advice but neither participating nor interfere in the management which is the responsibility of the Managing Director, under the authorities frame work assigned by the Board.

3. Member of the Board of Directors and Controlling person for the year 2018

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
7. Mrs. Chantorntree	Darakananda	Director and Nomination and Remuneration Committee
8. Capt. Supich	Sankhagowit RTN	Assistant Managing Director
9. Mrs, Saranya	Darakananda	Director

Remarks:

No.2 Mrs. Boonserm Vimuktanandana resigned from the position of director, independent director / Chairman of audit committee due to retirement, effective on 1 January 2019

- Detail of educations, training, and working experience of the board of directors are show 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.

Company Secretary

The Board of Directors had a solution to appoint Mrs. Chadaporn Jiemsakultip, being the Company Secretary since 1 July 2008, performing the 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.
- Others as assigned by the Board of Directors.

Executives

Member of executive, defined by SET, as of 31 December 2018

Name	Position
1. Mrs. Pimporn Chotirattanakul	Managing Director
2. Capt. Supich Sankhagowit RTN	Assistant Managing Director
3. Mr. Warong Vilaihong	Administrative Manager
4. Miss Prayoon Sripraram	Accounting and Finance Department Manager
5. Mr. Weeratham Poochinya	Marketing Department Manager
6. Miss. Napaporn Kreinggaivanich	Sales and Production Coordition Department Manager
7. Mrs. Pimporn Chotirattanakul	Acting Spinning Mill Department Manager.
8. Mr. Somchai Loaruentakul	Weaving Mill Department Manager

Remarks:

No. 7 Mrs. Pimporn Chotirattanakul has replaced Mr. Suvich Normsoongneon, who retired, since 1 May 2018.

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 .

Benefits and Remuneration of the Board of Directors and the Management

Monetary Remunerations

1 Directors' remuneration

Resolution of the Shareholders' Annual General Meeting No 25 dated 24 April 2018 approved the remuneration of directors for the year 2018 in the amount not exceeding 1,500,000 Baht per year, (the same as 2017) 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)	
			2018	2017
1. Miss Dalad	Sapthavichaikul	Chairman	96,000	96,000
2. Mrs. Boonserm	Vimuktanandana	Independent director	96,000	96,000
3. Mr. Preecha	Wattanasaranont	Independent director	96,000	96,000
4. Mr. Pilastpong	Subsermsri	Independent director	96,000	96,000
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	Director	96,000	96,000
		Total	864,000	864,000

(2) Audit Committee

Name		Position	Meeting allowances (Baht)	
			2018	2017
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	Audit Committee	120,000	120,000
		Total	372,000	372,000

(3) Nomination and Remuneration Committee

Name		Position	Meeting allowances (Baht)	
			2018	2017
1. Mr. Pilastpong	Subsermsri	Chairman of Nomination and Remuneration Committee	12,000	6,000
2. Mr. Preecha	Wattanasaranont	Nomination and Remuneration Committee	12,000	6,000
3. Mrs. Chantorntree	Darakananda	Nomination and Remuneration Committee	12,000	6,000
		Total	36,000	18,000

2 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 2018, the Company paid 9.94 million Baht in terms of salaries and bonuses for 7 members of the management.

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 116,600 Baht.

Personnel

As of 31 December 2018, the Company had 597 employees, decreased by 17 persons from the year 2017.

a) The number of employees in each department

● Spinning and Weaving mill, totaling	527	persons
● Finance and Accounting, totaling	9	persons
● General Affairs, totaling	54	persons
● Sales and Marketing, totaling	7	persons

b) Total remunerations of employees:

	(Unit: million Baht)		
	2018	2017	2016
● Salary and labor cost	102.59	104.46	110.16
● Bonuses	11.06	11.45	12.60
● Social Securities	3.38	3.60	3.87
● Provident fund contribution	2.23	2.39	2.52
Total	119.26	121.90	129.15

c) There has been no significant labor dispute over the past 3 years.

Employee development policy

The Company has policy to organized a suitable training program each year so that all employees shall obtain the require knowledge, expertise, and skills for effective performance of duties. In 2018, there were 20 courses, internal and external, such as;

- Continuing Professional Development course for accounting
- The preparation of standards to prevent and solve drug abuse in the workplace
- Courses for practitioner in comply with the energy conservation laws in accordance with Promotion Act
- Sanitary and environmental health surveillance in the factory
- Fire extinguisher and basic first aid.
- Energy management for executives
- Effective sales plan management
- Transition to ISO 9001:2015 and internal assessment

Corporate Governance

1. Corporate Governance Policy

The Company Board of Directors aware of benefits and importance of corporate governance and business ethics; able to demonstrate that the management of the Company being efficiency, fairness, transparency, and auditable; and promote the Company capable to create better benefits to shareholders and the other stakeholders: employees, customers, trading partners, competitors, and social community and environment.

As the Securities and Exchange Commission issued Corporate Governance Code for listed companies 2017 (CG Code); encourage the Board to apply the Principles in the way that suitable to the business context of the organization; the Board of Directors has reviewed and defined the corporate governance policy as follows:

- Establish Clear Leadership Role and Responsibilities of the Board
- Define Objectives that Promote Sustainable Value Creation
- Strengthen Board Effectiveness
- Ensure Effective CEO and People Management
- Nurture Innovation and Responsible Business
- Strengthen Effective Risk Management and Internal Control
- Ensure Disclosure and Financial Integrity
- Ensure Engagement and Communication with Shareholders

In 2018, the Company has practiced as following:

Shareholders' Rights and Equitable Treatment;

1. Prior to the AGM No.25 convene on 24 April 2018, 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. 25. This guideline was disseminated on the Company website <http://www.ut.co.th> from 1 October 2017 until 31 December 2017. Finally, there was no matter submitted.
2. The Company disclosed the invitation for attending the Annual General Meeting of Shareholders No.25, including supporting documents, both in Thai and English, on the Company website since 22 March 2018 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 28 March 2018, before the shareholders' meeting dated 24 April 2018. The enclosed supporting documents were as follows;
 - (a) Copy of Minutes of the Annual General Meeting of Shareholders No.24 dated 18 April 2017.
 - (b) CD of the Annual Report, Balance Sheets and Profit and Loss Accounts or Financial Statements for the Year Ended on 31 December 2017.
 - (c) Profiles of Persons Nominated for Director (1).
 - (d) Definitions of "Independent Directors" for Persons Appointed as Independent Directors.
 - (e) Criteria and Method of Nomination of Directors.
 - (f) The Company's Regulations Relating to Shareholders' Meetings.
 - (g) Proxy Form.(2)
 - (h) Map of the Meeting Venue.(3)

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.
- (3) For shareholders, including institutional investors, convenient to come and attend the Meeting.

-
3. In the Invitation for the Annual General Meeting of Shareholders No.25;
 - (a) 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;
 - (b) Opinions of the Board of Directors in each session of the Meeting shall be clearly given;
 4. In the Consideration and Approval of Allocation of Profits agenda, the Company has clarified its policy and details of dividend payment during 2014-2016 for the shareholders' consideration and approval of cancellation of dividend payments of 2016 and rights of the preferred shareholders' in accordance with the Company's Regulation.
 5. In the Annual General Meeting of Shareholders No.25 Dated Tuesday, 24 April 2018:
 - (a) 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;
 - (b) Notes on documents/evidence for registration to attend the meeting in person or proxy person.
 - (c) 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.
 - (d) 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.
 - (e) 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.
 - (f) 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";
 - (g) In the Consideration and Appointment of the Auditor of 2018 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;
 - (h) In this Meeting, there was no other additional agenda unspecified in the Invitation for the Annual General Meeting of Shareholders.
 - (i) The resolutions of the Annual General Meeting of Shareholders No. 25 notified to The Stock Exchange of Thailand on Tuesday, 24 April 2018.
 6. Minutes of the Annual General Meeting of Shareholders No. 25 convened on 24 April 2018.
 - (a) 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;
 - (b) 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;
 - (c) 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"
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- and “abstain” votes to the Meeting for acknowledgment in each session thereof;
- (d) Minutes of the Meeting were disclosed on the Company’s website on 3 May 2018.

Roles of Stakeholders:

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 information, 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:

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 Sripraram, the Finance and Accounting Manager, at Tel. No.02-3231085-87 Ext.1113.

Responsibilities of the Board of Directors:

1. In 2018, there were 12 meetings of the Board of Directors as scheduled in advance, whereas, at each of the Board of Directors’ meetings:
 - (a) The Chairman of the Board of Directors, together with 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.
 - (b) 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;
 - (c) 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
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discretion; and all directors have paid their attentions to all issues proposed to the Meeting, including the corporate governance;

- (d) 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.
- (e) 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.
- (f) 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.

2. The number of meeting attendances of each director

(Number of Attendings/Number of meetings)

Director Name			Position	Board of Directors	Shareholders Meeting
1.	Miss Dalad	Sapthavichaikul	Chairman	12/12	1/1
2.	Mrs. Boonserm	Vimuktanandana	Independent director	12/12	1/1
3.	Mr. Pilastpong	Subsermsri	Independent director	10/12	1/1
4.	Mr. Preecha	Wattanasaranont	Independent director	12/12	1/1
5.	Mrs. Pimporn	Chotirattanakul	Managing Director	12/12	1/1
6.	Mr. Chutindhon	Darakananda	Director	8/12	1/1
7.	Mrs. Chantorntree	Darakananda	Director	12/12	1/1
8.	Capt. Supich	Sankhagowit RTN	Asst. MD	12/12	1/1
9.	Mrs. Saranya	Darakananda	Director	12/12	1/1

3. In 2018, there were meetings of committees, as follows:

- (a) The Audit Committee has 4 meetings as scheduled

(Number of attending/Number of meetings)

Director Name			Position	Attending
1.	Mrs. Boonserm	Vimuktanandana	Chairman	4/4
2.	Mr. Pilastpong	Subsermsri	member	3/4
3.	Mr. Preecha	Wattanasaranont	member	4/4

- (b) The Nomination and Remuneration Committee has 2 meeting as scheduled.

(Number of attending/Number of meetings)

Director Name			Position	Attending
1.	Mr. Pilastpong	Subsermsri	Chairman	2/2
2.	Mr. Preecha	Wattanasaranont	member	2/2
3.	Mrs. Chantorntree	Darakananda	member	2/2

4. In 2018, the Board of Directors and committees has made self-appraisal as follows:

- Self-assessment of the board of directors as a whole on 6 criteria: 1) Board structure and qualifications; 2) Roles, duties and responsibilities of the board; 3) The board meeting; 4) Duties of Directors; 5) Relationship with management; and 6) Director's self-development and management training. The scored results is well to excellently conducted.
 - Self-assessment of the board of directors on an individual basis on 3 criteria: 1) Board structure and qualifications, 2) The board meeting, and 3) Roles, duties and responsibilities of the board. The scored results of each criteria is well to excellently conduct.
 - Self-assessment of the Audit committee on 3 criteria: 1) Board structure and qualifications, 2) The board meeting, and 3) Roles, duties and responsibilities of the board. The assessment results is excellently conduct: having so properly qualifications that perform their duties effectively, including meeting, and reviewed assigned matters with care and reasonably.
 - Self-assessment of the Nomination and Remuneration Committee on 3 criteria: 1) Board structure and qualifications, 2) The board meeting, and 3) Roles, duties and responsibilities of the board. The scored results of each criteria is excellently conduct.
5. 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; well to excellently conducted
6. 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 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;

2. Committee

(1) Structure of the committee

The Board has set 2 committees: Audit Committee, and Remuneration and Nomination Committee. And also appointed an independent director to be chairman of each committee.

(2) Scope authorities, name of committee

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 Chairman of Audit Committee position, possesses knowledge and experience in financial statement review.
- Members of the Audit Committee

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

Remarks:

Mrs. Boonserm Vimuktanandana has resigned from the position of chairman of the audit committee, due to retirement, effective from 1 January 2019.

- Term in office of the audit committee; 3 years.
- Details of education and experience as shown on page 4-5
- Scope of authorities and responsibilities
 1. Review the Company's financial reports for accuracy, adequacy and in accordance with the generally accepted standard of accountability
 2. Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer and dismissal of the manager of the internal audit office;
 3. Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
 4. Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;
 5. Consider the related transactions or transactions which may have conflicts of interests in accordance with the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the company;
 6. Review the validity of the documentation referred in the self-evaluation on Business Principles for Countering Bribery, Private Sector Collective Action Coalition Against Corruption (CAC).
 7. 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;
 8. Make sure that the management has corrected the errors found and accelerate the correction of the said errors;
 9. Follow up and evaluate the performances of work as the Audit Committee may deem significant;
 10. Carry out any other missions as assigned by the Board of Directors;
- In 2018, 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 Nomination 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 Remuneration and Remuneration Committee

	<u>Name</u>	<u>Position</u>
1.	Mr. Pilastpong Subsermsri	Chairman
2.	Mr. Preecha Wattanasaranont	Member
3.	Mrs. Chantrontree Darakananda	Member
- Details of education and experience are shown on page 4-6

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- 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
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of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

- (g) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.
- (h) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.
- (i) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.

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.

- 2. Having experience and understanding in connection with the Company's businesses.
- 3. Having visions and sufficient time for performance of duties.

Nomination of Director and Top Executive

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:

- 1. One shareholder shall have one vote per one share.
- 2. 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.
- 3. 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 of the Board of Directors will propose a nominee who has suitable qualifications, having knowledge, competency, skill and expertise to the benefits for the Company business operation of the Company and capable to manage to meet the defied targets and objectives, to The Board of Directors for approval.

4. Supervising the business operations of subsidiary and associated company

1. 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. At present, TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation
2. 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.

Each year, the Company will inform the directors and management to avoid securities trading of the Company during the time period before the disclosure of the annual or quarterly financial report and after disclosing to SEC.

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 2018, 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 paid audit fee to auditor: Mrs. Poonnard Paucharoen, or Mr. Khitsada Lerdwana, or Mr.Termpong Opanaphan, or Miss Vissuta Jariyathanakorn of EY Office Limited; the annual fees for review financial statements, including 3-quarter interim, were 1,100,000 Baht.

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. Implementation of the Corporate Governance Code for listed companies 2017;

According to the Securities and Exchange Commission has issued the Corporate Governance Code for listed companies 2017 (CG Code) to encourage the board to apply Principles that are suitable for the business context of the Company, the Board of Directors has reviewed and implemented the oversight as follows: 1) assisting in determining the key objectives or goals aimed at creating the value of the business sustainably 2) as a guideline to support can achieve objectives or goals and 3) as a guideline for monitoring and evaluating the performance of the management and disclose operating results to stakeholders, aligned with the 8 Principles, as shown the table below;

UT Board's oversight	SEC CG Code
Assisting in determining the key objectives or goals aimed at creating the value of the business sustainably	Principle 1: Establish Clear Leadership Role and Responsibilities of the Board Principle 2: Define Objectives that Promote Sustainable Value Creation
As a guideline to support can achieve objectives or goals	Principle 3: Strengthen Board Effectiveness Principle 4: Ensure Effective CEO and People Management Principle 5: Nurture Innovation and Responsible Business
As a guideline for monitoring and evaluating the performance of the management and disclose operating results to stakeholders	Principle 6: Strengthen Effective Risk Management and Internal Control Principle 7: Ensure Disclosure and Financial Integrity Principle 8: Ensure Engagement and Communication with Shareholders

Practices that divert from CG Code

- The chairman of the board is not an independent director (guideline 3.2.1) but is independent in the role of the chairman. Be the leader of the committee to supervise and promote the operation of the committee that is conducive to independent judgment.
- The company does not set a policy for independent directors to hold office for a period of not more than 9 years from the date of being appointed to be the first independent director (Guideline 3.2.5), but the Company has set retirement policy of the board.
- The company does not set the criteria for limiting the number of director positions in other companies (Guidelines 3.5.2) because there is some limitations of knowledge and expertise in the nature and types of textile business, as the directors have demonstrated that they can perform their duties effectively, achieving according to the Principle 3.5: The board should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

Corporate Social Responsibility

Having been in textile business; the Company aware to corporate social responsibility for sustainable growth 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:

(a) Fair Operating Practices;

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;

(b) 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.

(c) 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.

(d) Labor Practices;

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..

(e) Customers Issues;

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.

(f) Environment;

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

(g) Community Involvement and Development;

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

(h) 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

Reporting process

The Company has been in textile business, using cotton and polyester as main raw materials to produce fabrics through yarn spinning and fabric weaving process. As the textile industry is labor intensive and a lot of energy consumptions-running machines and accessories, such as air compressor systems, cooling tower to control air condition system, the Company has committed to promote doing business with corporate social responsibility that employees keep in mind in doing their jobs, such as energy conservation, cost reduction, improve production efficiency, and improve working place conditions, etc.

Stakeholder engagement

The Company has aware of effect from its operations and concerned issues raised by stakeholders. As shown below, the summary of stakeholder engagement and respond to the expectations.

Stakeholder	Aspect	Engagement	Respond
Shareholders	<ul style="list-style-type: none"> Return on Investment Company sustainable growth Good Corporate Governance 	<ul style="list-style-type: none"> AGM Company website Telephone 	<ul style="list-style-type: none"> Fair Operating Practices Anti-Corruption
Employee	<ul style="list-style-type: none"> Appropriated wages and benefits Job securities Good working conditions 	<ul style="list-style-type: none"> Suggestion box Hot line E-mail Welfare committee Company Activities 	<ul style="list-style-type: none"> Human Rights Labor Practice Innovation and Diffusion
Customers	<ul style="list-style-type: none"> Prices Quality Cost reduction 	<ul style="list-style-type: none"> Satisfactory survey Visiting Telephone Fax E-mail 	<ul style="list-style-type: none"> Customers Issues Innovation and Diffusion
Supplier and Trade Account payables	<ul style="list-style-type: none"> Fair treatment Adhere to contract or agreement Cost reduction 	<ul style="list-style-type: none"> Visiting Telephone Fax E-mail 	<ul style="list-style-type: none"> Fair Operating Practices
Community and Social	<ul style="list-style-type: none"> Environment protection 	<ul style="list-style-type: none"> Visiting Telephone 	<ul style="list-style-type: none"> Community Involvement and Development Environment
Regulators	<ul style="list-style-type: none"> Practices by law Disclosures 	<ul style="list-style-type: none"> Participate activities Reporting 	<ul style="list-style-type: none"> Fair Operating Practices

Corporate Social Initiatives

Economic dimension

● Fair Operating Practices

The Company strives to treat its stakeholders with equality. And is based on receiving returns. Avoiding practices that may result in conflicts of interest and the violation of intellectual property rights. Also, promote corporate social responsibility management in the business chain, by developing Code of Business Conduct for employees to use. As guidelines for the appropriateness of behavior or action in the following issues.

(1) Fair competition

- Treated equally and fairly and on the basis of the received compensation that is fair to both parties.
- Operating in accordance with international standards. Under the framework of the law on the principles of good competition.

(2) Promoting social responsibility in the value chain.

- Cooperate, clarify the compliance with the law on safety, occupational health, and working environment of a contractor who works inside the company..

(3) Respect for property rights

- Keep customers' confidential; undisclosed or unused for the benefit of the Company, or other parties.

(4) Responsible political involvement.

- Permits employees to exercise their right to vote freely.

In the past year, no complaints or penalties for violations of laws and regulations.

● Anti-corruption

The Company operates its business with transparency; adhere to the right not to receive or pay any benefit other than a benefit under the trade agreement. If found out whether there might be a bribery or dishonesty actions, the Company and trading partner will jointly investigate and solve the problem as soon as possible.

The Company has declared its Anti-Corruption Policy and has disclosed the Company Good Corporate Governance Guide and business ethics on the company's website to communicate with employees. It is also being a topic for new employee orientation.

The company has arranged an operational risk assessment. Regarding risk factors which may lead to corruption or criminal activities, the company has established measures to suppress such activities as follows;

- (1) Purchasing
 - Practice In accordance with the purchasing procedure'
- (2) Cash or petty cash
 - Set a budget and appoint a responsible person
 - Conduct counting of cash and petty cash without giving advance notice to the responsible person.
- (3) Inventory Control
 - Keep records of receipts and dispensations of goods from inventory and maintain a database in the computer system.
 - Summarize stock movements every end of the month
 - Conduct physical counting of goods in the warehouse every 6 month
- (4) Sales of wast materials
 - Arrange an auction every 6 months.
 - Check the weight of the goods together with the security officer.
- (5) Receiving / giving gifts or other benefits
 - Avoid accepting gifts, lunches, dinners or other benefits.
 - If a gift is received for services provided by the company the gift must be handed to the company for maximum usefulness to the organization.
- (6) Buying and selling securities for the company
 - Internal information is not to be used for personal gain, or supplied to outside parties. For this purpose the company has set an emergency line, Tel. 02 323 1085 Ext. 1234, for reporting any observed wrongdoing or suspicious activities. In the past year there has been no report of such activities.

● Innovation and Diffusion

The company continuously supports improvement of manufacturing processes and other practices which help to prevent potential negative impacts including responsible usage of natural resources and reduction unnecessary waste.

Indicator	Unit	2016	2017	2018
Sales and service revenues	MBht	733.97	756.26	760.57
Net Profit	MBht	36.22	42.91	110.34
Dividend to Shareholders	MBht	0	0	0
Employee benefits	MBht	129.15	121.90	119.26

Indicator	Unit	2016	2017	2018
Corporate income tax paid to government	MBht	1.93	1.70	1.76
Costs of arrangement regarding social and community development	Baht	45,616	44,885	87,652
The organization contribution rate paid into the provident fund.	% wages	3	3	3
Percentage of supplier /service/outsource	%	37	36	35
Percentage of managers being a local residence.	%	54	52	52

Social dimension

● Human rights

The company considers the matter of human rights to be very important, activities which may lead to reduction or abuse of such rights are avoided. Equality is achieved by providing a channel for complaints, opinions, and suggestions, in order to find a reasonable solution resolution correction improvement.

In the past year, there has been no complaint.

● Labor Practices

The Company has diversified employees: gender, race, religion or education. The Company has the policy to treat employees fairly and provide equal opportunities, such as compensation, benefits, and career development and growth.

Indicator	Unit	2016	2017	2018
Number of Employees by Type				
● Full time	person	597	519	487
● Part time	person	68	95	110
Number of Employees by Gender				
● Male	person	221	205	198
● Female	person	444	409	399
Number of employees by level				
● Operation	person	362	341	335
● Middle management/Supervisor	person	278	250	241
● Managers	person	25	23	21
Percentage of employees to be retired				
● Within 5 years (55-60 years old)	%	29.02	33.88	28.14
● Within 10 years (50-60 years old)	%	52.48	56.18	47.24
Turn Over Rate	%	2.69	2.53	1.75
Retention rates after parental leave	%	100	100	100
Number of employee representative in welfare committee	persons	7	7	7
Number of employee representatives in SHE committee				
● Employer representatives and SHE officer	persons	2	2	2
● Employee representatives	persons	9	9	9
Injury Frequency Rate(IFR) (per million working hours)	ppm	12	11	10
Injury Severity Rate (ISR) (per million working hours)	ppm	0	0	0
Incidence of over-3-day absence injury	persons	7	5	7
Absentee Rate(AR) (per working hours)	persons	0.020	0.013	0.056
Fatal injuries	persons	0	0	0

Indicator	Unit	2016	2017	2018
Average training hours per employee per year	Hr/Yr	6.70	6.34	6
Percentage of employees receiving regular performance and career development reviews	%	100	100	100
Proportional wages between female and male employees		62:38	62:38	63:38

● **Customer Issues**

The company produces and delivers high quality goods, in accordance with the customer’s specifications and requirements, there is a system to receive opinion, suggestions, and complaints. The company will use the information from this system to improve and correct issues promptly within reasonable time.

The fabrics produced are in accordance with Oeko-tex standard 100 for Class II products, this means that the goods are not effect to skin contact.

In the past year, there was no significant legal abuse or breaking regulations in connection with usage of the company’s goods or services.

Indicator	Unit	2016	2017	2018
Customers’ satisfaction surveyr	%	91.50	90	95
Customers’ claim or complain	Times	7	15	10

● **Community Involvement and Development**

The company supports and participate in activities for local community development. For the past year, the operation has no negative impact or tendency to create such impact for the local community.

Indicator	Unit	2016	2017	2018
Percentage of new employee learned about policy and direction regarding anti-corruption	%	0	100	100
Number of environmental issues received and correction	Times	0	0	0

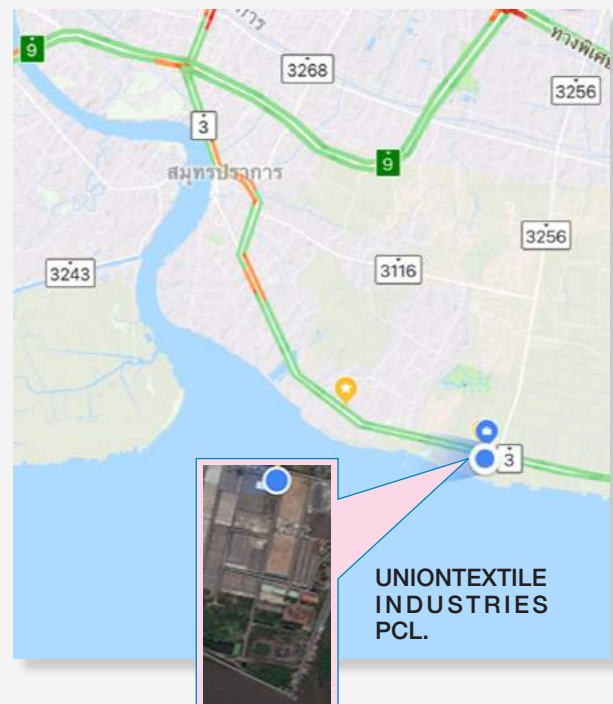
Economis dimension

● **Environment**

The company is located at 205 Moo 4 Sukhumvit Road k.m. 39.5, Bangpoomai, Muang Samutprakan, Samutprakarn 10280

The land area is 218 rais 33 wah which the company legally own. Within 5 km radius there is a local community, a temple, a school, and government offices. South of the company about 500 meters next to the coastal walk.

In the past year, there was no instance of environmental or legal abuse, such as wastewater industrial waste or leakage.



Indicator	Unit	2016	2017	2018
Main raw materials				
• Cotton	Ton	3,284	3,473	3,530
• Polyester	Ton	3,238	3,342	3,338
Fossils used				
• Diesel	MJ	145,826	147,865	156,606
• NGV	MJ	29,348,321	29,840,411	32,822,105
Electrical used	MJ	123,966,094	131,852,580	135,411,462
Water used by sources				
• Tap water	cu.m.	163,347	162,387	152,314
• Deep water	cu.m.	1,531	101	1,124
Percentage of RO reused	%	8.42	14.57	11
Waster water discharge	cu.m.	156,000	162,000	153,438
Solid waste				
• hazardous waste	Ton			
• municipal waste	Ton	800	800	800
Number of significant leakage	Times	0	0	0
Expenses and investment for environmental protection	MBht	1.76	2.73	0
Waste treatment expenses	Baht	120,000	120,000	120,000
EMS development (including research)	Baht	0	0	0

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.

CSR and Environmental Protection Activities:

In 2018, the Company participated on social and environmental activities, as follows:

- Organized activities with communities on the Buddhist ceremonies: the Candle Offering and Kathina Robe Offering.
- Donated money and things to nearby schools and government agencies.
- Participated in Aerobic Dance Show with communities on the National Mother's Day.

Prevention of Corruption Involvements:

Anti-corruption policy.

The Company holds a policy of doing business based on core values, "Intrigity Quality Service", and good business management that is to work honestly without corruption. All the accounting reports must be done with completeness,

accuracy and correct tax calculation including pay taxes correctly. There are not any bribes paid to any persons involved. The Company has adhered this practice consistently. The Company, thus, has been trustworthy from both the government sector and the society.

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.
- Self-evaluation, using anti-corruption measures of Thailand’s Private Sector Collective Action Coalition against Corruption Project (CAC) for considered used suitably.



Lent candle offering activity at Wat Tamru, Samut Prakan.



Kathina robe offering activity at Wat Lat Wai, Samut Prakan.



Managing Director addressed internal seminar opening subject view of staff about workforce development for sustainable growth



Donate stationery at Tumru Friendship 65 school, Samut Prakan



Donate at Bang PU MAI Tambon Health Promoting Hospital, Samut Prakan



Donate school supplies at Aemsuree Elementary School, Samut Prakan



Company's outdoor 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.12/2018 convened dated 18 December 2018, the Board of Directors summarized the assessment results of the adequacy of the internal control system and risk management; having an opinion the same as the Audit Committee that the Company has the internal control structure of five key components, having personnel to operate their duties effectively and adequate, as follows;

Part 1: Control Environment.

The Company commits to honesty and ethics in business operations, having set corporate governance policy and developed UT Corporate Governance and Business Code of Conducts Manual to give guidance for executives and employees practice their duties. Regarding related party transactions, the board and management will consider related conflicts of interests with care and reasonable and for the benefits of the Company. The company also informed and disseminated the company work rules, compliance with business code of conducts, and assign internal auditor to monitor and evaluate the performance.

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 organization 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.

The Company arranged communication channels for inquiry, notification, complaint or doubt; and having measures to keep information received confidentiality and protect the notify person.

Part 2: Risk Management.

The Company prepared financial statements in accordance with Thai Financial Reporting Standards, audited by Certified Public Accountant (Thailand), and the Independent Auditor's report is a part of this Annual Report.

The Company prepared risk management manual as a guideline to identify and analysis risk from activities or internal processes, including measures to prevent or mitigate risks. The office of internal auditor will use the result of risk assessment for preparing the annual internal audit plan; and in the audit committee meeting, management attended the meeting to clarify matters that the committee's enquired. In 2018, there is no significant issue 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.

The Company has used AS/400 computer system to support operating functions: 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.

In 2018, The Company has no transactions with major shareholders, directors or connected persons except for normal business transactions under fair trade conditions and will not cause any conflict of interests, being treated the same as doing business with other outsiders; proposed the audit committee consider and give opinion before submitting for approval at the Board of Directors meeting; director involved in the transaction will not attend such agenda.

Part 4: Information & Communication.

For the Board of Directors' meeting, company secretary will send invitation letter, including attachments related meeting agenda to directors in advance at least 7 days before the meeting. The management is responsible for preparing information, details, and arrange responsible person 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 2015 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 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.

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 2018 there was no such situation.

Opinions of the Audit Committee on the Internal Control.

In the Audit Committee No. 3/2018 dated Tuesday 7, August 2018, the Audit Committee has discussed with the independent auditor without the management's attendance in order to acknowledge observations of the auditor; and to give comments auditing ensure that the process of preparation and disclosure of information in the financial statements is correct, complete and reliable; whereas, the auditor has given the comments that no significant defect was found in the internal control system.

For internal audit, the Audit Committee has considered and approved the internal audit plan; and has acknowledged the audit results; give recommendations which were beneficial to the management of correction of defects; and has followed up the results of improvements thereof; and reported to the Board of Directors on a quarterly basis.

Refer to the assessment result of the adequacy of the internal control system and risk management for the year 2018, having an opinion that the Company has personnel operate cover the 5-key component of the internal control framework and risk management that adequate and suitable to business environment of the Company

Internal Audit Supervisor and the Compliance Supervisor.

- The Audit Committee has approved, proposed by the management, appointing Miss Wanida Chokmoh, Head of internal audit section, being internal audit supervisor. Miss Wanida Chokmoh has qualifications in education, training, and experience in internal audit jobs and understand the activities and business operations of the Company; therefore, Miss Wanida Chokmoh 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. Miss Prayoon Sripraram has qualification and experience in finance and accounting operations; and used to attend 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.
-

Related Party Transactions

In 2018, the Company had transactions with connected persons, as follows;

Connected person/relationship	Transaction	Value (million Baht)		Reason and needs
		2018	2017	
Saha-Union Plc. (SUC) • Company's major shareholder holding 49.88 % • Common directors.	Purchases of cotton and synthetic fibers. Trade account payable	371	391	Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity
	• Beginning • Ending	21 53	56 21	
Union Garment Co., Ltd. (UG) • SUC holds 99.99 % of UG's shares • UT and UG have common directors	Sales of fabrics.	3	6	Support normal doing business such supply chain. Economic benefits of a property that has not been used Joint uses
	Rental parts of building	5	6	
	Provide utilities Trade receivables	1	1	
	• Beginning • Ending	1 1	2 1	
Union Micron Clean Co.,Ltd. (MRC) • SUC holds 25.00% of MRC's shares • UT and MRC have common directors.	Rental parts of Building Trade receivables	2	2	Economic benefits of a property that is not in use or not suitable for the company's current production.
	• Beginning • Ending	- -	- -	
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 Trade receivables	2	2	Economic benefits of a property that is not in use or not suitable for the company's
	• Beginning • Ending	- -	- -	

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 unoperated machineries; 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; calculated from various costs basis depended on proportion uses and acceptable.

The need and rational of the transactions;

- Most benefits to the Company.

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 2018, 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 fabrics.

Over the past 3 years, the Company had no significant changes neither capital structure, management nor business operations.

1.1 Factors that affect business operations.

In the year 2018, the Company affected from; prices of raw materials, cotton and polyester, risen since the second quarter; uncertainty of crude oil price; and fluctuations of currency exchange rates, as the company has export sales the main proportional. The unclear Brexit is also one factor that affected orders from the customer in England.

1.2 Summary of operating results.

For the year ending 31 December 2018, the Company had net profit amounting 103.65 million Baht, profit increased 60.74 million Baht compared to the year 2017 having a net profit 42.91 million Baht. The comparative of operating results between year 2018 and 2017 are summarized as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2018	2017	Amount	%
Total revenues	820.40	815.31	5.09	0.62
Total expenses and finance cost	799.70	782.71	16.99	2.17
Share of profit from investments in associated companies	84.23	10.55	73.68	698.45
Income (expense) tax revenue	(1.28)	(0.24)	(1.04)	433.33
Net Profit (loss)	103.65	42.91	60.74	141.56

2. Results of Operations

2.1 Revenue

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2018	2017	Amount	%
Sales and services income	760.57	756.26	4.31	0.57
- Export sales	651.33	619.98	31.35	5.06
- Local sales	109.24	136.28	(27.04)	(19.84)
Other income	59.83	59.05	0.78	1.32
Total revenues	820.40	815.31	5.09	0.62

1) Sales and services income

Year 2018, the Company had sales and services income 760.57 Million Baht increased 4.31 million Baht or 0.57 % compared to 2017, divided into export sales increased 31.35 million Baht or 5.06%, and local sales decreased 27.04 million Baht or 19.84%, as the results of main customers in Europe gave more orders and domestic customers delayed orders due to import finished fabrics from China.

2) Other income

Year 2018, the Company had other income 59.83 million Baht increased from the year 2017 amounted 0.78 million Baht or 1.32%. They came from waste of raw materials increased 4.48 million Baht, dividend income increased 1.17 million Baht, rental income decreased 1.43 million Baht, gains on sales of machinery and equipment decreased 0.64 million Baht, and gain from exchange rate decreased 2.52 million Baht, and others incomes decreased 0.28 million Baht

2.2 Costs and expenses

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2018	2017	Amount	%
Total cost of sales	722.75	700.41	22.34	3.19
Selling expenses	24.61	25.69	(1.08)	(4.22)
Administrative expenses	51.85	56.12	(4.27)	(7.61)
Financial Cost	0.49	0.49	0	0

Cost of sales and services increased by 22.34 million Baht or 3.19%, mainly came from raw materials prices and selling expenses decreased 1.08 million Baht or 4.22%, i.e. the export expenses decreased due to the merger of transport companies. Administrative expenses decreased 4.27 million Baht or 7.61%, came from management and asset depreciation.

2.3 Net profit (loss)

The Company accounted for a net profit of 103.65 million Baht, profit increased 60.74 million Baht compared with the year 2017. The net profit consisted of 19.42 million Baht net profit in the Separate financial statement and share of profit from investment in associated company amounted 84.23 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 1.84 Baht per common share.

2.4 Profitability

Description	Unit	For the year ending 31 December	
		2018	2017
Gross Profit Margin	%	4.97	7.38
Net Profit (Loss) Margin	%	12.63	5.26
Debt to Equity ratio	Times	0.13:1	0.11:1
Return On Equity	%	11.08	4.85

Gross Profit Margin

Year 2018, the Company had gross profit 37.83 million Baht, making gross profit margin 4.97% of sales, decreased from the year 2017 which had gross profit 55.84 million Baht and gross profit margin 7.38% of sales, due to price of raw material increased.

Net Profit (Loss) Margin

The Company had net profit margin amounted 103.65 million Baht or 12.63% increased 60.74 million Baht compared with the year 2017 which had net profit margin 42.91 million Baht or 5.26%. Main reason came from Share of profit from investments in associated companies..

Debt to Equity Ratio

The Company had D/E ratio 0.13 times, increased from 2017 that had 0.11 times, as a result of trade account payable and other payables increased.

Return on Equity (ROE)

The 103.65 million Baht net profit is 11.08% of shareholders' equity that is higher than that of the year 2017 having 4.85%

3. Asset management

3.1 Financial position

As of 31 December 2018, 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)	
	2018	2017	Amount	%
Total Assets	1,082.75	1,010.17	72.58	7.18
Total Liabilities	124.49	97.24	27.25	28.02
Total Shareholders' equity	958.26	912.93	45.33	4.97

1) Assets

As of 31 December 2018, the Company had total assets amounting 1,082.75 million Baht, comprising, in proportion, 45.04% current assets, 1.02% secured bond, 23.41% investments in associated companies, 13.04% other long-term investment, 4.90% investment properties, 12.32% property, plant and equipment and 0.28% other non-current assets. Compared with the year 2017 which had the total assets amounted 1,010.17 million Baht, increased 72.58 million Baht or 7.18%. Changes are as follows;

- Current assets increased 62.37 million Baht, comprising cash and cash equivalents increased 40.19 million Baht, trade receivable, other receivable increased 11.25 million Baht, inventories increased 10.68 million Baht and others increased 0.25 million Baht.
- Non-current assets increased 10.21 million Baht, comprising investment in associate companies, long-term investment increased 23.05 million Baht; Investment property, property, plant and equipment, deferred tax assets and other non-current assets decreased 12.84 million Baht.

2) Liabilities

The Company had total liabilities of 124.49 million Baht, increased 27.25 million Baht or 28.02%, due to trade and others account payables increased 32.82 million Baht; provision for long-term employee benefits decreased 5.11 million Baht, and other current liabilities decreased 0.46 million Baht.

3) Shareholders' equity

The Company accounted for shareholders' equity amounting 958.26 million Baht, increased by 45.33 million Baht or 4.97%, resulting from the Company had net profit 103.65 million Baht, actuarial gains 3.26 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 decreased 61.58 million Baht.

3.2 Analysis of financial status

As of 31 December 2018, the Company's capital structure comprise of liabilities amounting to 124.49 million Baht and total shareholders' equity amounting to 958.26 million Baht. The Company had debt-to-capital ratio of 11.50%, indicating strong financial status.

4. Liquidity and capital adequacy

4.1 Capital sources

1) Analysis of changes in capital sources

As of 31 December 2018, the Company had cash and cash equivalent amounted 120.68 million Baht increased 40.19 million Baht compared with the previous year. Details of net cash flew from (used in) were as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Changes	
	2018	2017	Amount	%
Net cash flows from (used in) operating activities	54.83	(23.97)	78.80	328.74
Net cash flows from (used in) investing activities	(14.64)	(0.94)	(13.70)	(1,457.45)
Net cash flows from (used in) financing activities	-	-	-	-
Cash and cash equivalent increased (decreased)	40.19	(24.91)	65.10	261.34
Cash and cash equivalent - beginning	80.49	105.40	(24.91)	(23.63)
Cash and cash equivalent - ending	120.68	80.49	40.19	49.93

- Net cash flows from operating activities increased because of the Company had more trade and other payables, mainly undue raw materials purchased.
- Net cash flows used in investing activities increased since the Company bought machines and equipment for replacement.
- No net cash flows used in financing activities in 2018, as did the year 2017.

The optimal capital structure

The Company had Debt to Equity ratio 0.13:1 times, higher than that of 2017, 0.11:1 times, indicating low relative proportion of debt and shareholders' equity.

4.2 Capital expenditure

In the year 2018, the Company had invested expenses on electrical equipment and machine accessories amounted 17.82 million Baht.

4.3 Liquidity adequacy

Description	Unit	As at 31 December	
		2018	2017
Current Ratio	Times	5.54	7.63
Quick ratio	Times	3.38	4.47
Inventory turn over	Times	4.20	4.71
Average debt collection	days	83	79

- Current ratio was 5.54 times, lower than that of the year 2017 which was 7.63 times, due to purchasing raw materials increased.
- Quick ratio was 3.38 times, lesser than that of the year 2017 which was 4.47 times.
- Inventory turnover was 4.20 times, lesser than that of the year 2017 which was 4.71 times.
- Average debt collection was 83 days about the same period that gives credit term to each customer.

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.

The Company has been 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 2018 Item 24 Commitment and contingent liabilities.

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 tax assets
- Post-employment benefits under defined benefit plans.

Audit Committee Report

To Shareholders:

The Audit Committee of Union Textile Industries Public Company Limited comprises of three independent directors, holding qualifications in accordance with criteria of the Stock Exchange of Thailand. Chaired by Associate Professor Boonserm Vimuktanandana and members of the Audit Committee are Dr. Pilastpong Subsermsri and Mr. Preecha Wattanasaranon.

In 2018, there have been 4 meetings in total as scheduled: Associate Professor Boonserm Vimuktanandana and Mr. Preecha Wattanasaranon attended 4 times, Dr. Pilastpong Subsermsri attended 3 times Each of the meeting, the Audit Committee discussed with management, internal auditor and the external auditor on the related matters; and has performed their duties as prescribed in the Chapter of the Audit Committee of the Company, summarized as follows:

1. Review of Financial Statement:

The committee reviewed the quarterly financial statements and the financial statements of the year 2018 as the external auditor reported and discussed concerned matters with the management 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.

At the Audit Committee meeting No.3/2018, having a meeting with the external auditor, without management attended, to be informed the external auditor's findings and remarks, openly.

2. Review of Good Corporate Governance:

The committee has assigned internal auditor to review and report that the company business operations are compliance with the Company's Corporate Governance and Business Code of Conduct Manual; laws and regulations of the Securities and Exchange Commission; regulations of the Stock Exchange of Thailand; laws related to doing business of the Company. Including self- evaluation on compliance with the code of corporate governance and anti-corruption measures

3. Review of the Risk Management:

The committee has reviewed the risk management of the Company, in which the Board of Directors meeting has discussed about risk factors that might affected the business operation in order to set up practice guidelines and assign management being responsible for the operation, and report the progress of the implementation and results. In addition, the committee has assigned internal auditor to do risk assessment at the operational level, used as information for making internal audit plan..

4. Review of Internal Control and Internal Audit:

The committee has reviewed, considered and approved the annual internal audit plan and evaluated the adequacy of the internal control system and risk management, having the opinion that the Company's internal control has been adequate and effective. In addition, the committee has provided recommendations which are beneficial to improvement of efficiency of the internal control system and risk management.

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 has made self-assessment their performance and discussed together to summarize the evaluation results on behalf of the committee as a whole

7. Appointment of the Independent Auditor:

The committee considered qualifications of independent auditors and audit fee; presenting the recommendation to the Board of Directors for approval to propose in the Shareholders' meeting agenda regarding the appointment of the Company auditor for the year 2018 which was the auditor of EY Office Limited.

In summary, the Audit Committee has completely performed their duties in accordance with the scope and responsibilities as prescribed in the Audit Committee charter; 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)
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities to the Financial Statement

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

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

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

The Board of Directors concluded that the company's overall internal control system was satisfactory and adequate to give credibility to the financial statements of company as of 31 December 2018



(Miss Dalad Saphavichaikul)
Chairman



(Mrs. Pimporn Chotirattanakul)
Managing Director

Report and Financial statements

31 December 2018

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 2018, 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 2018, 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 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 amount of sales is significant to the financial statements (93% of total revenues) and a key performance indicator in the business operation. In addition, the Company's revenues mostly consisted of overseas sales made under varying commercial terms. There is therefore a possibility of the Company's revenue recognition in inappropriate period.

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.
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- 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 86 million which is material to the statement of financial position as at 31 December 2018. Since today's textile industry is highly competitive, there is a risk associated with the recoverable amount of such machinery and equipment. 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.nt.

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.

I am responsible for the audit resulting in this independent auditor's report.



Poonnard Paچارoen
Certified Public Accountant (Thailand) No. 5238

Statements of Financial position

As at 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	120,681,102	80,487,913	120,681,102	80,487,913
Trade and other receivables	8	185,779,895	174,530,016	185,779,895	174,530,016
Inventories	9	177,318,351	166,642,271	177,318,351	166,642,271
Other current assets		3,854,578	3,604,356	3,854,578	3,604,356
Total current assets		487,633,926	425,264,556	487,633,926	425,264,556
Non-current assets					
Restricted bond	24.3	11,000,000	11,000,000	11,000,000	11,000,000
Investments in associated companies	10	253,482,089	232,433,558	25,000,100	25,000,100
Other long-term investments	11	141,149,300	139,149,300	141,149,300	139,149,300
Investment properties	12	53,041,780	55,320,267	53,041,780	55,320,267
Property, plant and equipment	13	133,403,738	141,470,370	133,403,738	141,470,370
Deferred tax assets	20	2,838,842	5,331,818	2,838,842	5,331,818
Other non-current assets	14	199,750	204,250	199,750	204,250
Total non-current assets		595,115,499	584,909,563	366,633,510	377,476,105
Total assets		1,082,749,425	1,010,174,119	854,267,436	802,740,661

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

Statements of Financial position (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	87,677,947	54,862,649	87,677,947	54,862,649
Other current liabilities		397,008	858,387	397,008	858,387
Total current liabilities		88,074,955	55,721,036	88,074,955	55,721,036
Non-current liabilities					
Provision for long-term employee benefits	16	36,415,245	41,523,146	36,415,245	41,523,146
Total non-current liabilities		36,415,245	41,523,146	36,415,245	41,523,146
Total liabilities		124,490,200	97,244,182	124,490,200	97,244,182
Shareholders' equity					
Share capital					
Registered					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
		600,000,000	600,000,000	600,000,000	600,000,000
Issued and fully paid					
15,000,000 preference shares of Baht 10 each	17	150,000,000	150,000,000	150,000,000	150,000,000
45,000,000 ordinary shares of Baht 10 each		450,000,000	450,000,000	450,000,000	450,000,000
Retained (deficit) earnings					
Appropriated - statutory reserve	18	150,000,000	150,000,000	150,000,000	150,000,000
Unappropriated		184,452,930	77,544,493	(43,670,364)	(66,351,121)
Other components of shareholders' equity		23,806,295	85,385,444	23,447,600	21,847,600
Total shareholders' equity		958,259,225	912,929,937	729,777,236	705,496,479
Total liabilities and shareholders' equity		1,082,749,425	1,010,174,119	854,267,436	802,740,661

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

Income Statements

For the year ended 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales		760,573,167	756,256,057	760,573,167	756,256,057
Other income					
Sales of scrap		23,900,749	19,426,376	23,900,749	19,426,376
Rental income		20,969,572	22,403,972	20,969,572	22,403,972
Dividend income	11	3,170,000	2,000,000	3,170,000	2,000,000
Gains on sales of machinery and equipment		1,457	639,140	1,457	639,140
Exchange gains		6,032,112	8,554,607	6,032,112	8,554,607
Others		5,757,452	6,032,290	5,757,452	6,032,290
Total revenues		820,404,509	815,312,442	820,404,509	815,312,442
Expenses					
Cost of sales		722,215,193	700,904,624	722,215,193	700,904,624
Allowance for diminution in value of inventories (revers)	9	532,245	(493,019)	532,245	(493,019)
Total cost of sales		722,747,438	700,411,605	722,747,438	700,411,605
Selling and distribution expenses		24,609,956	25,692,864	24,609,956	25,692,864
Administrative expenses		51,850,808	56,119,709	51,850,808	56,119,709
Total expenses		799,208,202	782,224,178	799,208,202	782,224,178
Profit before share of profit from investments in associated companies, finance costs and income tax expense		21,196,307	33,088,264	21,196,307	33,088,264
Share of profit from investments in associated companies	10.2	84,227,680	10,549,265	-	-
Profit before finance cost and income tax expense		105,423,987	43,637,529	21,196,307	33,088,264
Finance costs		(498,532)	(486,874)	(498,532)	(486,874)
Profit before income tax expense		104,925,455	43,150,655	20,697,775	32,601,390
Income tax income (expenses)	20	(1,277,785)	(241,985)	(1,277,785)	(241,985)
Profit for the year		103,647,670	42,908,670	19,419,990	32,359,405
Basic earnings per share (Baht)	21				
Profit for the year		1.84	0.49	(0.04)	0.25

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

Statements of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Profit for the year	103,647,670	42,908,670	19,419,990	32,359,405
Other comprehensive income:				
<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	1,600,000	3,800,000	1,600,000	3,800,000
Available-for-sale securities of the associated company - net from income tax	(63,179,149)	10,939,924	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(61,579,149)	14,739,924	1,600,000	3,800,000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial gain-net of income tax	3,260,767	-	3,260,767	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods- net of income tax	3,260,767	-	3,260,767	-
Other comprehensive income for the year	(58,318,382)	14,739,924	4,860,767	3,800,000
Total comprehensive income for the year	45,329,288	57,648,594	24,280,757	36,159,405

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

Statements of changes in shareholders' equity

For the year ended 31 December 2018

Financial statements in which the equity method is applied

(Unit: Baht)

	Issued and paid-up share capital			Retained earnings		Other components of equity			Total shareholders' 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		
Balance as at 1 January 2017	150,000,000	450,000,000	150,000,000	34,635,823	18,047,600	52,597,920	855,281,343		
Profit for the year	-	-	-	42,908,670	-	-	42,908,670		
Other comprehensive income for the year	-	-	-	-	3,800,000	10,939,924	14,739,924		
Total comprehensive income for the year	-	-	-	42,908,670	3,800,000	10,939,924	57,648,594		
Balance as at 31 December 2017	150,000,000	450,000,000	150,000,000	77,544,493	21,847,600	63,537,844	912,929,937		
Balance as at 1 January 2018	150,000,000	450,000,000	150,000,000	77,544,493	21,847,600	63,537,844	912,929,937		
Profit for the year	-	-	-	103,647,670	-	-	103,647,670		
Other comprehensive income for the year	-	-	-	3,260,767	1,600,000	(63,179,149)	(58,318,382)		
Total comprehensive income for the year	-	-	-	106,908,437	1,600,000	(63,179,149)	45,329,288		
Balance as at 31 December 2018	150,000,000	450,000,000	150,000,000	184,452,930	23,447,600	358,695	958,259,225		

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

Statements of changes in shareholders' equity(continued)

For the year ended 31 December 2018

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity	Total shareholders' equity	
	Preference shares	Ordinary shares	Appropriated statutory reserve	Unappropriated			
Balance as at 1 January 2017	150,000,000	450,000,000	150,000,000	(98,710,526)	18,047,600	669,337,074	
Profit for the year	-	-	-	32,359,405	-	32,359,405	
Other comprehensive income for the year	-	-	-	-	3,800,000	3,800,000	
Total comprehensive income for the year	-	-	-	32,359,405	3,800,000	36,159,405	
Balance as at 31 December 2017	150,000,000	450,000,000	150,000,000	(66,351,121)	21,847,600	705,496,479	
Balance as at 1 January 2018	150,000,000	450,000,000	150,000,000	(66,351,121)	21,847,600	705,496,479	
Profit for the year	-	-	-	19,419,990	-	19,419,990	
Other comprehensive income for the year	-	-	-	3,260,767	1,600,000	4,860,767	
Total comprehensive income for the year	-	-	-	22,680,757	1,600,000	24,280,757	
Balance as at 31 December 2018	150,000,000	450,000,000	150,000,000	(43,670,364)	23,447,600	729,777,236	

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

Cash flow Statement

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	104,925,455	43,150,655	20,697,775	32,601,390
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	28,160,438	33,730,646	28,160,438	33,730,646
Allowance for diminution in value of inventories (reversal)	532,245	(493,019)	532,245	(493,019)
Gains on write off/sale of machinery and equipment	(1,457)	(639,140)	(1,457)	(639,140)
Share of profit from investments in associated companies	(84,227,680)	(10,549,265)	-	-
Dividend income	(3,170,000)	(2,000,000)	(3,170,000)	(2,000,000)
Unrealised loss (gains) on exchange	759,177	1,880,573	759,177	1,880,573
Provision for long-term employee benefits	3,640,961	4,832,428	3,640,961	4,832,428
Profit from operating activities before changes in operating assets and liabilities	50,619,139	69,912,878	50,619,139	69,912,878
Operating assets (increase) decrease				
Trade and other receivables	(12,009,056)	(11,891,107)	(12,009,056)	(11,891,107)
Inventories	(11,208,325)	(35,429,900)	(11,208,325)	(35,429,900)
Other current assets	1,007,322	(601,052)	1,007,322	(601,052)
Other non-current assets	4,500	59,550	4,500	59,550
Operating liabilities increase (decrease)				
Trade and other payables	32,815,298	(39,057,568)	32,815,298	(39,057,568)
Other current liabilities	(461,379)	599,009	(461,379)	599,009
Provision for long-term employee benefits	(4,672,904)	(6,250,485)	(4,672,904)	(6,250,485)
Cash flows from (used in) operating activities	56,094,595	(22,658,675)	56,094,595	(22,658,675)
Cash paid for income tax	(1,257,544)	(1,313,400)	(1,257,544)	(1,313,400)
Net cash flows from (used in) operating activities	54,837,051	(23,972,075)	54,837,051	(23,972,075)

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

Cash flow Statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Acquisition of machinery and equipment	(17,815,563)	(3,593,010)	(17,815,563)	(3,593,010)
Proceeds from sales of machinery and equipment	1,701	654,610	1,701	654,610
Dividend income	3,170,000	2,000,000	3,170,000	2,000,000
Net cash flows used in investing activities	(14,643,862)	(938,400)	(14,643,862)	(938,400)
Cash flows from financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	40,193,189	(24,910,475)	40,193,189	(24,910,475)
Cash and cash equivalents at beginning of year	80,487,913	105,398,388	80,487,913	105,398,388
Cash and cash equivalents at end of year	120,681,102	80,487,913	120,681,102	80,487,913

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

Notes to Financial statements

For the year ended 31 December 2018

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, South Phraakanong Sub District, Phraakanong 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 11 October 2016, 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 year

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

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

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

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

IFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

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

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

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.

4.9 Long-term leases

Leases of 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.

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.

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)

	2018	2017	Pricing policy
Transactions with parent company			
Purchases of raw materials	371	391	Cost plus margin of parent company
Transactions with related companies			
Sales of goods	3	6	Cost plus margin
Purchase of goods and raw materials	2	1	Cost plus margin of related companies
Rental income	21	22	Contract price
Other income	1	2	Contract price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2018	2017
Trade and other receivables - related parties (Note 8)		
Related companies (Has common shareholders)	614	807
Related company (Held by the Company)	100	141
Others	7	11
Total trade and other receivables - related parties	721	959
Trade and other payables - related parties (Note 15)		
Parent company	53,339	20,587
Associated company	629	629
Related companies (Has common shareholders)	83	132
Others	-	6
Total trade and other payables - related parties	54,051	21,354

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses of its directors and management as below.

	(Unit: Thousand Baht)	
	2018	2017
Short-term employee benefits	11,786	10,573
Post-employment benefits	151	70
Total	11,937	10,643

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2018	2017
Cash	34	29
Bank deposits	40,726	50,491
Short-term bonds	79,921	29,968
Total	120,681	80,488

As at 31 December 2018, bank deposits in saving accounts and short-term bonds carried interests between 0.38 to 1.40 percent per annum (2017: 0.38 to 1.04 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2018	2017
Trade receivables - related parties		
Age of receivables		
Not yet due	305	482
Total trade receivables - related parties	305	482
Trade receivables - unrelated parties		
Age of receivables		
Not yet due	165,605	166,219
Past due up to 3 months	11,552	2,080
Past due 3 - 6 months	200	-
Total trade receivables - unrelated parties, net	177,357	168,299
Total trade receivables - net	177,662	168,781
Other receivables		
Other receivables - related parties	416	477
Other receivables - unrelated parties	7,702	5,272
Total	8,118	5,749
Total trade and other receivables	185,780	174,530

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	31,536	34,923	(1,127)	(595)	30,409	34,328
Work in process	29,590	26,245	-	-	29,590	26,245
Raw materials and chemicals	117,209	105,384	-	-	117,209	105,384

(Unit: Thousand Baht)						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Spare parts and factory supplies	373	948	(263)	(263)	110	685
Total	178,708	167,500	(1,390)	(858)	177,318	166,642

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	
			2018	2017	2018	2017	2018	2017
Unifibre Co., Ltd.	Investment Agency and service business, Distribution of textile products and other materials	Thailand	%	%				
			20.83	20.83	253,482	232,434	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					270,432	249,384	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					253,482	232,434	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 comprehensive income 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	
	2018	2017	2018	2017
Unifibre Co., Ltd.	84,228	10,549	(63,179)	10,940
Total	84,228	10,549	(63,179)	10,940

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 years 2018 and 2017.

10.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	2018	2017
Current assets	227	14
Non-current assets	1,148	1,180
Current liabilities	156	2
Non-current liabilities	3	76
Net assets	1,216	1,116
Shareholding percentage (%)	20.83	20.83
Share of net assets	253	232
Carrying amounts of associate based on equity method	253	232

Summarised information about comprehensive income

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	For the year ended 31 December	
	2018	2017
Revenue	528	56
Profit	404	51
Total comprehensive income	101	103

11. Other long-term investments

	Shareholding percentage		Investment value	
	2018	2017	2018	2017
	%	%	Thousand Baht	Thousand Baht
Investment in available-for-sale securities				
Saha-Union Plc.	0.33	0.33	16,191	16,191
Add: Unrealised gain from change in value of investment			29,309	27,309
Investment in available-for-sale securities, net			45,500	43,500
Investment in other companies				
Union Business Management Co., Ltd.	19.00	19.00	94,999	94,999
Union Micronclean Co., Ltd.	13.00	13.00	650	650
Total Investments in other companies			95,649	95,649
Total other long-term investments - net			141,149	139,149

During the current year, the Company received dividends Baht 1 million from Union Micronclean Co., Ltd and Baht 2 million from Saha-Union Plc. (2017: Baht 2 million from Saha-Union Plc.).

12. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Land awaiting sales / Leased land	Plants for use in investment	Total
31 December 2018			
Cost	46,852	179,430	226,282
<u>Less</u> Accumulated depreciation	-	(173,240)	(173,240)
Net book value	46,852	6,190	53,042
31 December 2017			
Cost	46,852	179,430	226,282
<u>Less</u> Accumulated depreciation	-	(170,962)	(170,962)
Net book value	46,852	8,468	55,320

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	2018	2017
Net book value at beginning of year	55,320	57,599
Depreciation charged	(2,278)	(2,279)
Net book value at end of year	53,042	55,320

As at 31 December 2018, 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 9 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
Cost							
As at 1 January 2017	29,873	195,101	1,519,919	21,581	15,648	321	1,782,443
Additions	-	-	1,907	347	-	1,339	3,593
Disposals / write-off	-	-	(38,153)	(2,120)	-	-	(40,273)
Transfer between classes of accounts	-	-	1,070	400	-	(1,470)	-
As at 31 December 2017	29,873	195,101	1,484,743	20,208	15,648	190	1,745,763
Additions	-	-	2,028	602	650	14,536	17,816
Disposals / write-off	-	-	(11,468)	(65)	(16)	-	(11,549)
Transfer between classes of accounts	-	2,760	11,966	-	-	(14,726)	-
As at 31 December 2018	29,873	197,861	1,487,269	20,745	16,282	-	1,752,030
Accumulated depreciation							
As at 1 January 2017	-	179,276	1,399,011	20,311	14,500	-	1,613,098
Depreciation for the year	-	5,170	25,341	672	269	-	31,452
Depreciation on disposals / write-off	-	-	(38,153)	(2,104)	-	-	(40,257)
As at 31 December 2017	-	184,446	1,386,199	18,879	14,769	-	1,604,293
Depreciation for the year	-	2,963	22,039	581	299	-	25,882
Depreciation on disposals / write-off	-	-	(11,468)	(65)	(16)	-	(11,549)
As at 31 December 2018	-	187,409	1,396,770	19,395	15,052	-	1,618,626
Net book value							
31 December 2017	29,873	10,655	98,544	1,329	879	190	141,470
31 December 2018	29,873	10,452	90,499	1,350	1,230	-	133,404
Depreciation for the year							
2017 (Baht 26 million included in manufacturing cost, and the balance in administrative expenses)							31,452
2018 (Baht 22 million included in manufacturing cost, and the balance in administrative expenses)							25,882

As at 31 December 2018, the Company has net book value of machinery and equipment for rental Baht 4 million (2017: 7 million).

As at 31 December 2018, 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 1,401 million (2017: Baht 1,389 million).

14. Other non-current assets

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

15. Trade and other payables

(Unit: Thousand Baht)

	2018	2017
Trade accounts payable - related parties	53,685	20,989
Trade accounts payable - unrelated parties	16,428	14,979

(Unit: Thousand Baht)

	2018	2017
Other payable - related parties	366	365
Accrued expenses	17,199	18,529
Total trade and other payables	87,678	54,862

16. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	2018	2017
Present value of defined benefit obligation	65,615	71,524
Fair value of plan assets	(29,200)	(30,001)
Net defined benefit liability	36,415	41,523

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

(Unit: Thousand Baht)

	2018	2017
Defined benefit obligation at beginning of year	71,524	73,873
Included in profit or loss:		
Current service cost	3,199	3,922
Interest cost	1,285	1,781
Included in other comprehensive income:		
Actuarial gain (loss) arising from		
Demographic assumptions changes	(182)	-
Financial assumptions changes	2,323	-
Experience adjustments	(6,217)	-
Benefits paid during the year	(6,317)	(8,052)
Defined benefit obligation at end of year	65,615	71,524
Fair value of plan assets at beginning of year	30,001	30,932
Included in profit or loss:		
Change in fair value	843	871
Contribution by the Company	2,230	2,392
Paid during the year	(3,874)	(4,194)
Fair value of plan assets at end of year	29,200	30,001

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)

	2018	2017
Current service cost	3,199	3,922
Interest cost	1,285	1,781
Change in fair value of plan assets	(843)	(871)
Total expense recognised in profit or loss	3,641	4,832

The Company expects to pay Baht 7.0 million of long-term employee benefits during the next year (2017: Baht 8.8 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2017: 12 years)

Principal actuarial assumptions at the valuation date were as follows:

	2018	2017
	(% per annum)	(% per annum)
Discount rate	2.6	2.8
Future salary increase rate (depending on age of employee)	3.5 - 5.5	3.5 - 6.5
Turnover rate	0.0 - 40.0	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 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	Increase 1%		Decrease 1%	
	2018	2017	2018	2017
Discount rate	(3,503)	(3,214)	3,874	3,563
Future salary increase rate	3,782	4,790	(3,491)	(4,371)
Turnover rate	(759)	(1,540)	834	1,668

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of approximately Baht 12 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

17. Preference shares

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

The cumulative unpaid dividend to the preference shares as of 31 December 2018 totalled Baht 147 million (2017: Baht 144 million).

18. Statutory reserve

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

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

As at 31 December 2018, the statutory reserve was Baht 150 million (equivalent to 25 percent of its registered share capital) had reached the minimum amount as stipulated in the Company's regulations.

19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2018	2017
Salary and wages and other employee benefits	139,461	142,750
Depreciation	28,160	33,731
Utilities expenses	119,946	115,659
Raw materials and consumables used	469,294	454,134
Changes in inventories of finished goods and work in process	574	(7,176)

20. Income tax

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

	(Unit: Thousand Baht)	
	For the years end 31 December	
	2018	2017
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,278	242
Income tax expenses (income) reported in the income statement	1,278	242

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	For the years end 31 December	
	2018	2017
Deferred tax on		
Gain on change in value of available-for-sale investments	400	950
Actuarial gain	815	-
	1,215	950

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	
	2018	2017	2018	2017
Accounting profit before tax	104,925	43,151	20,698	32,601
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	20,985	8,630	4,140	6,520
Effects of:				
Non-deductible expenses	122	43	122	43
Tax-exempt dividend income	(634)	(400)	(634)	(400)
Share of profit from investment in associate companies	(16,485)	(2,110)	-	-

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statement	
	2018	2017	2018	2017
Unrecognised deferred tax on deductible temporary differences and unused tax losses				
	(2,350)	(5,921)	(2,350)	(5,921)
Total	(19,707)	(8,388)	(2,862)	(6,278)
Income tax expenses reported in the income statement	1,278	242	1,278	242

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	As at 31 December 2018	As at 31 December 2017
Deferred tax assets		
Provision for long-term employee benefits	7,283	8,304
Unused tax losses	2,379	3,065
Deferred tax liabilities		
Unrealised gain from revaluation of investments	(5,862)	(5,462)
Others	(961)	(575)
Total	2,839	5,332

As at 31 December 2018, the Company has deductible temporary differences and unused tax losses totaling Baht 269 million (2017: Baht 442 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 42 million will expire by 2019.

21. 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	
	2018	2017	2018	2017	2018	2017
	Thousand	Thousand	Thousand	Thousand		
	Baht	Baht	shares	shares	Baht	Baht
Profit	103,648	42,909				
Less: Dividend of preference shares	(21,000)	(21,000)				
Profit attributable to ordinary shares	82,648	21,909	45,000	45,000	1.84	0.49

	Separate financial statements					
	Profit		Weighted average number of ordinary shares		Basic earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit	19,420	32,359				
Less: Dividend of preference shares	(21,000)	(21,000)				
Profit (loss) attributable to ordinary shares	(1,580)	11,359	45,000	45,000	(0.04)	0.25

22. Segment information

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

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

Geographic information

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

	(Unit: Million Baht)	
	2018	2017
Revenue from external customers		
United Kingdom	191	202
Italy	352	355
Others	218	199
Total	761	756

Major customers

For the year 2018, the Company has revenue from two major customers in totaling amount of Bah 543 million (2017: Baht 557 million).

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 2 million (2017: Baht 2 million) were recognised as expenses.

24. Commitment and contingent liabilities

24.1 Capital commitment

As at 31 December 2018, the Company had capital commitments of Baht 0.3 million, relating to purchase the electrical equipment.

As at 31 December 2017, the Company had capital commitments of Baht 0.2 million, in relation to monitoring system of ground level and ground water quality.

24.2 Operating lease commitment

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

As at 31 December 2018, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 1 million (2017: Baht 1 million).

24.3 Guarantees

As at 31 December 2018, the Company pledge BOT bond of Baht 11 million with Metropolitan Electricity Authority to guarantee the usage of electricity (2017: 11 million).

As at 31 December 2018, the Company had bank guarantees issued by a bank on behalf of the Company as a security for the purchases and sales of natural gas of Baht 1.6 million (2017: Baht 1.6 million).

25. Fair value hierarchy

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

(Unit: Million Baht)

	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Available-for-sale securities	46	-	-	46
Assets for which fair value are disclosed				
Investment property	-	670	9	679

(Unit: Million Baht)

	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Available-for-sale securities	44	-	-	44
Assets for which fair value are disclosed				
Investment property	-	670	18	688

26. Financial instruments

26.1 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 bonds. 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 2018

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	80	41	-	121	0.38 - 1.40
Trade and other receivables	-	-	186	186	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	253	253	-
Other long-term investments	-	-	141	141	-
Financial liabilities					
Trade and other payables	-	-	88	88	-

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2017

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	30	51	-	81	0.38 - 1.04
Trade and other receivables	-	-	175	175	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	232	232	-
Other long-term investments	-	-	139	139	-
Financial liabilities					
Trade and other payables	-	-	55	55	-

(Unit: Million Baht)

Separate financial statements
as at 31 December 2018

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	80	41	-	121	0.38 – 1.40
Trade and other receivables	-	-	186	186	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	141	141	-
Financial liabilities					
Trade and other payables	-	-	88	88	-

(Unit: Million Baht)

Separate financial statements
as at 31 December 2017

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	30	51	-	81	0.38 - 1.04
Trade and other receivables	-	-	175	175	-
Restricted bond	11	-	-	11	1.58
Investments in associated companies	-	-	25	25	-
Other long-term investments	-	-	139	139	-
Financial liabilities					
Trade and other payables	-	-	55	55	-

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 2018 and 2017, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2018 (Million)	2017 (Million)	2018 (Baht per 1 foreign currency unit)	2017 (Baht per 1 foreign currency unit)
US dollar	2.59	2.02	32.1924	32.4342
Euro	2.03	2.32	36.6577	38.5567

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018

Foreign currency	Sold amount (Million)	Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	3.70	31.81 - 32.98	02/07/19 - 24/12/19
Euro	2.25	37.45 - 39.55	17/01/19 - 27/12/19

As at 31 December 2017

Foreign currency	Sold amount (Million)	Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	2.30	32.27 - 34.17	05/03/18 - 25/12/18
Euro	2.50	38.80 - 39.95	16/02/18 - 28/12/18

26.2 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.

27. 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 2018, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.13:1 (2017: 0.11:1) and debt to equity ratio in the separate financial statements was 0.17:1 (2017: 0.14:1).

28. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 19 February 2019.

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