

ANNUAL REPORT 2017



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Highlights of Financial Performance

As at 31 December 2017

Financial Statement

(Unit: Thousand Baht)

	2017	2016	2015
Total assets	1,010,206	992,402	937,204
Total liabilities	97,276	137,120	122,773
Total shareholders' equity	912,930	855,282	814,431
Total revenues	815,312	791,938	776,014
Total expenses	782,224	761,527	750,041
Share of profit (loss) from investments in associated companies	10,549	3,687	4,309
Finance costs	(486)	(605)	(590)
Profit (loss) before corporate income tax	43,151	33,493	29,692
Corporate income tax	(242)	2,728	(671)
Net Profit (Loss)	42,909	36,221	29,021

Financial Ratio

	2017	2016	2015
Earnings (Loss) per share (Baht)	0.49	0.34	0.18
Dividends per share (Baht)	0	0	0
Total Shareholders' equity per share (Baht)	15.22	14.25	13.57
Return on sales %	5.26	4.57	3.74
Return on Equity (ROE) %	4.85	4.34	3.61
Return on Assets %	4.29	3.75	3.10
Debt/Equity ratio (Times)	0.11	0.16	0.15
Current Ratio (Times)	7.63	4.27	4.19

The Board of Directors' Report

Union Textile Industries Public Company Limited has been in operation for 40 years. 2017 was the 3rd successive year the company enjoyed a profit from its operation. As the company kept monitoring closely the situations and major risk factors that could affect the Company's business, such as the economic and political conditions of the trading partners's countries, prices of cotton and crude oil in the world markets, the strength of the baht. The Company could make adjustments and direct the working strategies to cushion the impact of the customers' purchase orders to a certain extent.

The operation result in 2017, Total revenue was Bht 815 million an increase of Bht 23 million or 2.95% from the previous year. Sales increased by Bht 22 million or 3.04%. Other income increased by Bht 1 million from the previous year or 1.86%. Total expenditures were Bht 782 million an increase of Bht 20 million or 2.72%. Cost of sales increased by Bht 18 million, Sales and administrative expenses increased by Bht 2 million, 2.70% and 2.89% respectively. The Company registered a net profit of Bht 32.36 million, per the Separate Financial Statements. For the operation results according to the Equity Method Financial Statements: net profit of Bht 42.91 million. The Company has a total assets value of Bht 1,010 million, and total liabilities of Bht 97 million. Shareholders' equity is valued at Bht 913 million liabilities to equity ratio of 0.11, liquidity ratio of 7.63. An indication that the Company's financial standing was stable and highly liquidated.

Regarding the general economic outlook in 2018, the U.S. and E.U. will enjoy a slight economic expansion as a result of a continuous recovery in the confidence of both the consumers and business sectors. However, there are other factors that might contribute to a slower global economic growth, e.g., the unstable political situation in the U.S. and E.U., the volatilities of the global monetary markets, the economic and financial policies of the U.S., the belated and prolonged Brexit negotiations. Other business environments that could shore up the costs: higher energy costs, a reflection of crude oil prices in the world markets, higher labour costs, cotton prices and the currency fluctuations. For the Company's 2018 operations, the Company maintains and stresses the importance of elevating the capabilities and standards of operation to a remarkable level. The development of personnel to be of high potential and efficient in cautiously handling the consequences and opportunities arising from the global economy. The evaluations of the risks from the foreign economic environments that could constantly affect the export. The abilities to adapt to the ever changing situations and intense competitions.

The Board of Directors would like to thank all shareholders, customers, and stakeholders who have exercised their rights and participated in accordance with the principle of good corporate governance, and also for your trust and continued support to the Company's business. The operations of the Company shall adhere to effective business management systems, transparency, commitment to the corporate social responsibility and anti-corruption measures, in accordance with our code of conduct, and the business philosophy of the Company, in order to steer our progress towards sustained prosperity and everlasting stabilities.



Miss Dalad Sapthavichaikul
Chairman

Board of Directors



Miss Dalad Saphthavichaikul
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

1. Miss Dalad Sapthavichaiuk

Chairman
Age: 61 years

Education:

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

IOD's Training

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

Experience:

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

Current Positions

Listed Companies

- 2017 - Present Vice 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.
- June 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.
- August 2015 - Present Director, The Sukhumvit 62 Medical Limited.
- 2017 - Present Chairman and President, Computer Union Co., Ltd.
- March 2017 - Present Chairman, The Royal Hotel Co., Ltd.
- December 2017 - Present Director, KPN Healthcare Public Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

Other Companies

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

Years of Directorship 23 years (since 1995)

2. Mrs. Boonserm Vimuktanandana

Chairman of Audit Committee / Independent Director
Age : 69 years

Education:

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

Training:

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

Experience:

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

Current Positions:

Listed Companies

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

Other Listed Companies

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

Saha-Union Group Companies - None -

Other Companies

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

Years of Directorship 5 years (since 22 January 2013)

Years of Independent Directorship 5 years (since 22 January 2013)

3. Dr. Pilastpong Subsermsri

Audit Committee / Independent Director /
Chairman of Nomination and Remuneration Committee
Age: 67 Years

Education:

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

Training:

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

Experiences/ Current Positions:

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.

Years of Directorship 7 (since 1 January 2011)

Years of Independent Directorship 7 years (since 1 January 2011)

4.Mr. Preecha Wattanasaranont

Audit Committee / Independent Director /
Nomination and Remuneration Committee
Age: 65 Years

Education:

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

Training:

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

Experience:

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

Current Positions:

Listed Companies

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

Saha-Union Group Companies - None -

Other Companies - None -

Years of Directorship 2 year 7 months (since 20 May 2015)

Years of Independent Directorship 2 year 7 months (since 20 May 2015)

5.Mrs. Pimporn Chotirattanakul

Managing Director
Age : 67 Years

Education:

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

Training :

- Director Accreditation Program(DAP) Class 5/2003

Experiences :

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

Years of Directorship 4 years (since 1 January 2014)

6.Mr. Chutindhon Darakananda

Director
Age: 58 years

Education:

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

IOD's Training

- Director Accreditation Program (DAP) Class 17/2004

Experiences:

- 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.
- 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

- January 2011-Present Nomination and Remuneration Committee, Saha-Union Public Company Limited.
- 2013-Present Vice Chairman, Saha-Union Public Company Limited.
- February 2013 - Present Director, Union Textile Industries Public Company Limited.
- May 2017 - Present Director, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- 1992 - Present Vice Chairman, Union Spinning Mills Co., Ltd.
- 1997 - Present Vice Chairman, Saha-Union Holding Co., Ltd.
- 1997 - Present Vice Chairman/Managing Director, Union Business Management Co., Ltd.
- 2002 - Present Vice Chairman/Managing Director, Union Thread Industries Co., Ltd.
- 2002 - Present Vice Chairman/Managing Director, Union Industries Corp., Ltd.
- 2013 - Present Director, Union Garment Co., Ltd.
- 2013 - Present Director, Union Micronclean Co., Ltd.
- November 2015 - Present Director, Union Zojirushi Co., Ltd.
- March 2017 - Present Vice Chairman, The Royal Hotel Co., Ltd.
- March 2017 - Present Director, Venus Thread Co., Ltd.
- April 2017 - Present Director, The Sukhumvit 62 Medical Limited.
- May 2017 - Present Director, Union Nifco Co., Ltd.
- December 2017 - Present Director, KPN Healthcare Public Co., Ltd.
- Present Chairman, Vice Chairman and Director, Other Companies in Saha-Union Group

Other Companies

- None -

Years of directorship 4 years 11 months (since 19 February 2013)

7. Mrs. Chantornree Darakananda

Director / Nomination and Remuneration Committee

Age: 54 years

Education:

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

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

Experiences:

- 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.
- August 2015 – Present Director, The Sukhumvit 62 Medical Limited.
- March 2016 – Present Director, Union Thai-Nichiban Co., Ltd.
- March 2017 – Present Director, Union Zip Co., Ltd.
- December 2017 – Present Director, KPN Healthcare Public Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

Other Companies

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

Years of directorship 3 years (since 1 January 2015)

8. Mrs. Saranya Darakananda

Director

Age : 42 Years

Education:

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

Training:

Listed Companies

- Director Accreditation Program(DAP) Class 126/2016

Experiences:

- January 2016 – Present Director, Union Textile Industries Public Company Limited.
- July 2004 – June 2006 Consul, Royal Thai Consulate-General, Ho Chi Minh City, Vietnam

Current Positions

Listed Companies

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

Saha-Union Group Companies

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

Other Companies

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

Years of Directorship 2 year (since January 2016)

9. Capt. Supich Sankhagowit, RTN

Assistant Managing Director

Age : 68 years

Education:

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

Training:

- Director Accreditation Program (DAP) Class 63/2007

Experience:

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

Current Positions:

Listed Companies

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

Saha-Union Group Companies /

Other Companies

- None -

Years of directorship 10 years 8 months (since 24 April 2007)

Company Secretary



Mrs. Chadaporn Jeamsakultip

Age: 55 years

Education:

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

Training

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

Experiences:

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

Current Positions:

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

Years of secretary position 9 years

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:

- 45,000,000 ordinary shares of 10 Baht each.
- 15,000,000 preferred 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 Fl. 14, Ratchadapisek Road, Din Dang, Bangkok 10110
Telephone : 0-2009-9000 Fax : 0-2009-9992

Auditor:

Mrs. Poonnard Paocharoen, CPA No. 5238 or
Miss Thipawan Nananuwat, CPA No. 3459 or
Miss Vissuta Jariyathanakorn, CPA No. 3853 or
Mr. Khitsada Lerdwana, CPA No. 4958

EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone : 0-2264-0777 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 was established on 21 March 1977, to operate its integrated business in the textile industry, including yarn spinning, fabric weaving, dyeing and finishing; and on 30 March 1994, the Company was registered as a limited public company according to the Thai law.

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

At present, the Company has been operating its main business of manufacturing and distribution of 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.
- Loyalty to customers, as well as maintain the business secrets and strengthening customer relationships and satisfaction.
- Practice to employees fairly and equally and provide appropriate compensation, including training and competence development continuously.
- Commit to do business with social responsibilities, not involving violations of human rights, preserve the environment that might be caused by business operations under international standards, rules and regulations and participate in the activities of the community and society.

Objectives

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

Goals

- Current ratio > 1.0
- ROE > 5% per annum.

Strategies

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

Significant Changes and Development

In 2017, 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 3 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 their shares are shown under item “Shareholders”.

Relationship with business group of majority shareholders

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



Nature of Business Operation

The Company operates as greige fabrics manufacturer through production process of yarn spinning and fabric weaving. The main products made from either pure cotton or cotton blended with polyester or other synthetic fiber. The Company may 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)					
			2017	%	2016	%	2015	%
Company :								
Manufacturer and distributor of weaving fabrics, yarn and services	Union Textile Industries PLC.		756.26	91.57	733.97	92.25	728.80	93.40
Associates :								
Investment / Agency and Service business / Distribution of textile products and other materials	Uni Fibre Co., Ltd.	20.83	10.55	1.28	3.69	0.46	4.31	0.55
Manufacturing of Dyeing and Finishing	Ten Cate-Union Protective Fabrics Asia Co., Ltd.	49.35			-		-	
Other incomes	Union Textile Industries PLC.		59.05	7.15	57.97	7.29	47.21	6.05
Total:			825.86	100.00	795.63	100.00	780.32	100.00

The operating results in 2017, the Company had incomes from sales and service amounted 756 million Baht, increased by 22 million Baht or 3%: export sales amounted 620 million Baht, increased by 0.3% and local sales amounted 136 million Baht, increased by 18%

The Company had other incomes from rent and dividend from other long-term investments amounting less than 10% of total revenue which is no significant impact on cash.

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

Marketing and Competition

Summary of marketing of products and services.

In 2017, the market policy is focusing on current customers, both local and overseas, that have their well-known brands or trademark. The proportion of sales value was 18% local and 82% export. Also, the Company committed to responding customers' requirements: quality, on-time delivery, and fair and acceptable price

The Company has a good relationship with 9 major customers in both local and overseas: Japan, England, and Italy.

In 2017, the Company earned from two customers that exceed 30% of total income but did not rely on either one of the 2 customers that affecting company survival.

Competition:

In 2017, competition within the industry still focusing on selling price as first priority. Although, there are 22 competitors: 10 local and 12 exports; the Company's status and competitiveness are credited by customers in terms of quality and delivery of products. Thus, to be in competitiveness, set the market strategy as follows;

- Elevate sales and marketing capabilities.
- Create a good relationship with customers, continuously; Retain existing customers and increase sales volume
- Make importance of quality, on-time delivery, and good service mind.

The year 2018, textile industry, fibers, and fabrics group, expected to slow down due to an uncertainty of exports. The competitive condition in the future; sales prices is still a major factor for customers to place orders, although the company has an advantage on quality and on-time delivery, but disadvantage from competitors that have lower labor wages and benefit from Generalized System of Preferences (GSP). Thus, the Company committed to taking the following actions;

- 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.

Providing products or Service

Products acquisition

The Company factory located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpoomai, 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 2017 compared to those of 2016 and 2015 as follows;

		2017	2016	2015
1. Spinning				
● Production Capacity	(1,000 pounds)	14,400	14,400	15,600
● Actual Production	(1,000 pounds)	13,433	12,948	13,033
2. Weaving				
● Production Capacity	(1,000 meters)	20,400	20,400	23,400
● Actual Production	(1,000 pounds)	16,606	15,631	15,635

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.

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

Limitations of raw materials procurement;

- Procurement of cotton, 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.

In 2017, the Company purchased raw materials from 5 suppliers. The proportion purchase value of raw material were 35 percent domestic and 65 percent import.

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

Waste materials from the production process are cotton waste, yarn 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 importation policies, etc. About Polyester, even though 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 2017, the Company has exported its products with the total value there of equal to 82% 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 2017, the Company had its cumulated losses of 66 million Baht, as per the Separate Financial Statements because the Company recognized its loss from impairment of investments in TCUA. Such accumulated losses made the Company unable to pay dividends to its shareholders as per the Dividend Payment Policy as prescribed. Therefore, shareholders had potential risks of not receiving dividends in the near future because the Company had its main incomes from textile sale and services which still slowed down and had considerably high competitions in terms of pricing; and since this business had low rates of profits, therefore, it might affect the Company's profitability in the future.

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

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

However, from a policy and values or philosophy of the company and as per the company's management structure. The Audit Committee, which comprises 3 independent directors whose knowledge and experience in the financial statements review. Having the authority to consider the connected transactions, or items that might have a conflict of interests is in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that they are reasonable and most benefits for the Company. In addition, the Company has 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 at this agenda in the meeting of the Board of Directors.

Shareholders

Company's Securities

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

The conditions of preferred share are as follows;

- 1) The preferred shareholders get the right to receive dividends before the common shareholders.
- 2) The preferred shareholders get the right to receive dividend payment at the rate 14% per annual of the preferred share value, being eligible for the fiscal year 1986.
- 3) In the event that the Company is unable to pay all or less than the claimed rate of dividend to preferred shareholders, those unable to pay dividends will be accumulated up to seven years.
- 4) In case the common shareholders receive dividend at the rate higher than 14%, the preferred shareholders are also entitled to receive dividends in excess of 14% that is the same rate as the common shareholders received.
- 5) In case the Company liquidates, the preferred shareholders get the right to receive the money they 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 28 March 2017

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.Chutindhorn Darakananda	380,500		380,500	0.63
10.	Mr.Bunyong Apiruklaoskul	371,000		371,000	0.62
	Total	38,528,320	14,981,660	53,509,980	89.18

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

Issuance of other securities

The company has not issued debt securities.

Dividend Payment Policy

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

Details of dividend payment during 2012 - 2016

Year	2016	2015	2014	2013	2012
Dividend payment (Million Baht)	0.00	0.00	0.00	0.00	12.00
Net profit (loss) (Million Baht)	32.53	24.71	(27.32)	11.57	(276.95)
Dividend per net profit (Per cent)	0.00	0.00	0.00	0.00	0.00

According to the operating results of 2017, the Board of Directors' meeting no. 3/2018 held on 20 March 2018 had passed a resolution to propose the Annual General Meeting of Shareholders no. 25 under Approving the appropriateness of profit allocation agenda to cessation of dividend payment to common shareholders for the year 2017 due to the Company still had accumulated loss of 66 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.

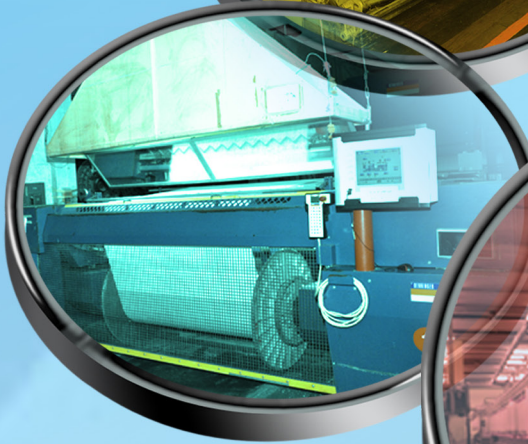
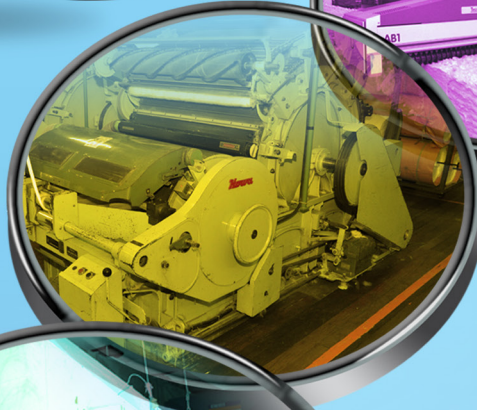
Director's shareholding

Director Name		2017		2016		increased (decreased)
		Shareholding	%	Shareholding	%	
1. Miss Dalad	Sapthavichaikul	45,000	0.075	45,000	0.075	-
2. Mrs. Boonserm	Vimuktanandana	None		None		-
3. Mr. Pilastpong	Subsermsri	None		None		-
4. Mrs. Pimporn	Chotirattanakul	None		None		-
5. Mr. Chutindhon	Darakananda	380,500	0.634	380,500	0.634	-
6. Mrs. Chantorntree	Darakananda	215,200 [*]	0.359	215,200	0.359	-
7. Mr. Preecha	Wattanasaranont	None		None		-
8. Capt. Supich	Sankhagowit RTN	None		None		-
9. Mrs. Saranya	Darakananda	None		None		

Remarks:

* included connected persons

INTEGRITY
QUALITY
SERVICE



Structure of Management

Company Organization chart

As of 31 December 2017



① — ⑧ is executives as defined by SET

Board of Directors

1. In AGM No.24 convened date 18 April 2017, 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)

2. 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. The Company has not yet determined resolution on the limit number of directorship in companies and hold the office of director. This is because all directors are able to dedicate their time to the company as required and the expertise of this kind of the business is specialised. Thus, determined resolution on holding the office of director will not be beneficial to the Company.

4. Member of the Board of Directors and Controlling person for the year 2017

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. Mrs. Saranya	Darakananda	Director
9. Capt. Supich	Sankhagowit RTN	Assistant Managing Director

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 to perform her duties under Section 89/15, 89/16, 89/17 and 89/23 of the Securities and Exchange Act (No.4) B.E. 2551 in addition, the secretary is responsible for;

- Provide legal advice and related rules as well as practices on corporate governance to the Board of Directors to ensure compliance with laws.
- Arranging meetings of the Board of Directors and the Shareholders.

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

Executives

Member of executive, defined by SET, as of 31 December 2017:

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

Scopes of authorities and duties of Executives

Managing Director

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

Benefits and Remuneration of the Board of Directors and the Management

Monetary Remunerations

- Directors' remuneration

Resolution of the Shareholders 's Annual General Meeting No 24 dated 18 April 2017 approved the remuneration of directors for the year 2017 in the amount not exceeding 1,500,000 Baht per year, (the same as 2016) 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)	
		2017	2016
1. Miss Dalad Saphavichaikul	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)	
		2017	2016
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)	
		2017	2016
1. Mr. Pilastpong Subsermsri	Chairman of Nomination and Remuneration Committee	6,000	6,000
2. Mr. Preecha Wattanasaranont	Nomination and Remuneration Committee	6,000	6,000
3. Mrs. Chantorntree Darakananda	Nomination and Remuneration Committee	6,000	6,000
	Total	18,000	18,000

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 2017, the Company paid 8.65 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 97,248 Baht.

Personnel

As of 31 December 2017, the Company had 614 employees, decreased by 51 persons from the year 2016. The number of employees in each department.

● Spinning and Weaving mill, totaling	542	persons
● Finance and Accounting, totaling	8	persons
● General Affairs, totaling	57	persons
● Sales and Marketing, totaling	7	persons

Total remunerations of employees:

	(Unit: million Baht)		
	2017	2016	2015
● Salary and labor cost	104.46	110.16	112.41
● Bonuses	11.45	12.60	13.23
● Social Securities	3.60	3.87	4.05
● Provident fund contribution	2.39	2.52	2.66
Total	121.90	129.15	132.35

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 2017, there were 28 courses, internal and external , such as;

- Continuing Professional Development course for accounting
- Strategy development and actionsplan workshops
- Health and Safety Officer training course
- Fire fighting and Rescue training course
- Energy conservation and environment
- Introduction to benefit and employee wellfair
- Transition to ISO 9001:2015

Corporate Governance

1. Corporate Governance Policy

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

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

2. Committee

The structure of the Board has comprised 9 directors, whose 3 members are independent directors or one-third of the Board. 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.

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

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

- Term in office of the audit committee; 3 years.
- Details of education and experience as shown on pages 4-5

Scope of authorities and responsibilities

1. Review the Company's financial reports for accuracy, adequacy and in accordance with the generally accepted standard of accountability.
2. Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer and dismissal of the manager of the internal audit office;
3. Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
4. Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;
5. Consider the related transactions or transactions which may have conflicts of interests in accordance with the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the company;
6. 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:
 - (1) Comments on the accuracy, completeness and reliability of the financial reports of the Company;
 - (2) Comments on the adequacy of the internal control system of the Company;
 - (3) Comments on the compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
 - (4) Comments on the appropriateness of the auditor;
 - (5) Comments on the transactions which may have conflicts of interests;
 - (6) The number of meetings of the Audit Committee and attendances of each member of the Audit Committee;
 - (7) Comments or overall remarks that the Audit Committee have received from the performance of duties under the Charter or Regulations of the Audit Committee;.
 - (8) Other transactions as shareholders and general investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors;
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 2017, 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 Nomination and Remuneration Committee

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

- Details of education and experience are shown on page 4-6

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.

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

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:

- (a) One shareholder shall have one vote per one share.
- (b) 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.
- (c) 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 defined targets and objectives, to The Board of Directors for approval.

4. Supervising the business operations of subsidiary and associated company

The Company invested in 2 associated companies, which is

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

Business operations policy of the Company and associated company.

- The Company and its associated companies have separate and independent business management.

One or more directors will be appointed being directors of the board of associated companies.

5. Use of Inside Information

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

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 defined 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 2017, not found such violation and no cases of the Company's directors/executives have traded securities by using of the inside information.

6. Auditor Remuneration.

(1) Audit Fee.

The Company's auditor of 2017 is Mrs. Poonnard Paocharoen or Miss Thipawan Nananuwator Miss Vissuta Jariyathanakorn or Mr. Khitsada Lerdwana 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) Compliance with the Principle of Corporate Governance in Other Matters;

The Board of Directors has reviewed practices if it complied with the Principle of Good Corporate Governance for Listed Companies 2012. Most of the practices are based on the principles of good corporate governance. Some practices are adjusted in order to be appropriate circumstances and characteristics of the business. But still, adhere to the principles of corporate governance, especially its accountability, transparency, honesty, integrity, and ethics. As summarized in 2017, the followings;

Shareholders' Rights and Equitable Treatment

1. The Company has given its shareholders an opportunity to study the criteria and methods relating to the submission of matters or question about the Company in advance to be included as an agenda of the Annual General Meeting of Shareholders No. 24. This guideline was disseminated on the Company website <http://www.ut.co.th> from 1 October 2016 until 31 December 2016. Finally, there was no matter submitted.
2. The Company disclosed the invitation for attending the Annual General Meeting of Shareholders No.24, including supporting documents, both in Thai and English, on the Company website since 31 March 2017 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 2017, before the shareholders' meeting dated 18 April 2017. The enclosed supporting documents were as follows;
 - (1) Copy of Minutes of the Annual General Meeting of Shareholders No.23 dated 19 April 2016.
 - (2) CD of the Annual Report, Balance Sheets and Profit and Loss Accounts or Financial Statements for the Year Ended on 31 December 2016.
 - (3) Profiles of Persons Nominated for Director ⁽¹⁾
 - (4) Definitions of "Independent Directors" for Persons Appointed as Independent Directors.
 - (5) Criteria and Method of Nomination of Directors.
 - (6) The Company's Regulations Relating to Shareholders' Meetings.
 - (7) Proxy Form.⁽²⁾
 - (8) 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.

In the Invitation for the Annual General Meeting of Shareholders No.24;

- (1) Inform Objective and reason of each session to the Meeting shall be specified by referring to the related criteria, rules, regulations or the Public Limited Companies Act;
- (2) Opinions of the Board of Directors in each session of the Meeting shall be clearly given;
- (3) In the Consideration and Approval of Allocation of Profits agenda, the Company has clarified its policy and details of dividend payment during 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.
- (4) In the Consideration and Appointment of the Auditor of 2017 agenda and Determination of Remuneration agenda, it was clearly specified with details relating to names-surnames of all auditors, the audit office, experiences, abilities of the auditors, including issues relating to independence of the auditors and the audit fees;

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- (5) It was remarked relating to documents/evidences for registration of meeting attendances of shareholders who attended the Meeting in person or by proxies;.

In the Annual General Meeting of Shareholders No.24 Dated Tuesday, 18 April 2017:

- (1) The Meeting was convened at the Meeting Room, 9th Floor, Saha-Union Head Office Building, No.1828 Sukhumvit Road, Bangchak Sub-district, Phra Khanong District, Bangkok;
- (2) All 9 directors consisting of the Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and the Board of Directors, attended the Meeting. Also, the auditor, Finance and Accounting Manager and Company Secretary attended the meeting to discussed and answered shareholders' questions about the Company.
- (3) The Chairman of the Meeting clarified the voting rights in which the Company's Regulations prescribed that all shareholders shall be entitled to cast their votes in each agenda, i.e. one share per one vote, and shareholders will have the opportunity to ask questions or make comments in each agenda.
- (4) In the Consideration and Election of Directors agenda, as per the Company's Regulations prescribed that at each of the annual general meetings of shareholders, one-third of the total number of directors shall be released from office by rotation. The Chairman of the Meeting gave shareholders the opportunity to determine a method of directors' election either voting individually or as a whole, if the Meeting may think appropriate.
- (5) In the Consideration and Determination of Directors' Remuneration agenda, the Chairman of the Meeting has clarified the policies, criteria and guidelines for annual review thereof in comparison with the listed companies of similar business sizes, as well as duties and responsibilities of the Board of Directors, operating results of the Company and appropriateness to the current economic condition and has proposed the matters to shareholders' meeting to determine the amount of annual remuneration of directors; and has assigned the Nomination and Remuneration Committee to consider and allocate the amount thereof; provided that the data of remuneration of the Board of Directors and each subcommittee has been disclosed in the heading "Remuneration of Directors and Executives";
- (6) In this Meeting, there was no other additional agenda unspecified in the Invitation for the Annual General Meeting of Shareholders.
- (7) The resolutions of the Annual General Meeting of Shareholders No. 24 notified to The Stock Exchange of Thailand on Tuesday, 18 April 2017.

Minutes of the Annual General Meeting of Shareholders No. 24 held on 18 April 2017

- (1) There was a record relating to notification of method of vote casting and counting of votes to shareholders before starting the Meeting according to the meeting agenda; and all votes shall be cast in ballots;
- (2) Issues relating to shareholders' inquiries or opinions as well as questions and answers were recorded so that shareholders who failed to attend the Meeting shall be informed;
- (3) In each agenda of the Meeting where a resolution thereof shall be passed by means of vote casting and shall be clearly recorded; whereby, the Chairman of the Meeting has reported the number of "agree", "disagree" and "abstain" votes to the Meeting for acknowledgment in each session thereof;
- (4) Minutes of the Meeting were disclosed on the Company's website on 2 May 2017.

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:

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

Disclosure and Transparency

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

In 2017, there were 12 meetings of the Board of Directors as scheduled in advance, whereas, at each of the Board of Directors' meetings:

- (1) The Chairman of the Board of Directors and the Managing Director consider and select matters to be included in the agenda of the Board of Directors' meetings. Each director shall have their independence to propose matters in relation to the meeting to be included in other matters agenda.
- (2) The Company Secretary shall send invitations for the meeting, including the meeting agenda and supporting documents for at least 7 days prior the meeting so that the Board of Directors shall be able to study the data thereof;
- (3) It shall take at least 2 hours for the Management to propose matters; and directors shall thoroughly and carefully discuss the main problems; whereas, the Chairman of the Board of Directors has promoted the careful use of discretion; and all directors have paid their attentions to all issues proposed to the Meeting, including the corporate governance;
- (4) The top management shall attend the Board of Directors' meetings to provide additional information and details in issues directly involved with the problems such as marketing situations, procurement of raw materials and production, etc. so that the Board of Directors shall have opportunities to know more about the top management for consideration of the succession plan.

- (5) The Board of Directors may ask for additional information from the Managing Director or the Company Secretary or other executives as assigned within the scope of the prescribed policy.
- (6) Non-executive directors may have opportunities to meet and discuss among them as need in order to discuss interesting problems relating to business administration without the management's attendance; and to notify the Managing Director of the results of such meeting.

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. Preecha	Wattanasaranont	Independent director	12/12	1/1
4.	Mr. Pilastpong	Subsermsri	Independent director	10/12	1/1
5.	Mrs. Pimporn	Chotirattanakul	Managing Director	12/12	1/1
6.	Mrs. Chantorntree	Darakananda	Director	12/12	1/1
7.	Mr. Chutindhon	Darakananda	Director	8/12	1/1
8.	Capt. Supich	Sankhagowit RTN	Asst. MD	12/12	1/1
9.	Mrs. Saranya	Darakananda	Director	12/12	1/1

The Board of Directors has jointly and personally considered the performance appraisal of 2017 in comparison with those of 2016 and 2015

Criteria	2017	2016	2015
Structure and qualifications of the Board of Directors	3.8	3.8	3.8
Roles, duties and responsibilities of the Board of Directors	3.8	3.8	3.8
Meetings of the Board of Directors	3.9	3.9	3.9
Performance of duties of Directors	3.8	3.8	3.7
Relationship with the Management	3.9	3.9	3.9
Self-development of directors and development of executives	3.8	3.7	3.7
Total	3.8	3.8	3.8

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;

In 2017, there were meetings of committees, as follows:

- The Audit Committee has 4 meetings as scheduled.

(Number of Attendings/Number of meetings)

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

- The Nomination and Remuneration Committee has 1 meeting as scheduled.

(Number of Attendings/Number of meetings)

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

Development of Directors and Executives;

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

Corporate Social Responsibility

The Company has already been in textile business for 40 years; 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;

Values



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

Policy Overview

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

(1) Fair 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;

(2) Anti-corruption;

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

(3) Human Rights;

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

(4) 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.

(5) 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

(6) 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;

(7) Community Involvement and Development;

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

(8) Innovation and Diffusion;

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

Operation and reporting

1. Reporting process

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	<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

2. 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 employees 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) Company's securities trading

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.

Performance Indicator	Unit	2015	2016	2017
Sales and service revenues	MBht	728.80	733.97	756.26
Net Profit	MBht	29.02	36.22	42.91
Dividend to Shareholders	MBht	0	0	0
Employee benefits	MBht	132.35	129.15	121.90

Performance Indicator	Unit	2015	2016	2017
Corporate income tax paid to government	MBht	2.46	1.93	1.70
Costs of arrangement regarding social and community development	Baht	60,000	45,615	44,885
The organization contribution rate paid into the provident fund.	% wages	3	3	3
Percentage of supplier /service/outsource	%	41	37	36
Percentage of managers being a local residence.	%	1.57	2.10	2.11

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.

Performance Indicator	Unit	2015	2016	2017
Number of Employees by Type				
• Full time	person	643	597	519
• Part time	person	45	68	95
Number of Employees by Gender				
• Male	person	229	221	205
• Female	person	459	444	409
Number of employees by level				
• Operation	person	368	362	341
• Middle management/Supervisor	person	296	278	250
• Managers	person	24	25	23
Percentage of employees to be retired				
• Within 5 years (55-60 years old)	%	26.16	29.02	33.88
• Within 10 years (50-60 years old)	%	50.58	52.48	56.18
Turn Over Rate	%	2.72	2.69	2.53
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) (peer million working hours)	persons	13	12	11
Injury Severity Rate (ISR) (per million working hours)	persons	0	0	0
Incidence of over-3-day absence injury	persons	10	7	5
Absentee Rate(AR) (per working hours)	persons	0.006	0.020	0.013
Fatal injuries	persons	0	0	0

Performance Indicator	Unit	2015	2016	2017
Average training hours per employee per year	Hr/Yr	21.79	6.70	6.34
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 with in 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

Performance Indicator	Unit	2015	2016	2017
Average training hours per employee per year	%	90	91.50	90
Percentage of employees receiving regular performance and career	Times	7	7	15

Community Involvement and Development

The company supports and participate in activities for local community development.

In the past year, the operation has no negative impact or tendency to create such impact for the local community.

Performance Indicator	Unit	2015	2016	2017
Percentage of new employee learned about policy and direction regarding anti-corruption	%	0	0	100
Number of environmental issues received and correction	Times	0	0	0

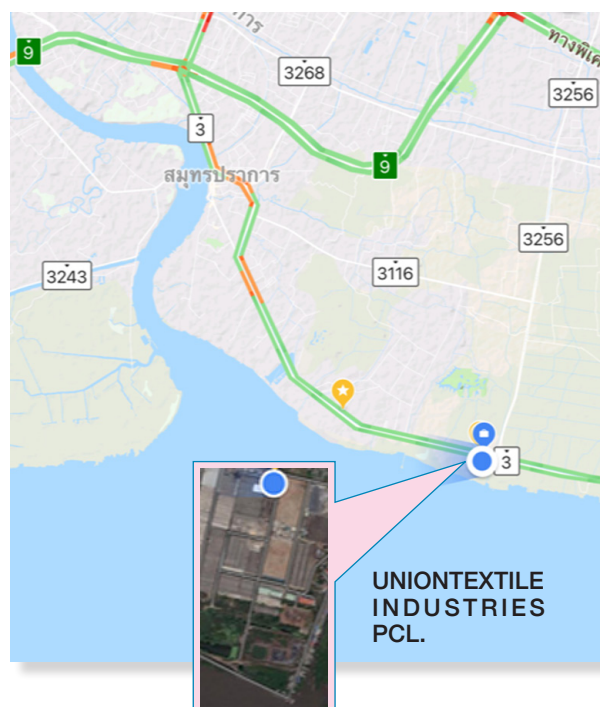
Economis dimension

■ Fair Operating Practices

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



Performance Indicator	Unit	2015	2016	2017
Main raw materials				
• Cotton	Ton	3,544	3,284	3,473
• Polyester	Ton	3,104	3,238	3,342
Fossils used				
• Diesel	MJ	26.78	25.37	29.34
• NGV	MJ	27,690,884	29,348,321	29,840,411
Electrical used	MJ	126,116,835	123,966,094	131,852,580
Water used by sources				
• Tap water	cu>m,	170,764	163,347	162,387
• Deep water	cu.m.	1,192	1,531	101
Percentage of RO reused	%	16.45	8.42	14.57
Waster water discharge	cu.m.	171,956	156,000	162,000
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	1.33	1.76	2.73
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 2017, 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:

(1) Anti-corruption policy.

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

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

(2) Operations

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

- Promote and instill the Company's values that is a function and responsibilities of the directors, executives and employees must acknowledge the understanding, through communication and training, and implement strictly.
- Provide a system of internal controls sufficient and appropriate in order to prevent the company's business operations related to fraud corruption.
- Provide internal auditing to monitor on a regular basis and reporting to the Audit Committee and/or the Managing Director. This fraud auditing will be integrated into the internal audit plan.
- Self-evaluation, using anti-corruption measures of Thailand's Private Sector Collective Action Coalition against Corruption Project (CAC) for considered used suitably.



Making doc mai chan - sandalwood flower for the late King Bhumibol Adulyadaj



Received the Green Industry level4 award 2017



Students visited plant facilities



Annual merit-making



Donate book

Internal Control and Risk Management

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

In the Board of Directors' Meeting No.12/2017 convened dated 19 December 2017, the Board of Directors summarized the assessment results of the adequacy of the internal control system and risk management; having an opinion that the Company has internal control structure of five key components, having personnel to operate works effectively and adequate, as follows;

Part 1: Control Environment.

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

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

The Company has revised the Audit Committee Charter in accordance with Corporate Governance Code 2017, including the roles and duties of concerned departments; so duties and responsibilities of the audit committee have been met, such as review of internal control system and internal audit to be effective and appropriate. Practices of risk management that affect the Company's objectives.

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

The Company has been reviewing the Guide to Corporate Governance and Business Ethics, using Corporate Governance Code 2017 as a guideline for business practices, resulting in good operating performance in the long run and for the benefits of generating value for sustainability.

Part 2: Risk Management.

The Board of Directors has prescribed that the management shall report to the Board of Directors' Meeting regarding risk factors, both internal and external factors, which might significantly affect the business operations of the Company. In 2017, the main issue discussed were textile market situation, raw materials situation and exchange rates.

The Company has risk management manual as a guideline to identify and evaluate risk level of activities or internal processes. The internal audit office will use the result of risk assessment for preparing the annual internal audit plan and report to audit committee the audit results. In 2017, the internal auditor reviewed: employee recruitment, insurance policy, information technology system, petty cash count, health safety and environment management system, and regulations compliance. In summary, there has been a compliance with the prescribed processes; and there was no significant error indicating any malfeasance.

Part 3: Control Activities.

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

In 2017, The Company did not have transactions with major shareholders, managing directors or connected persons except for normal business transactions under fair trade conditions and will not cause any conflict of interests. The directors concerned are treated the same as any unconnected outsiders, and propose to audit committee for consideration before submitting for authorization at Board of Directors meeting. The Director involved in the transaction will not attend such agenda.

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

Part 4: Information & Communication.

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

The Company has an internal communication process, using bulletin board, computer network and notify the shift workers as communication channels. The Personnel and General Affair Section is responsible for collecting comments or other information from a suggestion box, including from hotline telephone, and forward to concerned unit considered. For matter that might be fraud or corrupt behaviors in the workplace, the internal auditor will report to the audit committee. For external communication, the administration will oversee such as meeting with community around the company regarding complaint or arranging jointly activities. In 2017 there was no complaint or report of fraud or corruption.

Part 5: Monitoring Activities.

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

The Company has a policy for the management to report to the board immediately if there is a situation or suspicion of serious malfeasance, unlawful activities or unusual activities which may significantly affect the reputation and financial standing of The Company. In 2017, there was no such situation.

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

2. Opinions of the Audit Committee on the Internal Control.

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

The Audit Committee has discussed with the independent auditor of EY Office Limited, without management attending, to discuss about audit plan and acknowledge the key observations of the auditor so that confidence that the process of preparation and disclosure of data in the financial report is correct, complete and reliable; in which, the auditor has given the comments that no significant defect was found.

The Audit Committee considered and approved the internal audit plan, including acknowledge the audit finding; considered management report and gave useful advice for corrective actions and reported to the board of directors on a quarterly basis.

3. 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. Regarding the qualifications of Miss Prayoon Sripraram, Miss Prayoon Sripraram has experience in finance and accounting operations; and used to receive bookkeeping training course; and at present, has been assigned as user and coordinator with the Stock Exchange of Thailand, with the roles of creator, contact person, SHLD report creator, issuer member and Chief Financial Officer; therefore, Miss Prayoon Sripraram is deemed suitable to perform such duties.

Related Party Transactions

In 2017, the Company had transactions with connected persons, as follows;

Connected person/relationship	Transaction	Value (million Baht)		Reason and needs
		2017	2016	
Saha-Union Plc. (SUC) • Company's major shareholder holding 49.88 % • Common directors.	Purchases of cotton and synthetic fibers.	391	326	Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity
	Trade account payable			
	- At beginning of year.	56	41	
	- At end of year	21	56	
Union Garment Co., Ltd. (UG) • SUC holds 49.88 % of UG's shares	Sales of fabrics.	6	11	Support normal doing business such supply chain.
	Rental parts of building	6	5	Economic benefits of a property that has not been used
UT and UG have common directors	Provide utilities	1	2	Joint uses
	Trade receivables			
	- At beginning of year	2	3	
	- At end of year	1	2	
Union Micron Clean Co.,Ltd. (MRC) • SUC holds 25.00% of MRC's shares • UT and MRC have common directors.	Sales of fabrics		3	Support normal doing business such supply chain.
	Rental parts of Building	2	2	Economic benefits of a property that is not in use or not suitable for the company's current production.
	Trade receivables			
	- At beginning of year	-	-	
	- At end of year	-	-	
Union Spinning Mills Co.,Ltd. (USM) • SUC holds 25.00% of USM's shares • Union Thread Industries Co., Ltd. (Darakananda group) holds 6.11% of UT's shares and 74.99% of USM's shares • UT and USM have common directors.	Rental spinning machineries	2	2	Economic benefits of a property that is not in use or not suitable for the company's
	Trade receivables			
	- At beginning of year	-	-	
	- At end of year	-	-	

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 2017, 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 past year, the Company affected continuously from the economy of the customer's countries, especially the main customer in England concerned the Brexit consequences; resulting customer orders decreased. World market prices of crude oil and cotton has been risen since the second quarter, and also the fluctuations of currency exchange rates affecting the Company business operations, having main proportional sale is export.

1.2 Summary of operating results.

For the year ending 31 December 2017, the Company had net profit amounting 42.91 million Baht, profit increased 6.69 million Baht compared to the year 2016 having a net profit 36.22 million Baht. The comparative of operating results between year 2017 and 2016 are summarized as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2017	2016	Amount	%
Total revenues	815.31	791.94	23.37	2.95
Total expenses and finance cost	782.71	762.13	20.58	2.70
Share of profit from investments in associated companies	10.55	3.69	6.86	185.91
Income (expense) tax revenue	(0.24)	2.72	(2.96)	(108.82)
Net Profit (loss)	42.91	36.22	6.69	18.47

2. Results of Operations

2.1 Revenue

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2017	2016	Amount	%
Sales and services income	756.26	733.97	22.29	3.04
- Export sales	619.98	618.45	1.53	0.25
- Local sales	136.28	115.52	20.76	17.97
Other income	59.05	57.97	1.08	1.86
Total revenues	815.31	791.94	23.37	2.95

1) Sales and services income

Year 2017, the Company had sales and services income 756.26 Million Baht increased 22.29 million Baht or 3.04 % compared to 2016, divided into export sales increased 1.53 million Baht or 0.25%, and local sales increased 20.76 million Baht or 17.97%, as the results of main customers in Europe and local gave more orders.

2) Other income

Year 2017, the Company had other income 59.05 million Baht increased from the year 2016 amounted 1.08 million Baht or 1.86%. They came from waste of raw materials increased 5.59 million Baht, rental income increased 1.46 million Baht and others increased 0.34 million Baht. On the other hand, the decreased items were income from dividend decreased 2.10 million Baht, gains on sales of machinery and equipment decreased 3.62 million Baht, and gain from exchange rate decreased 0.59 million Baht.

2.2 Costs and expenses

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2017	2016	Amount	%
Total cost of sales	700.41	682.01	18.40	2.70
Selling expenses	25.69	22.04	3.65	16.56
Administrative expenses	56.12	57.48	(1.36)	(2.37)
Financial Cost	0.49	0.60	(0.11)	(18.33)

Cost of sales and services increased by 18.40 million Baht or 2.70%, mainly came from raw materials prices and selling expenses increased 3.65 million Baht or 16.56%, i.e. the export expenses increased due to the merger of transport companies. Administrative expenses decreased 1.36 million Baht or 2.37%, came from employee and asset depreciation.

2.3 Net profit (loss)

The Company accounted for a net profit of 42.91 million Baht, profit increased 6.69 million Baht compared with the year 2016. The net profit consisted of 32.36 million Baht net profit in the Separate financial statement and share of profit from investment in associated company amounted 10.55 million Baht.

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 1.40 Baht per share or the sum of 21.00 million Baht. Then, the Company had net profit 0.49 Baht per common share.

2.4 Profitability

Description		For the year ending 31 December	
		2017	2016
Gross Profit Margin	%	7.38	7.08
Net Profit (Loss) Margin	%	5.26	4.57
Debt to Equity ratio	Times	0.11:1	0.16:1
Return On Equity	%	4.85	4.34

Gross Profit Margin

Year 2017, the Company had gross profit 55.84 million Baht, making gross profit margin 7.38% of sales, decreased from the year 2016 which had gross profit 51.96 million Baht and gross profit margin 7.08% of sales.

Net Profit (Loss) Margin

The Company had net profit margin amounted 42.91 million Baht or 5.26% increased 6.69 million Baht compared with the year 2016 which had net profit margin 36.22 million Baht or 4.57%.

Debt to Equity Ratio

The Company had D/E ratio 0.11 times, decreased from 2016 that had 0.16 times, as a result of trade account payable and other payables decreased.

Return on Equity (ROE)

The 42.91 million Baht net profit is 4.85% of shareholders' equity higher than that of the year 2016 having 4.34%.

3. Asset management

3.1 Financial position

As of 31 December 2017, 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)	
	2017	2016	Amount	%
Total Assets	1,010.21	992.40	17.81	1.79
Total Liabilities	97.28	137.12	(39.84)	(29.05)
Total Shareholders' equity	912.93	855.28	57.65	6.74

1) Assets

As of 31 December 2017, the Company had total assets amounting 1,010.21 million Baht, comprising, in proportion, 42.10% current assets, 1.09% secured bond, 23.01% investments in associated companies, 13.77% other long-term investment, 5.48% investment properties, 14.00% property, plant and equipment and 0.55% other non-current assets. Compared with the year 2016, the total assets increased 17.81 million Baht or 1.79%. Changes are as follows;

- Current assets increased 22.97 million Baht, comprising trade receivable, other receivable, inventories and others increased 47.85 million Baht; cash and cash equivalents decreased 24.88 million Baht.
- Non-current assets decreased 5.16 million Baht, comprising investment in associate companies, long-term investment increased 26.24 million Baht; Investment property, property, plant and equipment, deferred tax assets and other non-current assets decreased 31.40 million Baht.

2) Liabilities

The Company had total liabilities of 97.28 million Baht, decreased 39.84 million Baht or 29.05%, due to trade and others account payables decreased 39.06 million Baht; provision for long-term employee benefits decreased 1.42 million Baht.

3) Shareholders' equity

The Company accounted for shareholders' equity amounting 912.93 million Baht, increased by 57.65 million Baht or 6.74 %, resulting from the Company had net profit 42.91 million Baht and from the adjustment of the market value of the stocks invested in the Stock Exchange of Thailand which was not the actual profit amounted 14.74 million Baht.

3.2 Analysis of financial status

As of 31 December 2017, the Company's capital structure comprise of liabilities amounting to 97.28 million Baht and total shareholders' equity amounting to 912.93 million Baht. The Company had debt-to-capital ratio of 9.63%, indicating strong financial status.

4. Liquidity and capital adequacy

4.1 Capital sources

Analysis of changes in capital sources

As of 31 December 2017, the Company had cash and cash equivalent amounted 80.52 million Baht decreased 24.88 million Baht compared with the previous year. Details of net cash flow from (used in) were as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2017	2016	Amount	%
Net cash flows from (used in) operating activities	(23.94)	108.31	(132.25)	(122.10)
Net cash flows from (used in) investing activities	(0.94)	(14.51)	13.57	(93.52)
Net cash flows from (used in) financing activities	-	-	-	-
Cash and cash equivalent increased (decreased)	(24.88)	93.80	(118.68)	(126.52)
Cash and cash equivalent - beginning	105.40	11.60	93.80	808.62
Cash and cash equivalent – ending	80.52	105.40	(24.88)	(23.60)

- Net cash flows from operating activities decreased since the Company had more account receivables, but fewer trade and other account payables.
- Net cash flows used in investing activities decreased since the Company bought machines and equipment as needs.
- No net cash flows used in financing activities in 2017, as the year 2016.

The optimal capital structure

The Company had Debt to Equity ratio 0.11 times, lower than that of 2016, i.e. 0.16 times, indicating low relative proportion of debt and shareholders' equity.

4.2 Capital expenditure

In the year 2017, the Company had capital expenditure for the replacement of machinery and equipment to support employees' operations amounted 3.59 million Baht.

4.3 Liquidity adequacy

		As of 31 December	
Description	Unit	2017	2016
Current Ratio	Times	7.63	4.27
Quick ratio	Times	4.47	2.82
Inventory turn over	Times	4.71	4.76
Average debt collection	day	79	80

- Current ratio was 7.63 times, higher than that of the year 2016 which was 4.27 times, due to current liabilities, purchasing raw materials, decreased.
- Quick ratio was 4.47 times, better than that of the year 2016 which was 2.82 times.
- Inventory turnover was 4.71 times, lesser than that of the year 2016 which was 4.76 times.
- Average debt collection was 79 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 2017 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 income tax.
- Post-employment benefits under defined benefit plans.

Audit Committee Report

To Shareholders:

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

Year 2017, the committee appointed Miss Wanida Chokmoh, head of the Internal Audit Office, being secretary of the audit committee to facilitate the Audit Committee's works, efficiently.

There have been 4 meetings as scheduled, all members attended every meetings. 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, summarized as follows:

1. Review of Financial Statement:

The committee reviewed the quarterly financial statements and the financial statements of 2017 in conjunction with the management and the internal auditor by inviting the external auditor to attend all meetings which the quarterly financial statements and the annual financial statements shall be reported, thus, to ensure that the financial statements have been prepared in accordance with the Generally Accepted Accounting Standards and with the criteria of the Stock Exchange of Thailand.

At the Audit Committee meeting No.3/2017, having set an agenda, with no management attended, to be informed the external auditor's findings and remarks, freely

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 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 in conjunction with the external auditor and the internal auditor and found that the Company's internal control has been adequate and effective; and has also given recommendations which are beneficial to improvement of efficiency of the internal control system.

5. Review of Related Party Transactions:

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

6. Self-assessment:

The committee assessed the performance of individual by oneself and evaluation the committee as a whole.

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 2017 which was the auditor of EY Office Limited.

In summary, the Audit Committee has completely practiced according to the scope and responsibilities as determined 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

Board of Directors' Responsibilities for the Financial Report

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 2017



(Miss Dalad Saphthavichaikul)
Chairman



(Mrs. Pimporn Chotirattanakul)
Managing Director

Report and Financial statements

31 December 2017

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 2017, 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 2017, 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.

-
- 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 92 million which is material to the statement of financial position as at 31 December 2017. 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.

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 Paocharoen

Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 20 February 2018

Statements of Financial position

As at 31 December 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	80,520,200	105,398,388	80,520,200	105,398,388
Trade and other receivables	8	174,530,016	164,519,482	174,530,016	164,519,482
Inventories	9	166,642,271	130,719,352	166,642,271	130,719,352
Other current assets		3,604,356	1,689,904	3,604,356	1,689,904
Total current assets		425,296,843	402,327,126	425,296,843	402,327,126
Non-current assets					
Restricted bond	24.3	11,000,000	11,000,000	11,000,000	11,000,000
Investments in associated companies	10	232,433,558	210,944,369	25,000,100	25,000,100
Other long-term investments	11	139,149,300	134,399,300	139,149,300	134,399,300
Investment properties	12	55,320,267	57,598,755	55,320,267	57,598,755
Property, plant and equipment	13	141,470,370	169,344,987	141,470,370	169,344,987
Deferred tax assets	20	5,331,818	6,523,804	5,331,818	6,523,804
Other non-current assets		204,250	263,800	204,250	263,800
Total non-current assets		584,909,563	590,075,015	377,476,105	404,130,746
Total assets		1,010,206,406	992,402,141	802,772,948	806,457,872

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

Statements of Financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	54,862,649	93,920,217	54,862,649	93,920,217
Other current liabilities		890,674	259,378	890,674	259,378
Total current liabilities		55,753,323	94,179,595	55,753,323	94,179,595
Non-current liabilities					
Provision for long-term employee benefits	16	41,523,146	42,941,203	41,523,146	42,941,203
Total non-current liabilities		41,523,146	42,941,203	41,523,146	42,941,203
Total liabilities		97,276,469	137,120,798	97,276,469	137,120,798
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		77,544,493	34,635,823	(66,351,121)	(98,710,526)
Other components of shareholders' equity		85,385,444	70,645,520	21,847,600	18,047,600
Total shareholders' equity		912,929,937	855,281,343	705,496,479	669,337,074
Total liabilities and shareholders' equity		1,010,206,406	992,402,141	802,772,948	806,457,872

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

Income statements

For the year ended 31 December 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales		756,256,057	733,965,603	756,256,057	733,965,603
Other income					
Sales of scrap		19,426,376	13,839,639	19,426,376	13,839,639
Rental income		22,403,972	20,944,454	22,403,972	20,944,454
Dividend income	11	2,000,000	4,100,000	2,000,000	4,100,000
Gains on sales of machinery and equipment		639,140	4,260,445	639,140	4,260,445
Exchange gains		8,554,607	9,142,047	8,554,607	9,142,047
Others		6,032,290	5,686,055	6,032,290	5,686,055
Total revenues		815,312,442	791,938,243	815,312,442	791,938,243
Expenses					
Cost of sales		700,904,624	682,731,404	700,904,624	682,731,404
Reversal of allowance for diminution in value of inventories	9	(493,019)	(722,523)	(493,019)	(722,523)
Total cost of sales		700,411,605	682,008,881	700,411,605	682,008,881
Selling expenses		25,692,864	22,037,821	25,692,864	22,037,821
Administrative expenses		56,119,709	57,480,575	56,119,709	57,480,575
Total expenses		782,224,178	761,527,277	782,224,178	761,527,277
Profit before share of profit from investments in associated companies, finance costs and income tax expense		33,088,264	30,410,966	33,088,264	30,410,966
Share of profit from investments in associated companies	10.2	10,549,265	3,687,094	-	-
Profit before finance cost and income tax expense		43,637,529	34,098,060	33,088,264	30,410,966
Finance costs		(486,874)	(605,076)	(486,874)	(605,076)
Profit before income tax expense		43,150,655	33,492,984	32,601,390	29,805,890
Income tax income (expenses)	20	(241,985)	2,727,715	(241,985)	2,727,715
Profit for the year		42,908,670	36,220,699	32,359,405	32,533,605
Basic earnings per share (Baht)	21				
Profit for the year		0.49	0.34	0.25	0.26

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

Statements of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Profit for the year	42,908,670	36,220,699	32,359,405	32,533,605
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gain (loss) on change in value of available-for-sale investments				
Available-for-sale securities of the Company - net from income tax	3,800,000	1,200,000	3,800,000	1,200,000
Available-for-sale securities of the associated company - net from income tax	10,939,924	3,429,530	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	14,739,924	4,629,530	3,800,000	1,200,000
Total comprehensive income for the year	57,648,594	40,850,229	36,159,405	33,733,605

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

(Unit: Baht)

Financial statements in which the equity method is applied

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

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital		Retained (deficit) earnings		Other components of equity Surplus on changes in value of investment in available-for-sale investments	Total shareholders' equity
	Preference shares	Ordinary shares	Appropriated – statutory reserve	Unappropriated		
Balance as at 1 January 2016	150,000,000	450,000,000	150,000,000	(131,244,131)	16,847,600	635,603,469
Profit for the year	-	-	-	32,533,605	-	32,533,605
Other comprehensive income for the year	-	-	-	-	1,200,000	1,200,000
Total comprehensive income for the year	-	-	-	32,533,605	1,200,000	33,733,605
Balance as at 31 December 2016	150,000,000	450,000,000	150,000,000	(98,710,526)	18,047,600	669,337,074
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

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

Cash flow Statement

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	43,150,655	33,492,984	32,601,390	29,805,890
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	33,730,646	45,437,318	33,730,646	45,437,318
Reversal of allowance for diminution in value of inventories	(493,019)	(722,523)	(493,019)	(722,523)
Gains on sales of machinery and equipment	(639,140)	(4,260,445)	(639,140)	(4,260,445)
Share of profit from investments in associated companies	(10,549,265)	(3,687,094)	-	-
Dividend income	(2,000,000)	(4,100,000)	(2,000,000)	(4,100,000)
Unrealised loss (gains) on exchange	1,880,573	(855,159)	1,880,573	(855,159)
Provision for long-term employee benefits	4,832,428	4,671,949	4,832,428	4,671,949
Profit from operating activities before changes in operating assets and liabilities	69,912,878	69,977,030	69,912,878	69,977,030
Operating assets (increase) decrease				
Trade and other receivables	(11,891,107)	1,488,855	(11,891,107)	1,488,855
Inventories	(35,429,900)	26,121,315	(35,429,900)	26,121,315
Other current assets	(601,052)	2,088,708	(601,052)	2,088,708
Other non-current assets	59,550	100,924	59,550	100,924
Operating liabilities increase (decrease)				
Trade and other payables	(39,057,568)	13,885,310	(39,057,568)	13,885,310
Other current liabilities	631,296	219,387	631,296	219,387
Provision for long-term employee benefits	(6,250,485)	(4,428,660)	(6,250,485)	(4,428,660)
Cash flows from (used in) operating activities	(22,626,388)	109,452,869	(22,626,388)	109,452,869
Cash paid for income tax	(1,313,400)	(1,144,406)	(1,313,400)	(1,144,406)
Net cash flows from (used in) operating activities	(23,939,788)	108,308,463	(23,939,788)	108,308,463

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

Cash flow Statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Restricted bond (increase)	-	(11,000,000)	-	(11,000,000)
Acquisition of machinery and equipment	(3,593,010)	(12,225,544)	(3,593,010)	(12,225,544)
Proceeds from sales of machinery and equipment	654,610	4,617,670	654,610	4,617,670
Dividend income	2,000,000	4,100,000	2,000,000	4,100,000
Net cash flows used in investing activities	(938,400)	(14,507,874)	(938,400)	(14,507,874)
Cash flows from financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(24,878,188)	93,800,589	(24,878,188)	93,800,589
Cash and cash equivalents at beginning of year	105,398,388	11,597,799	105,398,388	11,597,799
Cash and cash equivalents at end of year	80,520,200	105,398,388	80,520,200	105,398,388

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

Notes to Financial statements

For the year ended 31 December 2017

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 Phraканong Sub District, Phraканong 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 (revised 2016) and new reporting standards and interpretations accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

TAS 27 (revised 2016) Separate Financial Statements

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

The standard does not have any significant impact on the Company’s financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of 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 directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

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

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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)

	2017	2016	Pricing policy
Transactions with parent company			
Purchases of raw materials	391	326	Cost plus margin of parent company
Transactions with related companies			
Sales of goods	6	14	Cost plus margin
Purchase of goods and raw materials	1	1	Cost plus margin of related companies
Rental income	22	21	Contract price
Other income	2	2	Contract price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2017	2016
Trade and other receivables - related parties (Note 8)		
Related companies (Has common shareholders)	807	1,734
Related company (Held by the Company)	141	101
Others	11	12
Total trade and other receivables - related parties, net	959	1,847
Trade and other payables - related parties (Note 15)		
Parent company	20,587	55,911
Associated company	629	629
Related companies (Has common shareholders)	132	178
Others	6	5
Total trade and other payables - related parties	21,354	56,723

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	2017	2016
Short-term employee benefits	10,573	10,174
Post-employment benefits	70	70
Total	10,643	10,244

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2017	2016
Cash	29	40
Bank deposits	80,491	105,358
Total	80,520	105,398

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.38 to 0.50 percent per annum (2016: 0.38 to 0.50 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	2017	2016
<u>Trade receivables - related parties</u>		
Age of receivables		
Not yet due	482	1,289
Past due over 3 months	-	-
Total trade receivables - related parties, net	482	1,289
<u>Trade receivables - unrelated parties</u>		
Age of receivables		
Not yet due	166,219	147,770
Past due up to 3 months	2,080	11,358
Total trade receivables - unrelated parties, net	168,299	159,128
Total trade receivables - net	168,781	160,417
<u>Other receivables</u>		
Other receivables - related parties	477	558
Other receivables - unrelated parties	5,272	3,544
Total	5,749	4,102
Total trade and other receivables - net	174,530	164,519

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	34,923	33,317	(595)	(1,088)	34,328	32,229
Work in process	26,245	21,168	-	-	26,245	21,168
Raw materials and chemicals	105,384	77,043	-	-	105,384	77,043
Spare parts and factory supplies	948	542	(263)	(263)	685	279
Total	167,500	132,070	(858)	(1,351)	166,642	130,719

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	
			2017	2016	2017	2016	2017	2016
			%	%				
Unifibre Co., Ltd.	Investment Agency and service business, Distribution of textile products and other materials	Thailand	20.83	20.83	232,434	210,944	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					249,384	227,894	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					232,434	210,944	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	
	2017	2016	2017	2016
Unifibre Co., Ltd.	10,549	3,687	10,940	3,430
Total	10,549	3,687	10,940	3,430

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

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

10.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	2017	2016
Current assets	14	7
Non-current assets	1,180	1,070
Current liabilities	2	2
Non-current liabilities	76	63
Net assets	1,116	1,012
Shareholding percentage (%)	20.83	20.83
Share of net assets	232	211
Carrying amounts of associate based on equity method	232	211

Summarised information about comprehensive income

(Unit: Million Baht)

	Unifibre Co., Ltd.	
	For the year ended 31 December	
	2017	2016
Revenue	36	32
Profit	46	18
Total comprehensive income	46	18

11. Other long-term investments

	Shareholding percentage		Investment value	
	2017	2016	2017	2016
	%	%	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			27,309	22,559
Investment in available-for-sale securities, net			43,500	38,750
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			139,149	134,399

During the current year, the Company received dividends of Baht 2 million from Saha-union Plc. (2016: the Company received dividends from Union Micronclean Co., Ltd. Baht 2.6 million and Baht 1.5 million from Saha-Union Plc.).

12. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Land awaiting sales / Leased land	Plants for use in investment	Total
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
31 December 2016			
Cost	46,852	179,430	226,282
<u>Less</u> Accumulated depreciation	-	(168,683)	(168,683)
Net book value	46,852	10,747	57,599

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	2017	2016
Net book value at beginning of year	57,599	41,227
Transfer from property, plant and equipment	-	17,517
Depreciation charged	(2,279)	(1,145)
Net book value at end of year	55,320	57,599

As at 31 December 2017, 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 18 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 2016	35,498	191,236	1,573,724	23,256	15,686	9,264	1,848,664
Additions	-	-	50	239	-	11,937	12,226
Disposals / write-off	-	(1,465)	(57,513)	(1,914)	(38)	-	(60,930)
Transfer between classes of accounts	(5,625)	5,330	3,658	-	-	(20,880)	(17,517)
As at 31 December 2016	29,873	195,101	1,519,919	21,581	15,648	321	1,782,443
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
Accumulated depreciation							
As at 1 January 2016	-	175,143	1,419,081	21,217	13,938	-	1,629,379
Depreciation for the year	-	5,596	37,107	989	600	-	44,292
Depreciation on disposals / write-off	-	(1,463)	(57,177)	(1,895)	(38)	-	(60,573)
As at 31 December 2016	-	179,276	1,399,011	20,311	14,500	-	1,613,098
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
Net book value							
1 January 2016	35,498	16,093	154,643	2,039	1,748	9,264	219,285
31 December 2016	29,873	15,825	120,908	1,270	1,148	321	169,345
31 December 2017	29,873	10,655	98,544	1,329	879	190	141,470
Depreciation for the year							
2016 (Baht 36 million included in manufacturing cost, and the balance in administrative expenses)							44,292
2017 (Baht 26 million included in manufacturing cost, and the balance in administrative expenses)							31,452

As at 31 December 2017, the Company has net book value of machinery and equipment for rental Baht 7 million (2016: 8 million).

As at 31 December 2017, 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 1,389 million (2016: Baht 1,373 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)

	2017	2016
Trade accounts payable - related parties	20,989	56,347
Trade accounts payable - unrelated parties	14,979	18,223

	(Unit: Thousand Baht)	
	2017	2016
Other payable - related parties	365	376
Accrued expenses	18,529	18,974
Total trade and other payables	54,862	93,920

16. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	2017	2016
Present value of defined benefit obligation	71,524	73,873
Fair value of plan assets	(30,001)	(30,932)
Net defined benefit liability	41,523	42,941

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

	(Unit: Thousand Baht)	
	2017	2016
Defined benefit obligation at beginning of year	73,873	74,322
Included in profit or loss:		
Current service cost	3,922	4,087
Interest cost	1,781	1,977
Benefits paid during the year	(8,052)	(6,513)
Defined benefit obligation at end of year	71,524	73,873

	(Unit: Thousand Baht)	
	2017	2016
Fair value of plan assets at beginning of year	30,932	31,624
Included in profit or loss:		
Change in fair value	871	1,392
Contribution by the Company	2,392	2,524
Paid during the year	(4,194)	(4,608)
Fair value of plan assets at end of year	30,001	30,932

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)	
	2017	2016
Current service cost	3,922	4,087
Interest cost	1,781	1,977
Change in fair value of plan assets	(871)	(1,392)
Total expense recognised in profit or loss	4,832	4,672

The Company expects to pay Baht 8.8 million of long-term employee benefits during the next year (2016: Baht 12.6 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2016: 12 years).

Principal actuarial assumptions at the valuation date were as follows:

	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.8	2.8
Future salary increase rate (depending on age of employee)	3.5 - 6.5	3.5 - 6.5
Turnover rate	0.0 - 30.0	0.0 - 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Increase 1%		Decrease 1%	
	2017	2016	2017	2016
Discount rate	(3,214)	(3,494)	3,563	3,873
Future salary increase rate	4,790	4,520	(4,371)	(4,146)
Turnover rate	(1,540)	(1,217)	1,668	1,317

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 2017 totalled Baht 144 million (2016: Baht 123 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 2017, 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)	
	2017	2016
Salary and wages and other employee benefits	142,750	143,917
Depreciation	33,731	45,437
Utilities expenses	115,659	109,539
Raw materials and consumables used	454,134	404,460
Changes in inventories of finished goods and work in process	(7,176)	23,387

20. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the years end 31 December	
	2017	2016
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	242	(2,728)
Income tax expenses (income) reported in the income statement	242	(2,728)

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the years end 31 December	
	2017	2016
Gain on change in value of available-for-sale investments	950	300

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	
	2017	2016	2017	2016
Accounting profit before tax	43,151	33,493	32,601	29,806
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	8,630	6,698	6,520	5,961
Effects of:				
Non-deductible expenses	43	44	43	44
Tax-exempt dividend income	(400)	(820)	(400)	(820)
Share of profit from investment in associate companies	(2,110)	(737)	-	-
Recognised unused tax losses in this year	-	(3,065)	-	(3,065)
Unrecognised deferred tax on deductible temporary differences and unused tax losses	(5,921)	(4,848)	(5,921)	(4,848)
Total	(8,388)	(9,426)	(6,278)	(8,689)
Income tax expenses (income) reported in the statement of comprehensive income	242	(2,728)	242	(2,728)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

Statements of financial position

	As at 31 December 2017	As at 31 December 2016
Deferred tax assets		
Provision for long-term employee benefits	8,304	8,588
Unused tax losses	3,065	3,065
Deferred tax liabilities		
Unrealised gain from revaluation of investments	(5,462)	(4,512)
Others	(575)	(617)
Total	5,332	6,524

As at 31 December 2017, the Company has deductible temporary differences and unused tax losses totaling Baht 442 million (2016: Baht 479 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 216 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	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit	42,909	36,221				
Less: Dividend of preference shares	(21,000)	(21,000)				
Profit attributable to ordinary shares	21,909	15,221	45,000	45,000	0.49	0.34

	Separate financial statements					
	Profit		Weighted average number of ordinary shares		Basic earnings per share	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Profit	32,359	32,534				
Less: Dividend of preference shares	(21,000)	(21,000)				
Profit attributable to ordinary shares	11,359	11,534	45,000	45,000	0.25	0.26

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)	
	2017	2016
Revenue from external customers		
United Kingdom	202	241
Italy	355	287
Others	199	206
Total	756	734

Major customers

For the year 2017, the Company has revenue from two major customers in totaling amount of Baht 557 million (2016: Baht 528 million).

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company contributed Baht 2 million (2016: Baht 3 million) to the fund.

24. Commitment and contingent liabilities

24.1 Capital commitment

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.

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

24.2 Operating lease commitment

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

As at 31 December 2017, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 1 million (2016: Baht 1 million).

24.3 Guarantees

As at 31 December 2017, the Company pledge BOT bond of Baht 11 million with Metropolitan Electricity Authority to guarantee the usage of electricity (2016: 11 million).

As at 31 December 2017, 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. (2016: None).

25. Fair value hierarchy

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

(Unit: Million Baht)

	Level 1	Level 2	Level 3	Total
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 bond. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Company is expected to be minimal.

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

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 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	-	81	-	81	0.38 - 0.50
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)

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

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

(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	-	81	-	81	0.38 - 0.50
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	-

(Unit: Million Baht)

Separate financial statements
as at 31 December 2016

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

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 2017 and 2016, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2017	2016	2017	2016
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.02	1.58	32.4342	35.5660
Euro	2.32	2.20	38.5567	37.2769

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2017

Foreign currency	Sold amount	Weighted average contractual exchange rate to sell	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.30	32.27 - 34.17	05/03/18 - 25/12/18
Euro	2.50	38.80 - 39.95	16/2/18 - 28/12/18

As at 31 December 2016

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

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 2017, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.11:1 (2016: 0.16:1) and debt to equity ratio in the separate financial statements was 0.14:1 (2016: 0.21:1).

28. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 20 February 2018.

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Head Office:

No.1828 Sukhumvit Road, Phrakhanong Tai, Phrakhanong, Bangkok 10260
Tel.: 0-2311-5111-9 Fax.: 0-2323-3123

Branch 1:

No.205 Moo 4 Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn, Samut Prakarn 10280
Tel.: 0-2323-1085-87 Fax.: 0-2323-92166
Website: <http://www.ut.co.th>