

AL

RT

U

O

N

P

Z

E

A

R

2018

TCM CORPORATION PLC. AIM TO BE A WORLD LEADER DELIVERING EXCELLENCE IN EVERYTHING WE DO WHILE CEASELESSLY IMPROVING INNOVATIVE DESIGN, WE WORK FOR GREATER INTEGRITY TOWARDS OUR SHAREHOLDERS, BUSINESS PARTNERS, AND CUSTOMERS AROUND THE WORLD.

TCM Corporation Plc.
Stock Code: TCMC





Alstons
Sofas for Living

**TCM LIVING**
A MEMBER OF TCM CORP. PLC.

CONTENTS

Annual Report 2018

General Information / Other Reference	06	Issuance of other Securities	28
Chairman's Statement	11	Organization Structure	30
Vision, Mission and Corporate Culture	12	Board of Directors	36
Business Mission and Strategy	14	Management Team	48
Business Overview	15	Report from Risk Management Committee	51
o Company History	15	Risk Factors	52
o Nature of Business	17	Corporate Governance	55
o Ratio of Income from Business Operations	19	Corporate Social Responsibility	83
o Distribution Channels	20	Transaction with Related Parties	88
o Market and Competition	21	Report of the Board's Responsibility for Financial Statements	98
o Impact to Environment	22	Report from Audit Committee	99
Significant Change	23	Financial Status and Performance Analysis	101
Future Projects	24	Auditor's report	107
Financial Highlights	25	Financial Statement	111
Information of Securities and Shareholders	26		

WELCOME TO THE BUSINESS



TCM Corporation PLC, once a national manufacturer, has expanded into a true global conglomerate becoming industry leaders in Flooring, Living and Automotive business sectors while continuing to grow and explore new opportunities.

TCM Corporation PLC. upholds professional business integrity that builds confidence in our shareholders, business partners, customers, and other stakeholders around the world. We focus on delivering inspirational and high quality products that lead the industry in aesthetic excellence.

GENERAL INFORMATION / OTHER REFERENCE

COMPANY PROFILE

Company Name	TCM Corporation Public Company Limited (“TCMC”)
Location	238 Vipavadee Rangsit Road, Sanambin, Donmuang, Bangkok 10210 Tel. 02-533 6393 to 400 Fax. 02-533 6850
Type of Business	Manufacturer and distributor of carpets to Domestic and International market / Invest in related businesses
Company registration number	0107537001021 (Bor Mor Jor 349)
Registered Capital	Baht 1,119,343,830.00
Paid-up Share Capital	Baht 839,507,872.50
Per Value per Share	Baht 1.10
Home page	www.tcm-corporation.com

Juristic person’s shares of which the company holds more than 10%

Company Name	United Carpet Manufacturing Ltd. (“UCM”)
Location	1/4 Moo.3 Ladsawai, Lumlukka, Pathumthani 12150
Type of Business	Manufacturer and distributor of carpets
Registered Share Capital	Baht 20,000,000
Par Value Per Share	Baht 100
Paid-up Share Capital	Baht 20,000,000
Number of Share held by the Company	102,000 shares
Percentage Equity Stake	51%
Home page	www.unitedcarpet.co.th

Company Name	Royal Thai International Co., Ltd. (“RTI”)
Location	238 Vipavadee Rangsit Road, Sanambin, Donmuang, Bangkok 10210 Tel. 02-533 6393 to 400 Fax. 02-533 6850
Type of Business	Distributor of carpets and floor coverings
Registered Share Capital	Baht 1,000,000
Par Value Per Share	Baht 100
Paid-up Share Capital	Baht 1,000,000
Number of Share held by the Company	9,997 shares
Percentage Equity Stake	100%

Company Name	T.C.H. SUMINOE Co., Ltd. (“TCHS”)
Location	157 Moo 16, Bangpa-in Industrial Estate, Bangkrasarn, Bangpa-in, Phranakhonsi-Ayutthaya 13160
Type of Business	Manufacturer and distributor of textiles and carpets for use as seat covers and interior for cars and buses.
Registered Share Capital	250,000,000 baht
Par Value Per Share	Baht 10

Paid-up Share Capital Baht 250,000,000
Number of Share held by the Company 12,475,000 shares
Percentage Equity Stake 49.90%
Home page www.tsuminoe.com

Company Name TCMC Furniture Limited (“TCMF”)
Location Albro Works, Gosbecks Road, Colchester, Essex, United Kingdom, CO2 9JU
Type of Business Investment in other companies (Alstons Upholstery Limited)
Registered Share Capital GBP 1,000,000
Par Value Per Share GBP 1.00
Paid-up Share Capital GBP 1,000,000
Number of Share held by the Company 760,000 shares
Percentage Equity Stake 76%
Home page www.alstons.co.uk

Company Name Manor (2016) Holdings Limited (“Manor”)
Location The Octagon Suite E, 2nd Floor, Middleborough, Colchester, Essex, England CO1 1TG
Type of Business Investment in other companies (DM Midlands Holdings Limited)
Registered Share Capital GBP 6,250,000
Par Value Per Share GBP 0.10
Paid-up Share Capital GBP 6,250,000
Number of Share held by the Company 62,500,000 shares
Percentage Equity Stake 100 %

Company Name DM Midlands Holdings Limited (“DMMH”)
Location Unit 1 Woodside Industrial Estate, Pedmore Road, Dudley, West Midlands, United Kingdom, DY2 0RL
Type of Business Manufacturer and distributor of Furniture
Registered Share Capital GBP 1,000,000
Par Value Per Share GBP 0.10
Paid-up Share Capital GBP 1,000,000
Number of Share held by the Company 10,000,000 shares
Percentage Equity Stake 75%
Home page www.ashleymanor.co.uk,
www.amx-design.co.uk
www.alexanderandjamessofas.com

Company Name Vechachai Company Limited (“VC”)
Location 2054 Phetchaburi-Tadmai Rd., Bangkok, Huaikwang Bangkok 10310
Type of Business Investment in other companies (Carpets International Thailand Plc.)
Registered Share Capital Baht 1,000,000
Par Value Per Share Baht 10
Paid-up Share Capital Baht 1,000,000
Number of Share held by the Company 100,000 shares
Percentage Equity Stake 100 %

Company Name	Carpets International Thailand Plc. (“CIT”)
Location	2054 Phetchaburi-Tadmai Rd., Bangkapi, HuaiKwang Bangkok 10310
Type of Business	Manufacturer and distributor of carpets and floor coverings
Registered Share Capital	Baht 100,000,000
Par Value Per Share	Baht 10
Paid-up Share Capital	Baht 100,000,000
Number of Share held by the Company	10,000,000 shares
Percentage Equity Stake	99.305 %

Company Name	TCMC HK (2017) Limited (“TCMC HK”)
Location	Unit 1602-03, 16/F, Port33, 33 Tseuk luk Street, San Po Kong, Kowloon, Hong Kong
Type of Business	Investment in other companies (Royal Thai overseas office)
Registered Share Capital	HKD 387,315,980
Par Value Per Share	HKD 1
Paid-up Share Capital	HKD 387,315,980
Number of Share held by the Company	387,315,980 shares
Percentage Equity Stake	100 %

OTHERS REFERENCE

Share Register	Thailand Securities Depository Co., Ltd. 4th Floor, The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel: 02-229-2888
Auditor	Mr. Atipong Atipongsakul - Certified Public Accountant Registration No. 3500 ANS Audit Co., Ltd. 100/72, 22nd Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang, Bangkok, 10320 Thailand Tel: 02-645-0109
Accounting Period	January 1st to December 31st
Legal Councilor:	Bunchong and Vidhya Law Office Limited Wall Street Tower Bldg., 9th Fl., 33/35, 33/39-40 Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Tel: 02-233-1666 CMT Counsellor Company Limited 75 Soi Puengmee11, Sukhumvit Rd., Bangchak, Prakanong Bangkok 10260 Tel: 081-836-7236
Financial Advisory:	None



Carpets Inter®

 **TCM FLOORING**
A MEMBER OF TCM CORP. PLC.



ROYAL THAI



RE/Form by Zaha Hadid Design

CHAIRMAN'S STATEMENT

Dear Shareholders,

Last year political instability and economic recession had an incredible impact on Thai stock market and share price. Many shareholders contacted and inquired the company about the situation. I would like to personally thank you all of you for showing an interest and giving us a continuous support. Regardless the market situation, we determine to prosper our growth on solid and sustainable fundamentals in order to benefit all associated including shareholders, employees, business partners, local community and society.

In 2017, we acquired the Commercial Carpet Business from Tai Ping International Limited. Since then, we have restructured all corporate divisions including Sales and Marketing, Production, Management and Human Resource, in order to support the business expansion. Last year was not only our 51th anniversary but also the year of the new beginning of new business. The purpose of business restructuring is to optimize the ultimate efficiency of Production, Sales and Management. With the co-operation from all concerned, the entire process is anticipated to be complete in 2019 in order to achieve the set target and policy.

According to last year's overall performance of TCM Flooring, the first quarter was affected by the industry's low season. It was also the time of adjusting and merging two different operational systems into one. Existing customers were doubtful if they were still our business partners, resulting in delay of purchase order. With these mentioned factors, overall operation in the first quarter was inevitably impacted.

However, our business was soon on the rebound from the low season; orders were received continuously. The operation was in place. Negotiations with both companies' existing customers were initiated to create an understanding and strengthen relationships among teams. Our business could move toward the targeted direction. When considering the annual revenue, we can see the improvement in sales, cost control and production. The turnover of TCM Flooring reflects an outstandingly higher profit than last year's despite the rising administrative expenses, caused by sales force increase and business restructuring. Certain expenses are short-term during this couple of years and will be reduced and cut after the restructuring process is complete. Such changes are to optimize sales and gross profit margin in the following year. Regarding TCM Living business, the overall economy of UK, which is the main market of our furniture business, had more stability than that of year 2017, when many businesses were impacted by Brexit. Although the market growth was minimal, we adjusted the business strategy so that the sales growth and gross profit margin apparently increased. The last quarter, in particular, successfully reached the set target. We are confident that once the furniture business is solid and steady, it can continue to grow incessantly.

TCM Automotive business had a stable growing rate in accordance with the market trend. Our company could maintain the turnover close to 1.5 billion baht. The cost reduction program was improved seriously. The internal control became more effective, in term of production, cost control and Japanese Kaizen system, which enabled us to make a satisfactory profit despite slow market growth.

However, last year's success could not be achieved without the cooperation and support from all associated shareholders and personnel, including the Board of Directors, business partners, customers who have always placed their trust in us, every executive and employee in the company's affiliates who have cooperated and totally dedicated in their work. I would like to take this opportunity to personally thank you all. And I hope that we will continuously receive your full support in years to come.



Pimol Srivikorn
Chairman of the Board



VISION, MISSION, AND CORPORATE CULTURE

Vision

“Determine to be the leader in the international market, ready to prosper and develop corporate sustainably.”

Mission

1. To maximize shareholder value by building solid and sustainable businesses that yield optimal returns.
2. To operate businesses that are committed to good governance through transparency, accountability and integrity at all levels.
3. To continuously innovate designs and technologies to maintain our social responsibilities.
4. To provide equal opportunities for employees and support them throughout their careers.
5. To instil a shared vision among employees, stakeholders, customers and partners that will drive our businesses towards long-term success.

TCM logo was created and inspired by the world's highest flying bird, Rüppell's griffon vulture. It is to portray the company with a mission to fly high and grow prosperous.



Culture

TCM Corporation PLC. aims to establish the core values of the brand's culture among its employees based on a common vision and goals. These shared values will help harmonize the diversity of the people within the organization and can be applied to any field of business and culture in which TCM Corporation is operating.

T : Trustworthiness

Established in 1967, the company has been in operation for over five decades and is listed on the SET.

C : Competence

Belief in the company's productive ability to meet global demands through diversified business operations.

M : Modernity

Progress is sustained by continuously adapting products and services to changes in the technology-driven interconnected world and maintaining a competitive edge in the expanding global economy.

C : Creativity

TCM Corporation PLC. is always open to new opportunities, creative ideas, and innovative designs

TCM Corporation's 3 Corporate Core Values

- Global Productivity
- Aesthetic Quality
- Business Integrity

BUSINESS MISSION AND STRATEGY

The Company is determined to be a carpet manufacturing leader that meets industrial standards and quality consistency. The Company aims to develop products using new innovations in order to respond to customers' requirements and their ever-changing behaviors. Our business goals are stipulated in pursuit of sustainable company growth as follows:

1. Sales Mission

Economic conditions, consumer's changing preferences and competitors' competitive advantages are studied in order to raise our attention for domestic and international customers. The Company also expects to maintain existing customers and expand new customer base with stability, as well as accelerate constant growth and sustainable business prosperity.

2. Manufacturing Mission

The Company emphasizes efficient production using Key Performance Indicator for divisions to follow as operating mission in order to control expenses and maintain appropriate costs. Manufacturing plan has been designed in relation with sales strategy. Sales promotion has been achieved by marketing new items as alternatives for customers, such as laminate, engineered wood, vinyl flooring and so on. Innovation has been used to enhance existing products, as well as expand product variety in terms of pattern and color to serve customer's demand better.

3. Human Resources Development Mission

The Company supports the development of personnel of all levels and all fields of work to grow as capable workforce. Improvement of employee skills has been emphasized through actual operations under the instruction and guidance of their managers in order to enhance employee's knowledge and operating skills. Including Training courses for employees in related fields. Moreover, the Company concentrates on fostering a sense of integrity and transparency among employees, as well as aspires to enhance the quality of life and safe life for employees to ensure they are ready to join the Company in moving forward to achieve success and excellence that serve our domestic and international growth with genuine sustainability.

BUSINESS OVERVIEW

History and Background

TCM Corporation Public Company Limited was formerly named "Thailand Carpet Manufacturing Public Company Limited" was established on 21 February 1967 by founded shareholders, Mr. Chalermphan Srivikorn, Hong Kong Carpet Manufacturers Company Limited, and Philippine Carpet Manufacturing Company Limited, with an initial registered capital of THB 5 million, to manufacture and sell carpets both domestically and overseas. Thailand's first carpet manufactory located at KM 27 of Vipavadee Rangsit Road, close to Don Muang Airport, covering an area of 29 rai, was completed and ready for manufacturing of carpets under 'Tai Ping' brand on 10 March 1968.

In 1972, The Company began exporting its carpets under the trademark of "Royal Thai".

On 30 June 1978, the Company was approved as a listed company in the Stock Exchange of Thailand and could offer shares for sale to the public.

In 1984, the Company expanded its factory and installed a new machine for production of Axminster woven pattern carpets and also received a promotion certificate from the Board of Investment of Thailand. Since then, the Company has gradually increased its production capacity.

In 1994, the Company was converted into a public limited company and expanded its investment to cover other business fields, such as real estate and textiles and carpets for automotive industry.

In 1997, the Company restructured to recover from the impact caused by floating exchange rate declaration. Thus, the Company terminated investments in businesses that are not the Company's main business.

In 2008, the board meeting passed a resolution to joint-invest in United Carpet Manufacturing Co., Ltd., a company with similar nature focusing on exporting the hand-tufted carpet, holding 51% of shares. The Company and its subsidiaries have made an agreement on not to compete in price dealing with the same clients.

In 2011, the Company registered the founding of Royal Thai International Company Limited with a shareholding ratio of 100 percent for flexibility of business operations to represent the Company in order to distribute carpets and flooring materials in the country. The Company provided services in the area of management, inventory procurement and business operation facilities.

In October 2011, the Company was affected by flood crisis, but was able to resume normal operation in the second quarter of 2012.

In 2014, the Company purchased shares in T.C.H. Suminoe Co., Ltd. by buying shares from former shareholders (who were directors or shared directors with the Company) at 49.90 percent of all shares invested in the Company for the purpose of investing in a business with competitive capacity because T.C.H. Suminoe Co., Ltd. is a major manufacturer and distributor of textiles and carpets for the automobile industry with a well-known reputation in the industry.

In 2015, TCMC's subsidiary in England, including TCMC Furniture Limited, invested in Alsons Furniture Group, a registered company in England that operates in the furniture manufacturing and distribution business. This was an investment in a similar or supporting business for the Company's main business at 76.00 percent of all shares. The remaining shares (24.00 percent) were held by Alstons Furniture Group's former executives.

In 2016, the Company invested in the DM Midlands Group through Manor (2016) Holdings Limited, a TCMC subsidiary registered in England and Wales at 75.00 percent of all shares. The remaining 25.00 percent of shares were held by the original executives and shareholders. DMM Group operates in the business of manufacturing and distributing sofas to customers in the United Kingdom and other countries with three main brands consisting of Ashley Manor, AMX Design and Alexander & James.

When the acquisition of DMM Group's business is combined with the acquisition of Alstons Group in the previous year, the Company became the number-one sofa manufacturer and distributor in England.

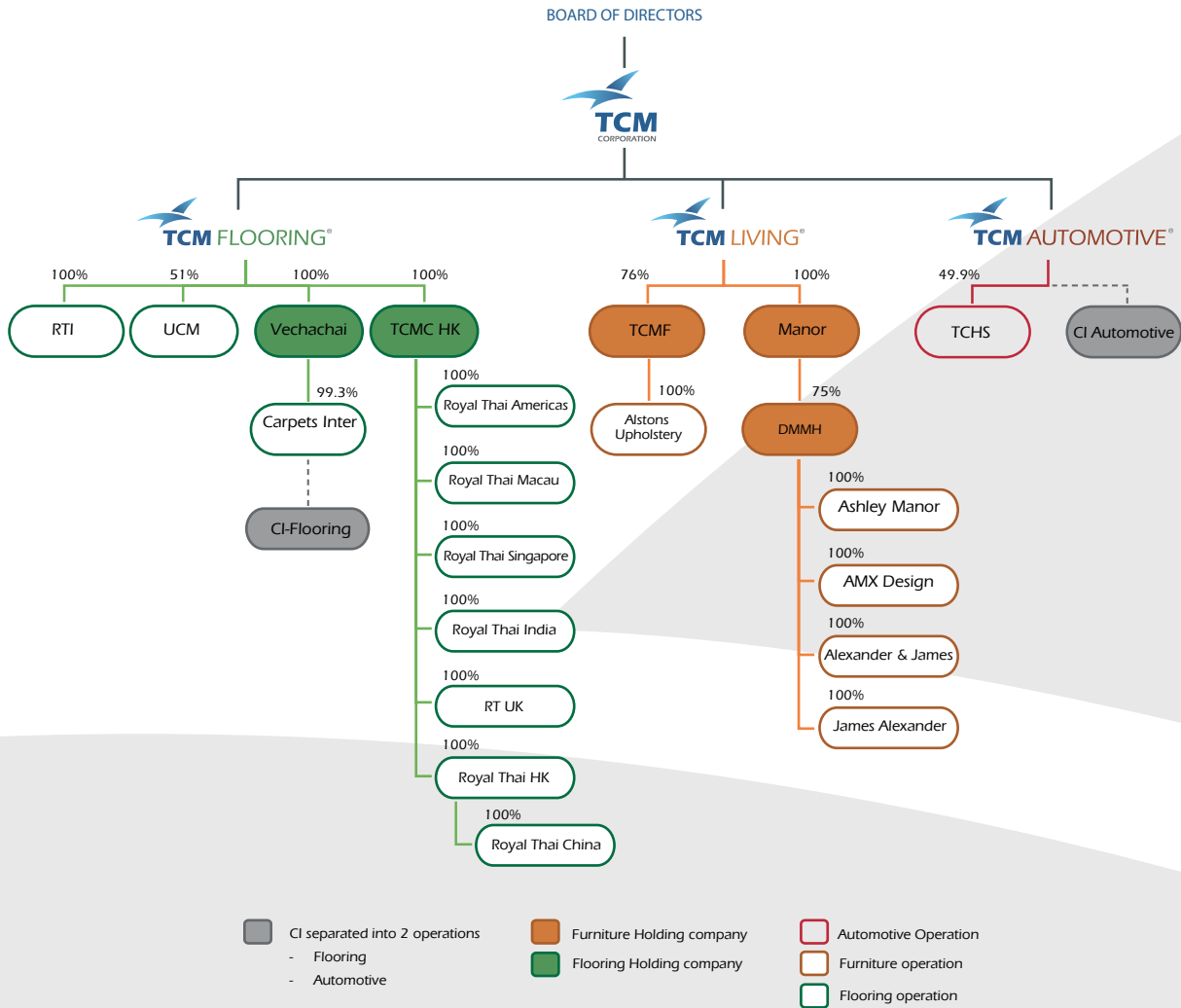
In 2017, the Company invested in Commercial Carpet Business, formerly part of Tai Ping Carpets International Limited (Tai Ping), a company listed the Hong Kong Stock Exchange. Invested businesses consisted of manufacturing sections, including Carpet International Factory (Thailand) Public Company Limited and distribution sections consisting of sale offices located in the United States, England, Hong Kong, Macao, Singapore and India. Tai Ping continues to operate only in the business of hand-woven carpets and carpets woven with special machinery for residences and Tai Ping will not manufacture or distribute carpets for commercial activities the Company purchased as per contract terms.

Therefore, the Company discontinued the use of the "Tai Ping" brand in Thailand and uses the "ROYAL THAI" brand in the country and overseas for distribution of hand-woven carpets and machine-woven Axminster carpets. This acquisition gave the Company status as one of the world's top commercial manufacturers and distributor of Axminster carpets.

On 2 October 2017, the Company changed the Company's name from "Thailand Carpet Manufacturing Public Company Limited" to "TCM Corporation Public Company Limited" while retaining our abbreviated name, "TCMC", in the stock exchange in order to be consistent with the Company's growth and investment expansion to other businesses than carpet manufacturing.

Nature of Business

TCM Corporation Public Company Limited's shareholding structure in 2018 (after acquisition of Commercial Carpet Business) has the following characteristics:



The company divided the business into 3 parts.

• TCM FLOORING

The business includes manufacturing and distribution of carpets and floor coverings. The products are as follow:

- Hand Tufted Carpet
- Axminster Woven Pattern Carpets
- Pass Tufted Carpet
- Machine Tufted / Broad loom Carpet
- Carpet Tiles
- Needle Punch Carpet
- Wooden Floor (Laminated Flooring, Engineer Flooring, LVT)
- Carpet Underlay

And the Company has the following subsidiaries in the group:

o Royal Thai International Company Limited (RTI)

Carries out the business of distributing carpets and floor coverings in Thailand under the Royal Thai brand.

- o **United Carpet Manufacturing Company Limited (UCM)**

Manufactures and distributes carpets for sale domestically and internationally.

- o **Vechachai Company Limited (VC)**

Invests in the business of Carpet International Thailand Public Company Limited "CIT", the manufacturer and distributor of carpet tiles and Axminster carpets under the Carpets Inter brand in Thailand and under the Royal Thai brand for overseas.

- o **TCMC HK (2017)**

Invests in all overseas sales office businesses.

- **TCM LIVING**

The business includes manufacturing and distribution of sofa, which based mainly in England. The subsidiaries are as follows:

- o **TCMC Furniture Limited "TCMF"**

Invests in Alstons Upholstery Limited, a manufacturer and distributor of upholstered sofas and sofa beds with main customers consisting of large furniture stores and retail shops located in the United Kingdom.

- o **Manor Holdings Limited "Manor"**

Invests in DM Midlands Holdings Limited.

- o **DM Midlands Holdings Limited "DMMH"**

Invests in the four following companies:

- Ashley Manor Limited

Manufacturer and distributor of upholstered sofas with main customer base consisting of large furniture stores and retail shops in the United Kingdom.

- AMX Design Limited

Importer and distributor of upholstered leather sofas including recliner chairs with main customer base consisting of large furniture stores and retail shops in the United Kingdom.

- Alexander & James Limited

Importer and distributor of upholstered fabric and leather sofas with main customer base consisting of large furniture stores and retail shops in the United Kingdom and worldwide.

- James Alexander Co., Ltd.

A registered company in Thailand functioning as an overseas sale office for Alexander & James brand furniture, including research and development of products, marketing tools arrangement, quality assurance and shipment preparation.

- **TCM AUTOMOTIVE**

TCM Automotive consists of businesses for the manufacturing and distribution of textiles and carpets as upholstering materials for seats and decorations in automobiles and buses. TCM Automotive has subsidiaries consisting of the following:

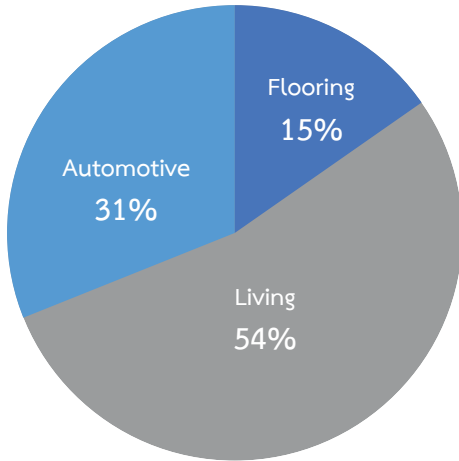
- o **T.C.H. Suminoe Co., Ltd. "TCHS"**

Operates in the business of manufacturing carpets and upholstery on buses with the following product information:

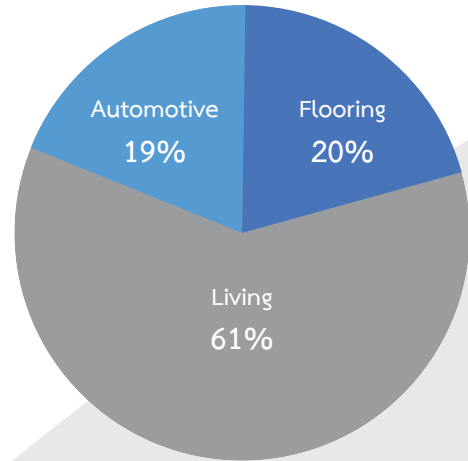
- Non-woven fabric for upholstering the structure, roof and floor.
- Woven fabric for upholstering seats.
- Knit fabric for upholstering seats and the side walls.
- Poly urethane/PVC synthetic leather for upholstering seats and interior decoration.

Ratio of Income from Business Operations

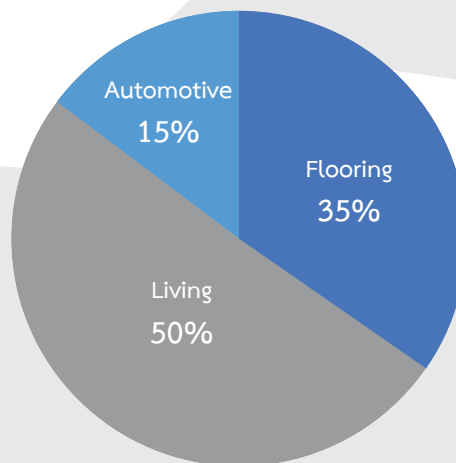
Income from all of the Company's business groups can be divided into the following ratios:



Sales record, year 2016



Sales record, year 2017



Sales record, year 2018

	2561		2560		2559	
	Million Baht	%	Million Baht	%	Million Baht	%
TCM Flooring	3,327.05	34.85	1,556.65	20.39	584.02	15.08
TCM Living	4,787.73	50.15	4,652.26	60.95	2,086.11	53.88
TCM Automotive	1,431.78	15.00	1,424.03	18.66	1,201.94	31.04
TOTAL	9,546.56	100.00	7,633.13	100.00	3,872.07	100.00

Distribution and Distribution Channels

In the carpet and flooring materials business, it can be divided into the three following groups:

o Residential Sector

- Main products consist of high-quality hand tufted carpets and pass tufted carpets
- Main customers consist of interior designers, house owners and palaces. Distribution is via sales representatives in various countries.

o Commercial Sector

- Main products consist of Axminster carpets.
- Main customers consist of hotels, casinos, theaters and convention centers by distributing through branch offices located in other countries directly to business-owner customers or project contractors.

o Corporate Sector

- Main products consist of carpet tiles and machine tufted carpets
- Main customers consisted of office buildings by selling directly through sales representatives, interior designers and office owners. Customers groups are in the country and from overseas.

In the furniture business, customer groups can be divided into the two following groups:

- o Furniture stores, such as large furniture retail stores offering many brands in the same store. The Company sells by using its own brand or a brand that is the customer's store name.
- o Independent stores, such as ordinary retail stores. The Company can sell products under the Company's brand.

In the automotive textile business, customer groups and distribution channels can be divided as follows:

o The Original Equipment Market (OEM) consisting of the following:

- Domestic and foreign automobile manufacturers and automobile seat manufacturers.
- Domestic and foreign automobile interior decoration part manufacturers.

o Replacement Equipment Market (REM) consisting of the following:

- Domestic and foreign bus seat manufacturers.
- Interior automobile decoration parts manufacturers in the replacement market.

Market and Competition

• TCM Flooring

After the acquisition of the Commercial Carpet Business of Hong Kong's Tai Ping Carpets International Limited in the 4th quarter of 2017 and the rebranding of Royal Thai to compete in the world market, Royal Thai becomes one of the world's top commercial carpet brands, earning 22% market share in the carpet for hospitality sector. The figure is close to our biggest competitor which is an English carpet company. According to the world's market trend, there is a constant carpet demand for hotels, convention centers, theaters, and cinemas. These venues always require a refurbishment to attract customers. Even though we are a large manufacturer in the global market, we need to keep improving the cost control, product design as well as customer service to gain more market share and prevent newcomers to win over customers.

For domestic and Asia Pacific's hotel and resort market, there is a demand for flooring materials which are suitable for the weather and location. Instead of machine- or hand-woven carpet, we have distributed other types of flooring such as hard wood flooring, laminate flooring, luxury vinyl tiles, and flat weave carpet to meet the demand of customers in different regions.

Regarding carpet tiles for corporate sector, there are many large companies worldwide seizing the market share. Carpets Inter is positioned in the middle rank of the market share. But the company determines to be the top leader in eco-friendly carpet production. Nowadays the environmental impact is significant to large-scaled companies with good and sustainable corporate governance. The company's R&D has developed products which are attractive, practical, good-quality and environmental-friendly. The brand becomes more popular among customers and it is able to meet the increasing environmental-friendly awareness. We see this as a potential channel to grow and prosper as only a few competitors can manufacture eco-friendly carpets.

• TCM Living

Last year overall market in UK looked more stable. But the uncertainty about Brexit created an anxiety to industries of which UK is the main market. The attention to the Brexit impact must be closely paid in the short and medium term.

TCM Living's main customers, both corporates and retailers, are based in the UK. In order to stimulate sales in this competitive business and remain top-listed in the market share, we must develop new product designs, maximize production efficiency and redesign trendier and unique sofas as well as maintain the high quality. Customers can access to attractive, top-notch quality products yet value for money.

The export of Alexander and James furniture is well received by customers in China, Asia and Middle East which are the brand's main target. A large business partner in the USA has just been assigned. In order to expand the market worldwide, we have come up with different furniture sizes and designs to meet the customers' demand in different regions.

• TCM Automotive

The automotive industry has a similar or slightly higher growing rate than last year. The car production rate is estimated to increase approximately by 2.1-2.2 million units. The market of automobile carpet and upholstery has a tendency to be fiercer in term of cost effectiveness and global supply competition technology from Chinese competitors in particular. In the near future, new technology will be more involved in the automotive industry. Automobile part manufacturers must develop a new technology to survive in such technology competition as well as consider environmental impact requirement and effective cost management.

Impact to Environment

As a manufacturing facility, TCMC has the responsibility to the environment and society to perform safety and environmental duty to ensure proper treatment of our waste. All of our raw materials are carefully reviewed and evaluate to determine possible negative impact to the environment. In 2006, we have not found any raw materials to be dangerous to the environment or society. With our dye facility, we recognize the importance of its water treatment. We have installed program to always update the treatment system and to assure proper environment protection. We have authorized personnel to monitor, analyzed and control water quality in accordance to the industry standard waste treatment is properly disposed at specified location.

SIGNIFICANT CHANGES

After the acquisition in 2017, the company merged the production of both Don Muang and Pathumthani factories and centralized the purchasing team. This gave us an advantage to negotiate for bulk raw material order. We cancelled the order of readymade yarn imported from other countries and utilized Pathumthani factory's spinning machines. We invested in upgrading spinning machines for higher yarn manufacturing capacity. This partly reduced the manufacturing cost. We also invested in Van de Wiele's High Speed Machine which has thrice higher weaving capacity than the old machine. It can support the cruise ship market where products are required in an urgent manner.

Apart from the investments in manufacturing facilities, we have also hired managerial personnel to be in charge of important divisions such as Middle East and Europe sales office, Sales for luxury carpets and carpets for private jets, and Design department. We have unified the working system of both factories while developing ERP system to be in operation in middle of the year 2019.

The management of furniture business under DM Midlands Holdings has been reorganized. The duty and responsibility of each business section has been clarified and divided for more efficiency. A new product development team has joined the subsidiary company, Ashley Manor. The company is rebranded for a trendier image which is well received by the market. The result can be seen in the turnover report in last quarter.

On the factory side, machines for manufacturing sofa frame were purchased for a better control of cost and product quality, monitoring the production up to delivery process. It is expected to reach its full capacity and efficiency by 2019.

FUTURE PROJECTS

Carpet and Flooring Business

The operation and management of Flooring Business has been under business restructuring plan. One of the apparent results in 2019 is the merging of manufacturing capacity and relocating all factories to the same area. Don Muang factory and UCM factory are moved to Pathumthani factory which covers more than 100 Rai. This factory is better-equipped in term of human resource and location.

The relocation allows us to control and manage the manufacturing more effectively. The production line is partly transferred and will be totally completed in middle of the year 2019. Don Muang factory will no longer be in operation and both land and factory will be sold for the maximum benefit, enabling cash flow for necessary investment to further business development.

The company has set a team to support new market expansion including luxury carpet and cruise ship. The luxury carpet is targeted for brand-name shops, private villas, private jets, etc. This luxury group prefers a high-quality carpet for small area. The material used is top-notch and high-priced. It requires delicate craftsmanship which our factory personnel have a skill and expertise. The cruise ship group requires a large quantity of carpets. New cruise ships are manufactured every year and carpets are needed on an urgent basis. We invested in new machines with faster manufacturing capacity to cater this group in particular. Lastly is the carpet for airports. Carpets used must meet the safety standard and eco-friendly requirement. Our products and manufacturing facilities have passed required tests and meet the safety and quality standard.

Furniture Business

To maximize the competitiveness in the UK market, both of our subsidiaries, TCMC Furniture and DM Midlands Holdings, have formed Design, Research and Product Development teams to cope with the change in the market. There is a plan to reorganize the factory layout to increase the manufacturing capacity. An investment to improve the factory area has been implemented according to the Management's policy to reduce cost. There is a contingency plan to deal with Brexit impact. It is assessed and analyzed by all concerned.

In 2019 the company launches the first Alexander and James' showroom at Soi Sukhumvit 39 to be Thailand's first flagship store, and gallery for international customers. Thailand is chosen to be a hub due to its location as a central production and distribution in the region. Overseas customers can visit the showroom to see our products everyday instead of waiting for an annual exhibition in China or Singapore. This is an introduction to a unique and distinguished English brand to Thai retailers. Unlike other brands launched in Thailand, Alexander and James is positioned as an accessible luxury, and expected to be well recognized and welcomed among interior designers through the cooperation from TCM Flooring which has interior designers as its main customer base.

Meanwhile this showroom is used to showcase company's carpet products. It is another channel of distribution for carpet and flooring business.

Carpet and Upholstery for Car and Vehicle Business

The company will maintain the standard of core products but broaden the market of new products especially printed fabric, PU leather, PVC leather for car headliner. The market strategy is emphasized on Global Business Alliances of Suminoe subsidiaries worldwide including Indonesia, China, the US and Mexico. The cooperation in term of expertise in product technology and international market can raise sales and develop products to meet the market trend and industry's demand.

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION AT YEARS ENDED

(Unit : Thousand Baht)

	2018	2017	2016
Total Revenues	9,584,562	7,711,908	3,911,652
Sales	9,546,560	7,633,134	3,872,073
Gross Profit	2,859,463	1,990,835	1,011,244
Net Profit (Loss)	408,880	347,205	270,346
Net Profit (Loss) (The Parent)	270,963	218,889	174,111
Total Assets	9,455,696	9,015,836	4,888,747
Total Liabilities	,033,766	6,317,777	3,152,058
Equity	3,421,931	2,698,059	1,736,689
Equity (The Parent)	3,032,216	2,309,481	1,393,040
Weighted Average number of Ordinary shares	763,188,975	527,217,487	429,958,005

FINANCIAL RATIOS

Earning per shares (Baht)	0.36	0.42	0.40
Book Value per Share (Baht)	3.97	4.38	3.24
Liquidity Ratios			
Current Ratio (times)	1.52	0.73	1.33
Quick Ratio (times)	1.01	0.50	0.99
Account receivable turnover (times)	6.12	5.97	5.82
Average collection period (days)	59.64	61.14	62.71
Inventory turnover (times)	6.57	7.90	7.27
Days sales of inventory (days)	55.56	46.20	50.21
Account payable turnover (times)	4.48	4.80	4.68
Payment days (days)	81.47	76.04	77.99
Profitability Ratios			
Gross profit margin (%)	29.95	26.08	26.12
Net profit margin (%)	4.28	4.55	6.98
Return on equity (%)	8.94	9.48	12.50
Efficiency Ratios			
Return on assets (%)	4.32	3.85	5.53
Assets turnover (times)	1.01	0.85	0.79
Financial Policy Ratio			
Debt to equity ratio (times)	1.76	2.34	1.81

INFORMATION OF SECURITIES AND SHAREHOLDERS

Company's Securities

As of 31 December 2018, the Company has registered capital amounting to Baht 1,119,343,830 which can be divided into 1,017,585,300 ordinary shares at par value of Baht 1.10 per share, and has paid-up capital amounting to Baht 839,507,872.50 with record of capital increase/decrease as follows:

Month/Year of Registration of Paid-up Capital	Registered Capital (Million Baht)	Paid-up Capital		Offer for sale to....for
		Increased (Decreased) Capital (Million Baht)	After increase or decrease (Million Baht)	
2 October 2017	1,119.34	-	-	Issued 508,792,650 new common shares at a par value of 1.10 Baht to support RO and TCMC-W2 warrants.
27 November 2017	1,119.34	279.84	839.51	From exercising the right of RO for 254,396,325 shares at a par value of 1.10 Baht.

Shareholding Structure

Name list of 10 major shareholders when closing the book of shareholder's registration at the date of general shareholders' meeting on 27 April 2018 is as follows:

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
1.	Srivikorn Family		
	Khun Ying Sasima Srivikorn	31,183,903.00	4.09%
	Mr. Pimol Srivikorn	77,900,000.00	10.21%
	Mr. Chaiyut Srivikorn	50,518,514.00	6.62%
	Mr. Vikorn Srivikorn	51,000,000.00	6.68%
	Mrs. April Srivikorn	1,100,000.00	0.14%
	Total of Srivikorn Family	211,702,417.00	27.74%
2.	Mrs. Taya Teepsuwan	50,242,939.00	6.58%
3.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	37,500,000.00	4.91%
4.	Chiawsakul Family		
	Mr. Suchart Chiawsakul	5,482,500.00	0.72%
	Miss Piraya Chiawsakul	20,375,400.00	2.67%
	Total of Chiawsakul Family	25,857,900.00	3.39%

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
5.	Thai NVDR Co., Ltd.	20,721,963.00	2.72%
6.	Mr. Kiattinan Denpaisan	19,661,569.00	2.58%
7.	Cholsaipan Family		
	Mrs. Nipa Cholsaipan	13,117,400.00	1.72%
	Mr. Nam Cholsaipan	3,043,900.00	0.40%
	Mr. Akarin Cholsaipan	471,000.00	0.06%
	Miss Nonthip Cholsaipan	553,850.00	0.07%
	Miss Namthip Cholsaipan	413,850.00	0.05%
	Mr. Arthapon Cholsaipan	471,000.00	0.06%
	Total of Cholsaipan Family	18,071,000.00	2.37%
8.	Limatibul Family		
	Mr. Boonchu Limatibul	2,101,250.00	0.28%
	Mr. Suraparp Limatibul	190,000.00	0.02%
	Mrs. Parada Limatibul	6,050,000.00	0.79%
	Miss Daranee Limatibul	4,080,000.00	0.53%
	Mr. Suthee Limatibul	260,000.00	0.03%
	Total of Limatibul Family	12,681,250.00	1.66%
9.	Taechasiriwan Family		
	Miss Yuvadee Taechasiriwan	10,000.00	0.00%
	Mrs. Sirinattha Taechasiriwan	12,397,171.00	1.62%
	Total of Taechasiriwan Family	12,407,171.00	1.63%
10.	Udomratchatawanich Family		
	Mr. Chatchavarn Udomratchatawanich	100,000.00	0.01%
	Mr. Sanchai Udomratchatawanich	7,000,018.00	0.92%
	Total of Udomratchatawanich Family	7,100,018.00	0.93%

ISSUANCE OF OTHER SECURITIES

The shareholders' extraordinary meeting No. 1/2017 being held on 20 September 2017 has resolved to approve the Second issuance and offer of share warrant for the purchase of the Company's ordinary shares by allocating to former shareholders according to the following details.

Category of Securities	Warrant No. 1 representing the right to purchase ordinary shares of TCM Corporation PLC ("Warrant" or "TCMC-W2")
Type	Shares with name of shareholders being specified and being transferrable
Number	254,396,325 units
Number of ordinary shares being allocated to accommodate the exercise of warrant	254,396,325 shares at par value of Baht 1.10
Offer price	Baht 0.00 (Zero Baht) per unit
Method of Allocation	<p>Allocated for the Company's original shareholders who had reserved and paid the costs of reservations to purchase the Company's new capital increase common shares issued and offered to the Company's original shareholders according to right offering and excess rights at a ratio of one allocated capital increase common share to one warrant. In cases where there are remainders, the entire amount is to be rounded off.</p> <p>After calculating rights of shareholders who will be allocated warrants in cases once all remainders have been rounded off, the Company will cancel the aforementioned remaining warrants from allocations, leaving warrants allocated to shareholders divisibly.</p>
Exercise ratio	One unit of warrants has the right to purchase a capital increase in common shares (which may be changed afterward according to conditions for adjusting rights specified on specifications on rights and duties of warrant issuers and shareholders with warrants who will purchase the Company's capital increase common shares ("Statement of Rights").
Exercise price	4 Baht per share, except for cases with adjustments in the price of exercising rights based on the conditions for adjusting rights specified on the Specification of Rights.
Term of Validity	No more than two years from the date of issuing and offering warrants.
Exercise period	Warrant holders can exercise rights as per warrants for the entire amount on every last business day of March and September of each calendar year throughout the term of the warrants (Date for Exercising Rights). The first date for exercising rights falls on the last business day of March 2018 after the warrant issuance date (First Date for Exercising Rights) and the last date for exercising rights falls on the expiration date of the warrant (Last Date for Exercising Rights).

Exercise period

If the last date for exercising rights falls on a holiday of the Stock Exchange of Thailand, the rights shall be exercised on the last business day before the last date for exercising rights.

Warrants leftover from exercising or not exercising rights on any date for exercising rights can be accumulated for the next date of exercising rights throughout the warrant term. However, if the warrant's term is expired, any unused warrants will be cancelled and no longer effective.

Policy on dividend payment

The Company will maintain policy on dividend payment for shareholders being entitled to receive dividend according to shareholding proportion, at the amount not exceeding 60% of net profit after deducting income tax and legal reserve when the Company gains profit, does not encounter accumulated loss, and has good financial liquidity.

Past Dividend Payouts (Last 3 Years)**2016**

The Company had a net loss of 0.03 Baht per share and paid dividends at 0.12 Baht per share. Dividends were paid from accumulated profits for the entire amount, from 508,792,650 shares at a par value of 1.10 Baht.

2017

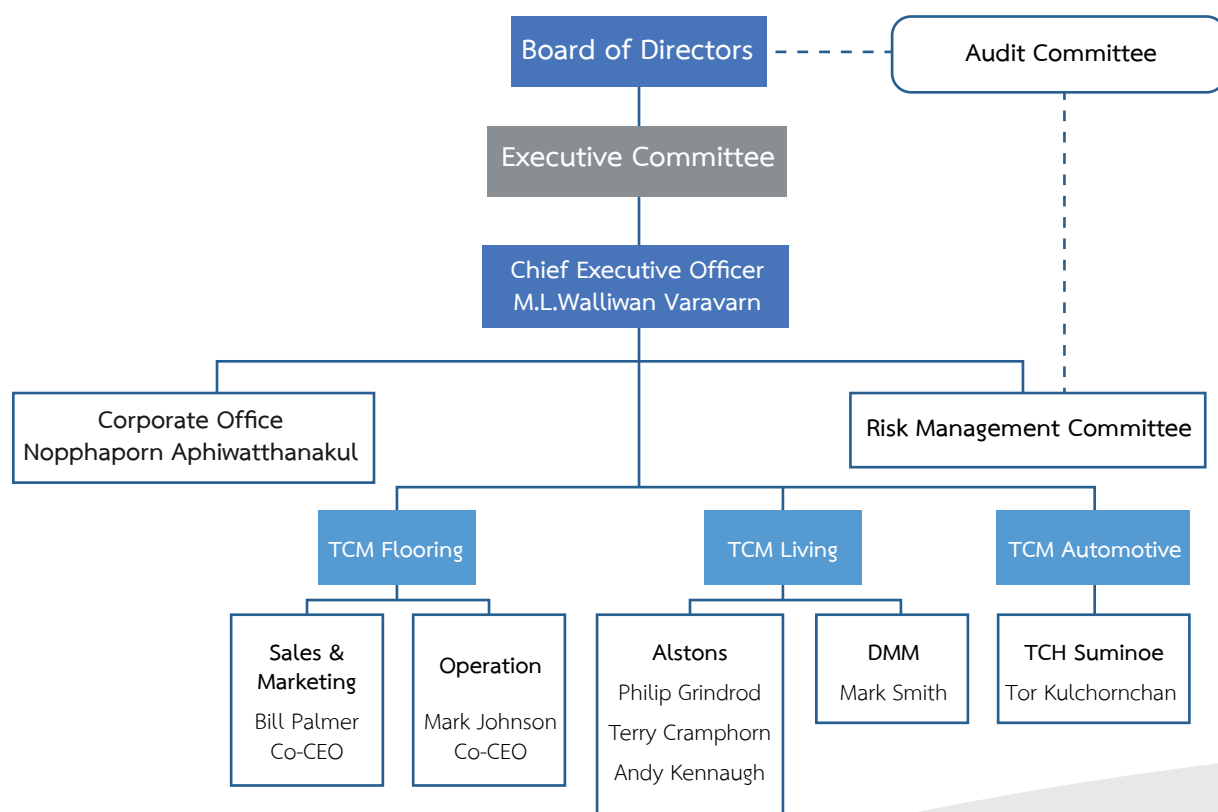
The Company had a net profit of 0.06 Baht per share and paid dividends at 0.04 Baht per share. The Company will pay dividends at 0.02 Baht per share from net profit and 0.02 Baht per share from accumulated profit for 763,188,975 shares at a par value of 1.10 Baht.

2018

The Company had a net profit of 0.71 Baht per share and paid dividends at 0.09 Baht per share. Dividends were paid from net profit of 2018 for the entire amount, from 763,188,975 shares at a par value of 1.10 Baht

The Company hereby declares that the shareholders who hold shares on the record date may not receive the dividend if the shareholders' meetings approve suspension of dividend payment proposed by the Board of Directors.

ORGANIZATION STRUCTURE



Board of Directors

The Board of Directors has power to carry out operation pursuant to the laws, the Company’s objectives and articles of association. The Company’s articles of association prescribe that the Board shall consist of at least five but not exceeding twelve directors and not less than half of directors shall have a place of domicile located in the Kingdom. To elect a director, each shareholder shall have one vote per share being held by him, and each shareholder may use all votes to elect one or several directors, provided that the votes may not be divided more or less for any particular director. Persons having highest votes will be elected as directors according to the number of directors to be elected for the time being. During each annual meeting, one third of directors serving in the position the longest will vacate the office, and directors vacating office may be re-elected.

The Company has a total of nine directors as listed below:

- | | |
|-----------------------------------|------------------------------------------------------|
| 1. Mr. Pimol Srivikorn | Chairman of the Board |
| 2. M.L. Walliwan Varavarn | Chief Executive Officer |
| 3. Mr. Soravis Krairiksh | Chairman of Audit Committee and Independent Director |
| 4. Mr. Suvitcha Nativivat | Member of Audit Committee and Independent Director |
| 5. Mrs. Duangjai Lorlertwit | Member of Audit Committee and Independent Director |
| 6. Mr. Uthayan Uthayanaka | Independent Director |
| 7. Mr. Isareit Chirathivat | Independent Director |
| 8. Mr. Sumate Suwanvongkij | Director |
| 9. Mrs. Noppaporn Aphiwatthanakul | Executive Director |

Signing method in binding the Company

Name and number of directors being authorized to sign on behalf of the Company: Mr. Pimol Srivikorn and M.L. Walliwan Varavarn jointly signs and affixes the Company's seal or Mr. Pimol Srivikorn or M.L. Walliwan Varavarn jointly signs with another director and affixes the Company's seal.

Executive Board

In 2018, the Company has three members in its Executive Board as follows:-

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Pimol Srivikorn | Chairman of Executive Board |
| 2. M.L. Walliwan Varavarn | Chief Executive Director |
| 3. Mrs. Noppaporn Aphiwatthanakul | Finance Director |

Audit Committee consists of three members as follows:

- | | |
|-----------------------------|-----------------------------|
| 1. Mr. Soravis Krairiksh | Chairman of Audit Committee |
| 2. Mrs. Duangjai Lorlertwit | Member of Audit Committee |
| 3. Mr. Suvitcha Nativivat | Member of Audit Committee |

The No.1 and No.2 members of Audit Committee have adequate knowledge and experience to review the credibility of financial statements.

Risk Management Committee

The Company's Risk Management Committee consists of 4 members as follows:-

- | | |
|-----------------------------------|---------------------------------------|
| 1. M.L. Walliwan Varavarn | Chairman of Risk Management Committee |
| 2. Mrs. Noppaporn Aphiwatthanakul | Member of Risk Management Committee |
| 3. Mr. Viritphol Ngampailin | Member of Risk Management Committee |
| 4. Mr. Yutthasak Pipatwasuthakul | Member of Risk Management Committee |

Management Committee

At 31 December 2018, the Company has Management Committee as follows:-

- | | |
|-----------------------------------|--------------------------------------------|
| 1. M.L. Walliwan Varavarn | Chief Executive Officer |
| 2. Mrs. Noppaporn Aphiwatthanakul | Finance Director |
| 3. Mr. William Palmer | Co-CEO, TCM Flooring |
| 4. Mr. Mark Johnson | Co-CEO, TCM Flooring |
| 5. Mr. Philip Grindrod | Managing Director, Alstons Group |
| 6. Mr. Terence Henry Cramphorn | Finance Director, Alstons Group |
| 7. Mr. Andrew Kennaugh | Commercial Director, Alstons Group |
| 8. Mr. Mark Alexander Smith | Chief Executive Officer, DM Midlands Group |
| 9. Mr. Tor Kulchornchan | Managing Director, T.C.H.Suminoe Co., Ltd. |

Company's Secretary

The Board of Directors has appointed Mrs. Noppaporn Aphiwatthanakul, Manager for Accounting and Finance, as the Company's secretary on 1 June 2010 by determining scope of duties and responsibilities as

1. To provide basic recommendation to directors with regard to legal provisions, rules and regulations, and report any significant change to legal provisions to the directors;
2. To convene shareholders' meeting and Board of Directors' meeting in accordance with applicable laws, regulations and practices;

3. To record minutes of shareholders' meeting and Board of Directors' meeting, maintain minutes of meeting that have been approved by the Board of Directors and concerned parties, and monitor the compliance with shareholders' meeting and Board of Directors' meeting resolution;

4. To ensure that data and information report in the area of responsibility will be disclosed to regulatory agencies and in accordance with government agencies' regulations and requirements;

5. To contact and communicate with general shareholders to ensure that they will acknowledge shareholders' rights and the Company's information; and

6. To monitor the Board of Directors' activities and perform other conducts as prescribed by laws or as assigned by the Board of Directors.

Shareholding of Director and Management

Changes in Securities Holding of directors and Management as follows:

No.	Name of Directors	Ordinary Shares (shares)				Change	
		Director and Executives		Spouse		Increase / Decrease	%
		As at 01/01/18	As at 31/12/18	As at 01/01/18	As at 31/12/18		
1.	Mr. Pimol Srivikorn	77,233,500	88,750,000	-	-	11,516,500	14.91
2.	M.L. Walliwan Varavarn	-	-	-	-	-	-
3.	Mr. Soravis Krairiksh	-	-	-	-	-	-
4.	Mr. Suvitcha Nativivat	-	-	-	-	-	-
5.	Mrs. Duangjai Lorlertwit	-	-	-	-	-	-
6.	Mr. Uthayan Uthayanaka	-	-	-	-	-	-
7.	Mr. Isareit Chirathivat	-	-	-	-	-	-
8.	Mr. Sumate Suwanvongkij	270	270	-	-	0	0
9.	Mrs. Noppaporn Aphiwatthanakul	-	-	-	-	-	-

Remuneration of Directors and Management

The shareholders' ordinary meeting of 2018 has approved the determination of director's remuneration to ensure that it will be in accord with remuneration rate of similar industrial sector.

- The Chairman of the Board of Directors received meeting allowance amounting to Baht 25,000 per meeting
- Directors not receiving salary received meeting allowance amounting to Baht 20,000 per person per meeting.

In 2018, the Company convened Board of Directors' meetings 5 times and paid meeting allowance as follows:

Name of Directors	Position	Number of meeting being attended	Meeting Allowance
1. Mr. Pimol Srivikorn	Chairman of the Board of Directors	5/5	125,000
2. M.L. Walliwan Varavarn	Chief Executive Officer	4/5	-
3. Mr. Soravis Krairiksh	Chairman of Audit Committee and Independent Director	3/5	60,000
4. Mr. Suvitcha Nativivat	Member of Audit Committee and Independent Director	4/5	80,000
5. Mrs. Duangjai Lorlertwit	Member of Audit Committee and Independent Director	4/4*	80,000
6. Mr. Uthayan Uthayanaka	Independent Director	5/5	100,000
7. Mr. Isareit Chirathivat	Independent Director	5/5	100,000
8. Mr. Sumate Suwanvongkij	Director	5/5	60,000*
9. Mrs. Noppaporn Aphiwattanakul	Finance Director	4/4	-

* Remark: Mrs.Duangjai Lorlertwit has the status of company's Director since March 1, 2018

Mr.Sumate Suwanvongkij has the status of company's Non-Executive Director since July 1, 2018

Remuneration of Audit Committee (Subcommittees)

Since members of Audit Committee are independent and external entities with great duties and responsibilities to monitor and audit financial reports and review to the ensure that the Company complies with applicable laws and criteria, the shareholders' ordinary meeting of year 2018 therefore resolved to approve the payment of Audit Committee's remuneration according to the following rate.

- Chairman of Audit Committee receives remuneration of Baht 10,000 per month.
- Member of Audit Committee receives remuneration of Baht 6,000 per month.

In 2018, meeting of Audit Committee has been convened 4 times and remuneration has been paid as follows:

Name of members of Audit Committee	Position	Number of meeting being attended	Remuneration
1. Mr. Soravis Krairiksh	Chairman of Audit Committee	3/4	120,000
2. Mr. Suvitcha Nativivat	Member of Audit Committee	4/4	72,000
3. Mrs. Duangjai Lorlertwit	Member of Audit Committee	1/2	48,000

This shall be effective from the date of approval from the shareholders' meeting onwards until the shareholders' meeting resolves to change otherwise.

Remuneration of Management

As of 31 December 2018, the Company has management team comprising of 8 members, and the Company has paid salary and bonus for year 2018 amounting to Baht 16.27 million and provided vehicles for 1 members of the management team.

Remuneration of Employees

As of 31 December 2018, the Company has employees 510 people, and the Company has paid salary, wage, overtime, living expenses and bonus for year 2018 amounting to Baht 86.54 million.

Remuneration of the Company and Subsidiaries' s Auditor

The auditor of the company and subsidiaries for the year ended 31 December 2018 is Mr. Atipong Atipongsakul, Certified Public Accountant Registration No. 3500 of ANS Audit Co., Ltd.. The Company has paid auditor's remuneration for year 2018 amounting to Baht 3.10 million



amxdesign
the leather experts

 TCM LIVING®
A MEMBER OF TCM CORP. PLC.

BOARD OF DIRECTORS

TCM Corporation PLC. upholds professional business integrity that builds confidence in our shareholders, business partners, customers, and other stakeholders around the world.

Mr. Pimol Srivikorn

Chairman of the Board

TCM Corporation Plc., formerly Thailand Carpet Manufacturing Plc, was established in 1967 by Srivikorn Group as the first carpet manufacturer in Thailand. The company was built on 13 acres of land near the Don Muang airport.

Today, the company is highly regarded as one of the leaders of hand tufted and Axminster carpet sold worldwide under the brand "Royal Thai". In addition, we have also expanded and grown into a true multinational corporation that services many industries. Our businesses include TCM Flooring, TCM Living and TCM Automotive.



“

Our commitment to social responsibility extends beyond providing products that are safe, comfortable, and well designed. It extends to fostering humane, safe, and ethical workplace conditions in every facet of our multinational business, while promoting those same values – and a greater commitment to social awareness – wherever our brands are present.

”



1. Mr. Soravis Krairiksh

2. Mr. Suvitcha Nativivat

3. Mrs. Duangjai Lorlertwit

4. Mr. Uthayan Uthayanaka

5. Mr. Isareit Chirathivat

6. M.L. Walliwan Varavarn

7. Mr. Sumate Suwanvongkij

8. Mrs. Noppaporn Aphiwatthanakul

BOARD OF DIRECTORS

The Board of Directors consists of 9 members as follows:

Mr. Pimol Srivikorn

Current Position	: Chairman of the Board
Nationality	: Thai
Age	: 54 years
Address	: 132/4 Soi Jarern Mit, North Pranakorn, Wattana District, Bangkok Thailand 10110
Education	: Master's Degree Business Administration, California University, USA Bachelor's Degree Business Administration, University of Pennsylvania, USA
Director Accreditation Program	: Director Accreditation Program (DAP) Class 154/2018
Period of Directorship	: Holding Positions since 1994 until 2018 for total 25 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2018, 88,750,000 shares
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
1 Company	(1) Member of Investment Committee - Zmico Securities PLC.	9 Companies	None

Work Experience

2017 – Present	: Chairman – TCMC HK (2017), HK
2017 – Present	: Director – Vechachai Company Limited
2016 – Present	: Chairman - DM Midlands Holdings Limited, UK
2015 – Present	: Chairman - Manor (2016) Holdings Limited, UK
2015 – Present	: Chairman - TCMC Furniture Limited, UK
2015 – Present	: Chief Executive Officer – Scomadi Thailand Co., Ltd.
2013 – Present	: Member of Investment Committee - Zmico Securities PLC.
2010 – Present	: Executive Director - Srivikorn Group Holding Co., Ltd.
2007 – Present	: President - Taekwondo Association of Thailand
1989 – Present	: Director - President Hotel and Tower Co., Ltd.

Mr. Soravis Krairiksh

Current Position	: Chairman of Audit Committee and Independent Director
Nationality	: Thai
Age	: 46 years
Address	: 11/6 Narasiri Bangna Moo14, Bangna Trad Rd., Bangpleeyai, Bangplee, Samutprakan Thailand 10540
Education	: Master in Finance, London Business School Bachelor in Economics, London School of Economics
Director Accreditation Program	: Director Accreditation Program (DAP) Class 42/2005 Advanced Audit Committee Program (AACP) Class 31/2018
Period of Directorship	: Holding Positions since 2005 until 2018 for total 14 years
Meeting Attendance of the Past Year	: Attended 3 of 5 of Board of Directors' Meetings Attended 3 of 4 of Audit Committee's Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
1 Company	(1) Deputy Managing Director, Investment Banking Group - Bualuang Securities PCL.	None	None

Work Experience

2015 – Present	: Deputy Managing Director - Bualuang Securities PCL.
2012 – 2018	: Executive Vice President, Investment Banking Group - Bualuang Securities PCL.
2009 – 2011	: Senior Vice President - Bangkok Bank PCL.
2007 – 2008	: Senior Vice President - Bualuang Securities PCL.
2004 – 2006	: First Vice President - Bualuang Securities PCL.

Mr. Suvitcha Nativivat

Current Position	: Member of Audit Committee and Independent Director
Nationality	: Thai
Age	: 37 years
Address	: 877/105 Soi Ramkhamhaeng 24, Suanluang, Bangkok Thailand 10250
Education	: Master of Laws, University of Pennsylvania Law School, USA Bachelor of Laws (Hons.), University of London, UK Bachelor of Laws, Chulalongkorn University, Thailand Bachelor of Business Administration, Sukhothai Thammathirat University, Thailand
Director Accreditation Program	: Director Accreditation Program (DAP) Class 188/2014 Advanced Audit Committee Program (AACP) Class 30/2018
Period of Directorship	: Holding Positions since 2013 until 2018 for total 6 years
Meeting Attendance of the Past Year	: Attended 4 of 5 of Board of Directors' Meetings Attended 4 of 4 of Audit Committee's Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
1 Company	(1) Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.	5 Companies	None

Work Experience

2016 – Present	: Managing Director - Vitaboost (Thailand) Co., Ltd.
2016 – Present	: Director – Bright TV Co., Ltd.
2015 – Present	: Director – Power Matic Co., Ltd.
2014 – Present	: Director - N-Vest Venture Capital Co., Ltd.
2011 – Present	: Partner - Bunchong and Vidhya Law Office Co., Ltd.
2010 – 2011	: Senior Associate - Timblich and Partners Co., Ltd.
2009 – Present	: Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.
2008 – 2010	: Associate - Linklaters (Thailand) Co., Ltd.

Mrs. Duangjai Lorlertwit

Current Position	: Member of Audit Committee and Independent Director
Nationality	: Thai
Age	: 57 years
Address	: 23 Soi Piboolwattana, Rama6 Road, Phayathai, Phayathai, Bangkok Thailand 10400
Education	: Bachelor of Communication Arts, Chulalongkorn University, Thailand
Director Accreditation Program	: Director Certification Program (DCP) Class 148/2011 Advanced Audit Committee Program (AACP) Class 30/2018
Period of Directorship	: Holding Positions since 2017 until 2018 for total 1 years
Meeting Attendance of the Past Year	: Attended 4 of 4 of Board of Directors' Meetings Attended 1 of 2 of Audit Committee's Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
2 Company	(1) Advisor to the Chairman – CAT Telecom PCL. (2) Stonehenge Inter PCL.	3 Companies	None

Work Experience

2018 – Present	: Advisor – Stonehenge Inter PCL.
2018 – Present	: Director – GMM Studios International Co., Ltd.
2017 – Present	: Director and Executive Director – GMM Channel Holding Co., Ltd. (Formerly GMM Channel Trading Co., Ltd.)
2016 – Present	: Advisor to the Chairman – CAT Telecom PCL.
2016 – Present	: Director – C Panel Co., Ltd.
2006 – 2017	: Partner – JD Partner Co., Ltd.
2003 – 2005	: Executive Vice President – MCOT PCL.
2001 – 2003	: Chief Operation office – Nation Broadcasting Corporation Co., Ltd. and Nation Radio Co., Ltd.
1990 – 1999	: Managing Director – Grammy Television Co., Ltd.
1990 – 1999	: Executive Director – Grammy Entertainment PCL.

Mr. Uthayan Uthayanaka

Current Position	: Independent Director
Nationality	: Thai
Age	: 82 years
Address	: 4 Soi Premier, Srinakarin Rd., Nongbon, Prawet, Bangkok Thailand 10250
Education	: Bachelor Degree in Politic Science, Widener University, USA
Director Accreditation Program	: Director Accreditation Program (DAP) Class 42/2005 Audit Committee Program (ACP) Class 2003
Period of Directorship	: Holding Positions since 1995 until 2018 for total 24 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non - Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
None	None	None	None

Work Experience

Qualified Director - Office of the Civil Service Commission

Vice President - Suanluang RAMA 9 Foundation

Inspector - Prime Minister's office

Assistant Secretary - The Office of Accelerated Rural Development

Mr. Isareit Chirathivat

Current Position	: Independent Director
Nationality	: Thai
Age	: 40 years
Address	: 5/4 Unit B3 Soi Atthakan Prasit, ThungMahaMek, Sathon, Bangkok Thailand 10120
Education	: Master's Degree, Marketing, Real Estate & Entrepreneurship, UCLA Anderson School of Management Bachelor's Degree, Economics, Boston College
Director Accreditation Program	: Director Accreditation Program (DAP) Class 154/2018
Period of Directorship	: Holding Positions since 2013 until 2018 for total 6 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
1 Company	(1) Senior Vice President - Leasing - Central Pattana PCL.	None	None

Work Experience

2019 – Present	: Senior Vice President – Leasing - Central Pattana PCL.
2014 – 2018	: Vice President, Property Management - Central Pattana PCL.
2013 – 2014	: Business Development Assistant Vice President - Central Pattana PCL.
2009 – 2014	: Senior Business Development Manager - Central Pattana PCL.
2005 – 2008	: Business Development Manager - Central Pattana PCL.
2002 – 2003	: Assistant Brand Manager – Central Marketing Group Co., Ltd.
2000 – 2002	: Equity Syndicate Analyst - Goldman, Sachs & Co, New York

M.L.Walliwan Varavarn

Current Position	: Chief Executive Officer
Nationality	: Thai
Age	: 61 years
Address	: 1056/3 Nakorn Chaisri Rd., Thanon Nakornchaisri, Dusit, Bangkok Thailand 10300
Education	: Master Degree, Massachusetts Institute of Technology, USA
Director Accreditation Program	: Director Accreditation Program (DAP) Class 14/2005
Period of Directorship	: Holding Positions since 2000 until 2018 for total 19 years
Meeting Attendance of the Past Year	: Attended 4 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non - Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
None	-	9 Companies	None

Work Experience

2017 - Present	: Director – TCMC HK (2017), HK
2017 - Present	: Director – Vechachai Company Limited
2016 - Present	: Director - DM Midlands Holdings Limited, UK
2015 - Present	: Director - Manor (2016) Holdings Limited, UK
2015 - Present	: Director - TCMC Furniture Limited, UK
2012 – Present	: Director - President Hotel and Tower Co., Ltd.
2010 - Present	: Director - T.C.H. Suminoe Co., Ltd.
2003 - Present	: Director - Global Utilities Services Co., Ltd.
2001 – Present	: Chief executive officer and director - Srivikorn Group Holding Co., Ltd.

Mr. Sumate Suwanvongkij

Current Position : Director
 Nationality : Thai
 Age : 59 years
 Address : 88/10 Jakkapong Rd., Taladyad, Pranakorn, Bangkok Thailand 10200
 Education : Bachelor's Degree, Marketing, Bangkok University, Thailand
 Director Accreditation Program : Director Accreditation Program (DAP) Class 151/2018
 Period of Directorship : Holding Positions since 2013 until 2018 for total 6 years
 Meeting Attendance of the Past Year : Attended 5 of 5 of Board of Directors' Meetings
 Shareholding in the Company : 31 December 2018, 270 shares
 Shareholding for spouse and child in the Company : 31 December 2018 - None
 Relationship between the board and the management : None
 Direct and indirect interest in any of business with Company and its subsidiaries : None
 Director/Executive Position in other Business:

Listed Company		Other Non – Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
None	-	None	None

Work Experience

2012 – Present : Managing Director - Royal Thai International Co., Ltd.
 1983 – Present : Domestic Sales Manager – TCM Corporation Plc. (Formerly Thailand Carpet Manufacturing Plc.)

Mrs. Noppaporn Aphiwatthanakul

Current Position	: Executive Director
Nationality	: Thai
Age	: 59 years
Address	: 310/1201 Soi Songprapa 14, Songprapa Rd., Sikan, Don Muang Bangkok Thailand 10210
Education	: Master's Degree, Accounting, Sripatum University, Thailand Bachelor's Degree, Accounting, Chulalongkorn University, Thailand
Director Accreditation Program	: Director Accreditation Program (DAP) Class 151/2018
Period of Directorship	: Holding Positions since 2017 until 2018 for total 1 years
Meeting Attendance of the Past Year	: Attended 4 of 4 of Board of Directors' Meetings (Being the company director since May 2018)
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None
Direct and indirect interest in any of business with Company and its subsidiaries	: None
Director/Executive Position in other Business:	

Listed Company		Other Non - Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	Type of Directorship		
None	-	None	None

Work Experience

2018 – Present : Director of the Corporate office – TCM Corporation PLC.

1981 – Present : Accounting and Finance Manager - TCM Corporation PLC.



ASHLEYMANOR
a new design language


TCM LIVING[®]
A MEMBER OF TCM CORR. PLC.

MANAGEMENT TEAM

1.

Name and Surname	: M.L. Walliwan Varavarn
Age	: 61 Years
Nationality	: Thai
Position	: Chief Executive Officer
Education	: Master's Degree, Massachusetts Institute of Technology, USA
Experience	: Director – TCMC HK (2017), UK Director – Vechachai Company Limited Director - DM Midlands Holdings Limited, UK Director - Manor (2016) Holdings Limited, UK Director - TCMC Furniture Limited, UK Director - President Hotel and Tower Co., Ltd. Director and executive director - Serenity Asset Co., Ltd. Director - T.C.H. Suminoe Co., Ltd. Director - Global Utilities Services Co., Ltd. Chief executive officer and director - Srivikorn Group Holding Co., Ltd.
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None

2.

Name and Surname	: Mrs. Noppaporn Aphiwatthanakul
Age	: 59 Years
Nationality	: Thai
Position	: Chief Financial Officer
Education	: Master's Degree, Accounting, Sripatum University, Thailand Bachelor's Degree, Accounting, Chulalongkorn University, Thailand
Experience	: Director of the Corporate office – TCM Corporation PLC. Accounting and Finance Manager - TCM Corporation PLC.
Shareholding in the Company	: 31 December 2018 - None
Shareholding for spouse and child in the Company	: 31 December 2018 - None
Relationship between the board and the management	: None

3.

Name/Surname	: William Palmer
Age	: 57 Years
Nationality	: American
Position	: Co-CEO, TCM Flooring
Education	: Bachelor of Science in Business Administration
Work Experience	: 33 years in the hospitality industry mostly with carpet
Shareholding	: 31 December 2018 - None
Shareholding for spouse and child in the company	: 31 December 2018 - None
Relationship between Board of directors and management	: None

4. Name/Surname : Mark Robert Johnson
Age : 58 Year
Nationality : British
Position : Co-CEO, TCM Flooring
Education : City & Guilds Textile Dyeing, Member of The Society of Dyers and Colorists (UK).
Work Experience : 37 Years in carpet manufacturing,
21 years in Asia with senior management positions in China, India and Thailand.
Shareholding : as at 31 December 2018 - None
Shareholding for spouse and child in the company : as at 31 December 2018 – None
Relationship between Board of directors and management : None

5. Name/Surname : Philip Grindrod
Age : 65 Years
Nationality : British
Position : Managing Director, Alstons group
Work Experience : From June 2015 Managing Director
20+ years' experience as Operations Director
Joined Alstons 1995 as Works Director
Previously Production Director at Buoyant
Shareholding : as at 31 December 2018 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2018 - None
Relationship between Board of directors and management : None

6. Name/Surname : Terence Henry Cramphorn
Age : 62 Years
Nationality : British
Position : Finance Director, Alstons group
Work Experience : FCCA 25+ years' experience as Financial Director
Alstons Financial Director for 7 years
Previously Managing Director of a plc. subsidiary
Corporate Finance background
Shareholding : as at 31 December 2018 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2018 - None
Relationship between Board of directors and management : None

7. Name/Surname : Andrew Kennaugh
Age : 49 Years
Nationality : British
Position : Commercial Director, Alstons group
Work Experience : Alstons Commercial Director
Previously Managing Director with Jensen Beds
Sales and Marketing Director at Derwent for 5 years
Retail experience within John Lewis
Shareholding : as at 31 December 2018 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2018 - None
Relationship between Board of directors and management : None

8. **Name/Surname** : Mark Alexander Smith
Age : 47 Years
Nationality : British
Education : BA Honours Interior Architecture and Design, Royal Society of the Arts
Position : Chief Executive Officer, DM Midlands Group
Work Experience : 2008 – Present, Design Director at DM Midlands Group
1999 - 2008, Design Director at Ashley Manor Upholstery
1997 - 1999, Group Design Manager at Wyefield Group
1996 - 1997, Design Manager at Lincoln House Furnishing
1994-1996, Designer at Medallion Upholstery
Shareholding : as at 31 December 2018 - 12.5% share in DM Midlands Holdings Limited,UK
Shareholding for spouse and child in the company : as at 31 December 2018 - None
Relationship between Board of directors and management : None

9. **Name/Surname** : Tor Kulchornchan
Age : 57 Years
Nationality : Thai
Education : Master's Degree
Position : Managing Director, T.C.H.Suminoe Co., Ltd
Work Experience : Managing Director (8 years) – T.C.H. Suminoe Co., Ltd.
Managing Director (12 years) – Texchem – Pack (Thailand) Co.,Ltd.
Production Manager and Engineering Manager (Washing Machine) (6 years) -
Toshiba Consumer Product (Thailand)
Production Manager (Medical Supplies) – Kawasumi Laboratories(Thailand) Co.,Ltd.
Shareholding : as at 31 December 2018 - None
Shareholding for spouse and child in the company : as at 31 December 2018 - None
Relationship between Board of directors and management : None

REPORT FROM RISK MANAGEMENT COMMITTEE

To Shareholders,

The Board of Directors realizes the importance of risk management to ensure continuity of business operation. Therefore, Risk Management Committee has been formed to consider significant risks and effective solutions. Risk Management Committee consist of Chief Executive Officer and top management who will collaboratively formulate risk management policy, create risk management plan, assess business risks of the Company, as well as indicate risk preventive and corrective plans and ensure regular follow-up.

Risk Management Committee has performed their duties as assigned by the Board of Director. In 2018, there were 2 Risk Management Meetings to consider important matters which can be summarized as follows:

(1) Reviewing Risk Management Committee Charter to ensure its conformity, appropriateness, usefulness, and ability to enhance efficiency and effectiveness of the corporate risk management.

(2) Considering annual risk management plan which has been assessed and prioritized by the management of each relevant division, as well as identifying effects and determined effective management methods to control the risks at acceptable level or reduce possibility of the risks occurring.

(3) Monitoring and reviewing performance of the risk management plan under the stipulated risk management framework and policy to ensure that the Company has systematic and effective risk management by assigning the Internal Unit Division to monitor and audit the Company's risk management for accomplishment of the determined objectives.

Based on the above performance, Risk Management Committee is certain that the Company's risk management is continuous and efficient in accordance with good corporate governance principles and rules and has sufficient and appropriate internal control system which is suitable for its business and that the Company strictly complies with the applicable law and regulations for strengthening its operations and preparedness in advance for its sustainable risk management and existence in the industry.

For and on behalf of Risk Management Committee



(M.L.Walliwan Varavarn)

Chairman of Risk Management Committee

RISK FACTORS

The Company realizes the importance of risk management to ensure smoothness of business operations and goal achievement while strictly complying with the applicable law, rules and regulations through the Company's Risk Management Committee.

Risk Management Committee's duties are to supervise, consider policies, determine strategies and risk management plan of the Company in accordance with the Company's policies to ensure that the Company's risks are assessed, monitored and controlled at acceptable level. In 2018, the following possible risks are assessed and managed.

1. Raw Material Risk

For main raw materials, especially wool, if the Company relies on a major supplier and if the supplier increases raw material prices, there will be problems with production process and production costs since the Company has a slight bargaining power, both in terms of prices and time of delivery. If a certain raw material is needed urgently, the Company may not be able to ask the supplier to deliver such raw material in a timely manner. At present, the Company has more than one supplier for supply of major raw materials. Purchase orders are made to all suppliers for the purpose of balance of power. In the case where any one supplier increases raw material prices, the Company will be able to check the market prices from other suppliers. The prices of main raw materials usually do not fluctuate. However, if a change occurs, every supplier will raise prices at the same time and notify the Company in advance, thereby enabling the Company to notify customers of produce price adjustments in advance if price rises cause significant impacts on the cost of products. The Company performs work regarding main raw materials by negotiating to make contracts at least 6 months to 1 year in advance by specifying the amount to be purchased and sending to suppliers in advance. Delivery times are flexible based on the amount of work anticipated.

2. Substitute Product Risk

There are various types of flooring materials used nowadays with different properties, so consumers have more options. Selection shall be based mainly on needs and usefulness. For this reason, the Company has determined the procedure for management of risks of substitutes. The risk controlled which have already been implemented as (1) studying market demands and types of substitutes to consider products to be ordered for sale, (2) seeking appropriate suppliers, (3) determining distribution plans, (4) providing training for sales representatives, (5) monitoring the change in substitutes from time to time to for product adjustment.

3. Labor Shortage Risk

Another risk to be considered at present is labor shortage risk, especially in the case that the Company operates both automatically and manually woven carpet, which skilled labors are needed for the manually woven carpet section. Seeking substitute skilled labors takes some time for training; thus, the Company attempts to retain the existing skilled labors by increasing benefits and offering more compensations based on their skill levels. Nevertheless, the Company has implemented risk management procedure to ensure that the risk will be controlled at acceptable level. More precisely, manpower survey will be conducted at least once a year. Employee selection will not be done on the basis of merit system but mentoring system will be applied in which the main person in charge who has knowledge and expertise will be arranged to provide employees skill training for their career advancement.

4. Legal Risk

The Company realizes the risks arising out of any change in policies, rules and regulations related to the Company which may legally affect the business operation. Therefore, appropriate measures are defined to control the legal risk at acceptable level by monitoring the change in laws and government regulations, holding meetings to report the progress of the changing laws on quarterly basis and communicating the change to all employees for acknowledgement.

5. Environment Risk

The Company's manufacturing is related to environmental risk since the Company conducts thread dyeing by itself, resulting in a great amount of wastewater each day. Therefore, wastewater treatment system is controlled to prevent environmental pollution both inside and outside the factory by determination of wastewater inspection procedures prior to releasing it to the outside. Furthermore, standard wastewater treatment pond is arranged and checked to ensure efficiency of equipment. Wastewater control system is also inspected on regular basis.

6. Natural Disasters Risk

The Company has taken out insurance policies to cover all of its major assets to prevent natural disaster risk. In addition, the Company realizes the importance of development of Business Continuity Plan (BCP) in response to natural disaster which may affect the normal course of business of the Company. The units which require business continuity including Manufacturing, Financial, IT, and Building Management Division have been assigned to prepare emergency plans for immediate implementation

7. Subsidiary Investment Risk

As the Company has the plan to expand its business in subsidiaries, investment risk may arise if the relevant subsidiaries fail to make profits as expected. The Company has managed to ensure that each subsidiary will achieve the determined goals by assigning the Company's directors to take the post of directors in each subsidiary, determining that the subsidiaries submit their operating result reports regularly, and arranging risk management team in the subsidiaries to supervise the operations and report the results to the Company's Risk Management Committee.

8. Finance Risk Management

The Company and its subsidiaries manage their financial risk which may occur to their financial assets and liabilities in normal course of business by implementing the general corporate internal management and control system. Also, the Company does not make any transactions related to financial derivatives for commercial or profit speculation purposes.

8.1 Investment Loan Risk

The Company invests in many subsidiaries with different loan limits. To ensure that the loans will be repaid in due time, the Company has managed that its subsidiaries regularly and continuously repay the loans in the form of dividends. Moreover, the Company has changed from Bridging Loan to Long Term Loan which provides long-term limit with clear repayment plan within 10 years.

8.2 Interest Rate Risk

The Company and its subsidiaries has interest rate risk which may arise from deposits at financial institutions, overdrafts, short-term and long-term loans. Most of financial assets and liabilities have the interests which are adjustable in accordance with the market rate or fixed rate similar to the current market rate. Nevertheless, the Group of Companies believes that the frustration of the interest rates in the market will not significantly affect the corporate operating results and cash flow. The Company and its subsidiaries do not apply any other financial derivatives to prevent the risks.

8.3 Exchange Rate Frustration Risk

As the Company invests in the foreign subsidiaries, for which investment loans in Thai Baht is required, when repayment is due, the Company will receive it from the subsidiary located in England in pound sterling, which may affect the operating results in Thai Baht. For this reason, the Company has negotiated with the bank to transform the loan limits from Thai Baht to pound sterling. When the subsidiary directly repays the loan in pound sterling, exchange rate frustration risk can be minimized.

In addition, the Company and its subsidiary have most of the export sales in US dollar; therefore, in sale or purchase from business transactions, the Company has implemented preventive measures by making forward contracts by taking account of appropriateness in order to lessen the risk arising from exchange rate frustration due to export and import of raw materials, machines and equipment to and from other countries. Also, the Company has attempted to generate income from various currencies to reduce the effects of the only one currency exchange rate frustration and closely monitored the exchange rate situation as well as considering application of appropriate financial tools in the situations which affect the Company to minimize the exchange rate frustration risk.

8.4 Liquidity Risk

The Company and its subsidiaries have controlled liquidity risk by maintaining sufficient level of cash and cash equivalents to support their operations and sought short-term loan limits from various financial institutions in case of necessary requirements and to reduce risks of cash flow frustration.

CORPORATE GOVERNANCE

The Company realizes the importance of good corporate governance by observing the good practice defined by the Stock Exchange of Thailand and Securities and Exchange Commission (SEC) to ensure corporate governance, competitiveness, good long-term operating results, effective management, equity, transparency, and business ethics to enhance reliability to shareholders and all stakeholders as well as social and environmental responsibility to be implemented as the guidelines for the Company's directors, executives and employees of all levels to enhance sustainable corporate value.

Good Corporate Governance Principles

The Company's good corporate governance consists of the following 8 principles:

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 2	Define Objectives that Promote Sustainable Value Creation
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective CEO and Top Management
Principle 5	Nurture Innovation and Responsibly Conduct Business
Principle 6	Strengthen Effective Risk Management and Internal Control
Principle 7	Ensure Disclosure and Financial Integrity
Principle 8	Ensure Engagement and Communication with Shareholders

Principle 1

Establish Clear Leadership Role and Responsibilities of the Board

Ensure good corporate management

(1) Determine clear and appropriate objectives and goals including determining vision, mission and corporate values which conform to the creation of value to the Company, all stakeholders and the overall society with annually review of vision and mission.

(2) Determine operational policies, strategies, plans, and annual budgets, appropriately allocate resources with the management and ensure effectiveness of the executive assigned operations.

(3) Determine financial management policies and ensure the Company's financial liquidity, ability to repay debts, and operational mechanisms in case of financial crisis.

(4) Determine monitoring, assessment and report of operational results on regular basis to ensure work efficiency and the utmost benefit.

Perform duties with responsibilities and honesty to the Company and ensure compliance with the law and regulations

(1) Supervise the Company's operations to ensure compliance with the applicable law, rules and regulations as well as shareholders' resolutions and the law on securities and stock exchange and the requirements and good practice of SEC in compliance with the Securities and Stock Exchange Act, B.E. 2535, Section 89/7 – 89/10.

(2) Supervise the Internal Audit Division, audit or verify the Company's operations to ensure compliance with the applicable law, rules and regulations, shareholders' resolutions and the determined policies and procedures.

Determine the scope, assign duties and monitor the committee and the management to perform their assigned duties

(1) Appoint sub-committees as necessary to perform any significant tasks to ensure careful consideration and screening. The sub-committees include

- (a) Executive Committee
- (b) Audit Committee
- (c) Risk Management Committee

(2) The Board of Directors and sub-committees shall make board charter for each committee which clearly identifies the roles, duties and responsibilities of each committee to be implemented as the guidelines for performance of all directors. Also, the charter shall be reviewed at least once a year to ensure conformity to the direction of the Company's operation.

(3) Appoint the top executives who shall be nominated on the basis of principles and procedures specified in the articles of association of the Company. Clearly stipulate roles, duties and responsibilities in writing to select the qualified persons to hold executive office of the Company.

(4) Appoint an eligible person to be the Company Secretary, and if it is deemed necessary by the Company, the Assistant Company Secretary may be appointed. The Company Secretary's qualifications and power and authorities shall be clearly determined pursuant to the law on securities and stock exchange and the requirements and good practice of SEC and other applicable laws.

(5) Determine that the President and the Chief Executive Officer shall be different persons and have clearly separate roles, duties and responsibilities.

Roles, duties and responsibilities of the President

1. Preside over the Board of Directors' meeting and shareholders' meeting, promote and foster the participants to vote and strictly and effectively comply with the good corporate governance principles.
2. Ensure that the Board of Directors' performance is effective and the Company's objectives, policies and goals are achieved.
3. Ensure that all directors take part in corporate culture promotion, comply with ethics and good corporate governance principles, and be the role models for employees.
4. Indicate the Board of Directors' meeting agenda upon discussion with Chief Executive Officer and ensure significant matters are added to the meeting agenda.
5. Encourage directors to use their discretion and independently express their opinions
6. Promote good relationship between executive directors and non-executive directors and between the Board of Directors and the management and ensure that directors shall not be influenced by the management.

Roles, duties and responsibilities of Chief Executive Officer

Chief Executive Officer shall manage daily tasks to ensure conformity with the strategies, policies, operational plans, and budgets approved by the Board of Directors. Chief Executive Officer shall perform his duties with responsibilities; carefulness and honesty under the scope of power assigned by the Board of Directors and ensure that the top executives and the management shall effectively perform their assigned tasks.

Principle 2

Define Objectives that Promote Sustainable Value Creation

The Board of Director shall clearly and appropriately determine the corporate objectives and goals to be implemented by all employees to move forward to the same direction. Determine vision, mission and corporate culture to create value to the Company, customers, all stakeholders, and the overall society to endure sustainable value creation.

Company's objectives

The Board of Directors shall determine the Company's objectives by taking account of the business model which can create value to the Company, all stakeholders and the overall society. Environment and evolving factors shall be considered, and innovations, as well as expertise and competitiveness of the Company, shall be efficiently employed to meet the needs of customers and stakeholders as follows:

(1) The Company shall become the leading manufacturer of high-standard and quality carpet, furniture and textile materials used in automobiles and strive for development of new products by applying appropriate innovations to provide good options which can meet the changing needs and behaviors of customers.

(2) The Company shall operate the business by considering competitiveness and satisfactory operating results for sustainable growth.

(3) The Company shall operate the business with ethics, transparency, respect to rights, and responsibilities to shareholders and stakeholders, provide benefit to the society, and reduce environmental effects for adjustability to the changing environment and factors, which contributes to sustainable corporate existence.

(4) The Company shall communicate and promote the Company's objectives and goals to become the good practices for decision making and performance of all employees until they are regarded as the corporate culture.

Annual strategies and operational plans

The Board of Directors shall ensure that the medium-term or annual objectives, goals and strategies are in conformity to the Company's objectives and goals by encouraging the management to take part in the operation as follows:

(1) Create annual strategies and planning in conformity to the corporate objectives and goals by taking account of the current environment and relevant factors as well as analyzing opportunities and acceptable threats and support creation or review of the objectives, goals and strategies to ensure that the annual strategies and operational plans can respond to the effects in the longer term for projection and decision making of the Board of Directors.

(2) Determine annual strategies and operational plans which allow analysis of the relevant factors and risks which may affect related stakeholders along the value chain as well as those which may affect the Company's achievement.

(3) Determine strategies to promote innovation creation and implementation thereof for enhancement of competitiveness and to meet stakeholders' needs on the basis of social and environmental responsibilities.

(4) Determine the goals which are suitable for business environment and the Company's potentials which should be both financial and non-financial goals. Also, all risks of excessive goal setting which may lead to illegal or unethical behaviors shall be taken into consideration.

(5) Indicate that the objectives and goals shall be communicated to all employees through strategies and operational plans.

(6) Indicate appropriate resource allocation and operational control and monitor implementation of the annual strategies and operational plans.

Principle 3

Strengthen Board Effectiveness

The Board of Directors are the leader of good corporate governance consisting of qualified persons in various fields who have expertise, experience, leadership, vision, and independence in decision making. The Board of Directors shall dedicate their time and make every effort to perform their tasks responsibly, carefully and honestly. The Company has indicated the Board of Directors' structure to accomplish success under the stipulated corporate objectives and goals.

1) Board of Directors

Component of the Board of Directors

The Board of Directors consist of the President, executive directors, non-executive directors, and independent directors. Significant components are as follows:

(1) The Board of Directors shall be comprised of at least 5 directors but not exceeding 12 directors who shall be appointed by the shareholders' meeting. At least half of all directors shall reside in the Kingdom. The number of independent directors shall be at least one-thirds (1/3) of the total number of the Board of Directors' members and shall not be less than 3 in accordance with the rules of Securities and Exchange Commission and Stock Exchange of Thailand.

(2) One member of the Board of Directors shall be selected as the President and the Vice President may also be appointed.

(3) Chief Executive Officer shall be appointed as a member of the Board of Directors by position, and Chief Executive Officer shall not be the same person as the President.

(4) Appointment of the President shall be in accordance with the articles of association and the relevant laws and regulations from the shareholders. Nomination rules and regulations shall be stipulated clearly and transparently.

(5) The Board of Directors shall appoint a qualified person to the Company Secretary. If it is deemed appropriate, Assistant Company Secretary may also be appointed. Company Secretary and Assistant Company Secretary shall attend the Board of Directors' meeting but shall not have the vote in any cases.

Qualifications of the Board of Directors

(1) The Board of Directors shall have qualifications and shall not have prohibited characteristics listed in the Public Limited Company Act and other relevant laws. Also, they shall not reflect the lack of qualifications to be trusted for cooperate management.

(2) The Board of Directors shall have knowledge, ability, integrity, honesty, ethics, and conduct of business operations in performance for the utmost benefit of the Company and shareholders.

(3) The Board of Directors shall have expertise and extensive experience in various professional fields in response to the Company's business strategies.

(4) The Board of Directors shall not be partnership or hold directorship in any juristic persons having the same nature and being competitors of the Company unless the shareholders' meeting is informed prior to appointment.

(5) Each member of the Board of Directors shall not take any positions at more than five (5) other listed companies. However, executive directors shall be allowed to hold office at only 3 (three) listed companies to ensure that the Board of Directors can fully dedicate their time to Company. Any directors holding directorship or executive position at other companies shall always notify such positions to the Board of Directors.

(6) Any members of the Board of Directors who are independent directors shall have qualifications related to independence as specified by the Company and the Securities and Stock Exchange Act regarding the qualifications of the Audit Committee to ensure their abilities to take care of the benefits of each shareholder fairly and equitably, prevent conflict of interest and they are allowed to attend the Board of Directors' meeting in which independent opinions are welcome.

(7) The Board of Directors shall attend training and knowledge enhancement regularly, especially in terms of effectiveness of the Board of Directors' operations, efficiency of the Board of Directors and adjustability under changing factors.

(8) The Board of Directors may or may not be the Company's shareholders.

Roles, duties and responsibilities of the Board of Directors

(1) Consider and approve vision, mission, strategies, financial goals, risks, operational planning, and budgeting on annual basis as well as supervising and monitoring the management to ensure that the determined policies and operational plans shall be implemented effectively and efficiently.

(2) Indicate duties and responsibilities of the sub-committees and the executives as well as assigning power and responsibilities to the sub-committees, directors or one or many executives or any other persons to perform any tasks on behalf of the Board of Directors under the Board of Directors' supervision.

(3) Determine good corporate governance pursuant to the Securities and Stock Exchange Act and the requirements and good practice of SEC and other laws related to the Company's business.

(4) Consider and review the good corporate governance at least once a year.

(5) Ensure appropriate and sufficient internal control system and monitor related matters on regular basis.

(6) Determine risk management policies to cover the whole organization in which the management shall enforce the policies and report the result of risk management to the Board of Directors through the Audit Committee's screening at least twice a year while effectiveness and efficiency of the risk management shall be assessed at least once a year.

(7) Determine social responsible policies as part of the corporate code of conduct in which the management shall enforce the policies and report the result of social responsible policies to the Board of Directors.

(8) Identify the reporting aspects which may cause conflict of interest between the Company's stakeholders for the benefit of the Company and shareholders.

(9) Encourage all employees to be aware of ethics and morals by crating the corporate code of conduct manual.

(10) Support and encourage the Board of Directors to attend training and knowledge enhancement regularly.

(11) The Board of Directors have issued the written notification on "anti-corruption policy" to promote and raise awareness of directors, executives and employees at all levels of the Company to realize the bad results of corruption.

(12) The Board of Directors have determined that the President and Managing Director shall be different persons. The President shall monitor the management's operation and provide suggestions and assistance without participation or interference in the normal daily management of Managing Director within the authority granted by the Board of Directors.

2) Sub-committees

The Board of Directors have appointed sub-committees to perform specific tasks with separate roles and responsibilities to ensure that significant matters are carefully considered prior to proposal to the Board of Directors for further consideration. The sub-committees include

2.1 Audit Committee

Component of Audit Committee

The Audit Committee shall be comprised of at least 3 independent directors holding office of one-year term. Upon completion of their term or for any reason causing the Audit Committee unable to complete their term, resulting less than 3 active members, the Board of Directors or the shareholders' meeting shall appoint the new member of Audit Committee immediately or within 3 months from the date of vacancy to ensure continuity of work.

Roles, duties and responsibilities of Audit Committee

- (1) Audit the Company financial reports to ensure accuracy and sufficiency
- (2) Audit the internal control system and internal audit system of the Company to ensure appropriateness and efficiency and consider independence of the Internal Control Division, approve the appointment, transfer and dismissal of the Chief of Internal Audit Division or other units related to internal audit.
- (3) Audit the Company's compliance with the Securities and Stock Exchange Act, requirements of the Stock Exchange of Thailand and the laws relevant to the Company's business.
- (4) Select and nominate the Company's auditor and propose the remuneration of the auditor on the basis of reliability, resource sufficiency and the amount of audit work performed by the nominated audit company as well as experience of the person assigned to perform audit on the Company and attend the meeting with the auditor without the presence of the management at least once a year.
- (5) Consider connected transactions or transactions which may cause conflict of interest pursuant to the law and requirements of the Stock Exchange of Thailand to ensure that the transactions are reasonable and beneficial for the Company.
- (6) Verify accuracy of the references and self-evaluation regarding the anti-corruption measure of the Company under the Thailand's Private Sector Collective Action Coalition Against Corruption.
- (7) Make the Audit Committee's report to be signed by the Chairman of Audit Committee and containing of the following details at the minimum:
 - (7.1) Opinions on accuracy, completeness and reliability of the Company's financial statements
 - (7.2) Opinions on sufficiency of the Company's internal control system
 - (7.3) Opinions on compliance with Securities and Stock Exchange Act, requirements of the Stock Exchange of Thailand or other laws related to the Company's business
 - (7.4) Opinions on appropriateness of the auditor
 - (7.5) Opinions on transactions which may cause conflict of interest
 - (7.6) Number of Audit Committee's meeting and participation of each member of the Audit Committee
 - (7.7) Opinions or overall remarks obtained by the Audit Committee as a result of performance of the charter
 - (7.8) Other reports which should be known by shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors
- (8) Perform other tasks as assigned by the Board of Directors upon agreement of the Audit Committee
- (9) Report the performance of Audit Committee to the Board of Directors on quarterly basis
- (10) In performance of duties of the Audit Committee, if it is found that any of the following transactions or actions may significant affect the financial position or operating results of the Company, the Audit Committee shall report them to the Board of Directors for correction within appropriate timeframe.
 - (10.1) Transactions causing conflict of interest
 - (10.2) Corruption, abnormalities or significant errors in the internal control system
 - (10.3) Violation of the Securities and Stock Exchange Act, requirements of the Stock Exchange of Thailand or the laws relevant to the Company's business
- (11) To ensure achievement of its performance, the Audit Committee shall have the following power
 - (11.1) Power related to the management
 - (11.2) Power related to the internal auditor
 - (11.3) Power related to the external auditor

2.2 Executive Committee

Components of Executive Committee

The Executive Committee shall be comprised of at least 3 executive directors appointed by the Board of Directors, and the Chairman of Executive Committee shall appoint members of Executive Committee as appropriate.

Roles, duties and responsibilities of the Executive Committee

(1) Manage the Company to achieve the objectives, goals, policies, strategies, business plan, and budget approved by the Board of Directors.

(2) Consider the management's proposals for determination of objectives, goals, policies, strategies, business plan, annual budget, financial and investment plan, human resources plan, and information technology plan, and so on. The Company's outcome shall be assessed on the basis of Key Performance Indicator (KPI) to propose the opinions to the Board of Directors for further approval.

(3) Monitor and report the monthly, quarterly and annually operating results in comparison to the determined goals and budgets and propose the opinions to the Board of Directors for consideration on regular basis.

(4) Create the organization which adheres to business ethics and conduct and be the role models for employees.

(5) Determine and review organizational structure, corporate management power, appointment, hiring, transfer, determination of remuneration, reward or dismissal of the employees at operational level to department manager level to propose to the Board of Directors for further approval.

(6) Have power to approve financial matters in accordance with operations and approval power as approved by the Board of Directors' meeting.

(7) Make reports on Executive Committee's performance to propose to the Board of Directors for acknowledgment and consideration at least once a year.

(8) Support and encourage Executive Committee to attend knowledge enhancement training as necessary and improve Executive Committee on regular basis.

(9) The Executive Committee may seek opinions from advisors who have knowledge, independence and do not have any conflict of interest. If the advisors do not have expertise in the relevant matters, they may be appointed as necessary upon approval of the Board of Directors.

(10) Have power to appoint committees or teams to carefully screen information about certain important matters.

2.3 Risk Management Committee

Components and Qualifications of Risk Management Committee

The Board of Director shall appoint the Risk Management Committee which shall consist of at least 3 executives and 1 top executives shall be selected to be the Chairman of Risk Management Committee.

Roles, duties and responsibilities of Risk Management Committee

(1) Determine risk management policies in conformity to the corporate objectives, goals, strategies, and acceptable risks and review the risk management policies at least once a year.

(2) Analyze all kinds of risks, internal and external factors, opportunities and possible effects on the overall operations of the Company.

(3) Determine measures and operational plans for risk management.

(4) Determine solutions to risk management based on related factors.

(5) Monitor the unacceptable results of risk management to find solutions and prevent future occurrence of risks.

(6) Audit policies, risk assessment system and risk control system as well as audit and reporting process to ensure that the Company has appropriate and efficient risk management framework.

(7) Monitor and supervise each division's implementation of policies and the determined risk management plans.

(8) Subsidiaries shall implement risk management system and internal control system of the parent company

(9) Promote and encourage the Risk Management Committee to attend necessary training for knowledge enhancement

(10) The Risk Management Committee may seek opinions from advisors who have knowledge, independence and do not have any conflict of interest. If the advisors do not have expertise in the relevant matters, they may be appointed as necessary upon approval of the Board of Directors.

3) Company Secretary

The Board of Directors have appointed Mrs. Noppaporn Aphiwatthanakul as the Company Secretary on 1 June 2010 with the roles, duties and responsibilities as follows:

Roles, duties and responsibilities of the Company Secretary

(1) Arrange the shareholders' meeting and the Board of Directors' meeting in conformity to the law and the Company's articles of association as well as regulations of the competent authorities.

(2) Records the minutes of shareholders' and the Board of Directors' meeting and ensure compliance with the shareholders' and the Board of Directors' meeting resolutions.

(3) Ensure that disclosure of information and information report is in accordance with the rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission.

(4) Make and retain the following documents:

(4.1) Register of Directors

(4.2) Invitation to the Board of Directors' meeting and minutes of the Board of Directors' meeting

(4.3) Invitation to the shareholders' meeting and minutes of the shareholders' meeting

(4.4) Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1)

(5) Retain the report on interests held by directors and executives reported to the Company

(6) Submit initial report on requirements and the Company's articles of association as well as the law and regulations that the Board of Directors should know and ensure compliance therewith on regular basis including any significant change for the Board of Directors' acknowledgement and consideration.

(7) Take care of the Board of Directors' activities and perform other tasks as required by the law or as assigned by the Board of Directors or Securities and Exchange Commission.

4) Nomination of the Board of Directors and Sub-committees

Criteria and procedures of nomination of the Board of Directors and Sub-committees

(1) The Board of Director has the policy to grant equitable rights to each shareholder, especially minority shareholders, to nominate new Board of Directors in advance. The criteria and procedures of nomination are as shown on the Company's website (www.tcm-corporation.com).

(2) Appointment of the Board of Directors shall be in accordance with the Company's articles of association and relevant legal provisions. The shareholders' meeting shall elect the Board of Directors based on the following criteria and procedures:

(2.1) One shareholder have one vote per one share held.

(2.2) Each shareholder shall use all votes at their disposal under Clause (2.1) to elect one or many directors but shall not allocate their votes to any candidates.

(2.3) The persons who receive the majority vote shall be appointed as directors. In case of equal votes exceeding the number of directors entitled to vote in such meeting, the Chairman shall cast a vote for final decision.

(3) The Board of Directors shall determine and review the structure and qualifications of the Board of Directors and sub-committees to ensure conformity to the company's current and future business operations.

(4) The Board of Directors shall determine and review the recruitment criteria and procedures to engage qualified, knowledgeable and expert directors and have appropriate information for consideration, including age, gender, educational background, and work experience of the persons nominated to the Board of Directors for the benefit of decision making and proposal of opinions to the Board of Directors prior to proposal to the shareholders' meeting for approval of appointment.

(5) The Board of Directors shall indicate succession plan for Chief Executive Officer and key executives who have important roles in the overall business of the Company as well as the criteria for successor consideration.

Criteria and procedures for nomination of sub-committees

The Company determines the criteria for nomination of the personnel on the basis of principles and procedures stipulated in the Company's articles of association. The selected persons shall have knowledge, ability and qualifications as specified in the notification of Securities and Exchange Commission and the Stock Exchange of Thailand regarding nomination and selection of sub-committees in case of the end of term or vacancy for proposal of the qualified persons to the Board of Directors for further appointment. The sub-committees shall consist of

(1) Audit Committee shall be comprised of at least three independent directors and one of them shall have accounting and financial knowledge.

(2) Executive Committee shall consist of at least three executive directors.

(3) Other sub-committees such as Risk Management Committee shall be appointed by Chief Executive Office as assigned by the Board of Directors.

5) Determination of remuneration of the Board of Directors and sub-committees

Remuneration shall be determined based upon the remuneration structure and rate and shall be appropriate for responsibilities to encourage directors to lead the Company to achievement of its objectives and short-term and long-term goals. The remuneration payment policy shall be as follows:

Remuneration payment policy

The Company aims at fair and appropriate remuneration payment in short term and long term by taking account of the scope of duties and responsibilities as well as the benefit expected to receive from directors. The Company's operation and the Board of Directors' performance shall be assessed in comparison with the other companies in the same industry and other listed companies in the same industry.

6) Self-evaluation of the Board of Directors and Sub-committees in group and individually

6.1 Self-evaluation of the Board of Directors and Sub-committees in group and individually

It is made for assessment of performance of the Board of Directors and each director and to review opinions on various matters related to the Company's operations and performance of the Board of Directors for improvement of corporate governance.

Self-evaluation of the Board of Directors and Sub-committees in group

It is made for assessment of performance of the Board of Directors in group with emphasis on reflection of operation efficiency under good corporate governance principles. The evaluation form shall cover the following issues:

(1.1) Structure and qualifications of the Board of Directors

(1.2) Roles, duties and responsibilities of the Board of Directors

- (1.3) Board of Directors' meeting
- (1.4) Relationship with the management
- (1.5) Self-improvement of directors and executives

The results of the Board of Directors' evaluation in 2018 in which 9 members were assessed accounted for 89.58 percent.

Self-evaluation of individual members of the Board of Directors

It is made for assessment of performance of each member of the Board of Directors with emphasis on reflection of individual operation efficiency. The evaluation form shall cover the following issues:

- (2.1) Structure and qualifications of the Board of Directors
- (2.2) Board of Directors' meeting
- (2.3) Roles, duties and responsibilities of the Board of Directors

The results of the Board of Directors' evaluation in 2018 in which 9 members were assessed accounted for 86.76 percent.

6.2 Self-evaluation of the Sub-committees in group and individually

It is made for assessment of performance of the sub-committees for improvement of the performance of each sub-committee and to ensure conformity to the duties and responsibilities as assigned by the Board of Directors

Self-evaluation of the Sub-committees in group

It is made for assessment of performance of the Board of Directors in group with emphasis on reflection of operation efficiency under good corporate governance principles. The evaluation form shall cover the following issues:

- (1) Structure and qualifications of the Sub-committees
- (2) Knowledge and abilities of the Sub-committees
- (3) Independence of the Sub-committees
- (4) Roles, duties and responsibilities of the Sub-committees
- (5) Sub-committees' meeting

The results of the Audit Committee evaluation in 2018 in which 3 members were assessed accounted for 89.77 percent.

Self-evaluation of individual members of the Audit Committee

It is made for assessment of performance of each member of the Audit Committee to see whether it is in accordance with the good practices for efficiency improvement. The evaluation form shall cover the following issues:

- (1) Structure and qualifications of the Sub-committee
- (2) Sub-committee's meeting
- (3) Roles, duties and responsibilities of the Sub-committee

The results of the Audit Committee evaluation in 2018 in which 3 members were assessed accounted for 88.26 percent.

7) Knowledge enhancement of the Board of Directors

The Company supports and encourages the Board of Directors to attend the seminars and training held by Thai Institute of Directors, the Stock Exchange of Thailand, Securities and Exchange Commission (SEC), or other independent organizations on regular basis to enhance their knowledge and improve their performance for the benefit of the Company.

In 2018, the directors attended the following seminars and training:

Names of Directors	Position	Training
1. Mr. Pimol Srivikorn	Chairman	Director Accreditation Program (DAP) Batch 154/2018
2. Mr. Soravis Kririksh	Chairman of Audit Committee and Independent Director	Advanced Audit Committee Program (AACP) Batch 31/2018
3. Mr. Suvitcha Nativivat	Audit Committee and Independent Director	Advanced Audit Committee Program (AACP) Batch 30/2018
4. Mrs. Duangjai Lorlertwit	Audit Committee and Independent Director	Advanced Audit Committee Program (AACP) Batch 30/2018
5. Mr. Isareit Chirathivat	Independent Director	Director Accreditation Program (DAP) Batch 154/2018
6. Mr. Sumate Suwanvongkij	Director	Director Accreditation Program (DAP) Batch 151/2018
7. Mrs. Noppaporn Aphiwatthanakul	Finance Director	Director Accreditation Program (DAP) Batch 151/2018

8) Board of Directors' Meeting

The Board of Directors assigns the Company Secretary to prepare sufficient and appropriate meeting documents as follows:

(1) Schedule and indicate agendas of the Board of Directors' meeting in advance on annual basis for the Board of Directors to allocate their time to attend the meeting.

(2) Determine the frequency of the Board of Directors' meeting at 5 times per year with possibility to call for extraordinary meetings if necessary. The management shall report monthly, quarterly and annually operating results to the Board of Directors for acknowledgement and to ensure continuity of the management's operation.

(3) Encourage each director and the management to independently propose any matters which are of use for the Company to be added as the meeting agendas at least 10 days in advance by sending the proposed agendas to the Company Secretary for addition.

(4) For the Board of Directors' meeting, the Company Secretary shall send the invitation to all directors at least 5 working days prior to the meeting date except for any emergency cases or for maintenance of the Company's rights or benefit that the meeting shall be convened by other means and the meeting date shall be scheduled earlier. The meeting shall be held at the location of the Company's headquarters or at other venue as deemed appropriate by the Board of Directors.

(5) Encourage Chief Executive Officer to invite the executives and top management of the Company to attend the meeting to provide more information as part of the matters under discussion and to give opportunities to the Board of Directors to know the executives for consideration of the succession plan.

(6) Directors may request for additional information from Chief Executive Officer, the Company Secretary or other assigned executive within the scope of the determined policy and if necessary. The Board of Directors may seek independent opinions from advisors or external professionals at the Company's expense.

(7) Determine directors' meeting without the presence of the executives at least once a year or as necessary to discuss issues of interest. The results shall be informed to Chief Executive Office for acknowledgement.

(8) For the Board of Directors' meeting, at least two-thirds of all members shall be present to constitute a quorum. In case of absence or inability to perform duties of the Chairman, the Vice Chairman may act on the Chairman's behalf. If there is no Vice Chairman or the Vice Chairman is unable to perform his duties, one of the attending directors shall be selected to preside over the meeting.

(9) Resolution shall be passed by the majority vote. One director has one vote, except for the case that any director has interest in the matter being discussed, the said director shall not be allowed to cast a vote. In the event of equal vote, the Chairman shall cast one more vote to make a final decision.

The Board of Directors may arrange the meeting at the location of the Company's headquarters or at other venue as deemed appropriate by the Board of Directors.

(10) The Board of Directors' meeting may be arranged through electronic means as permitted by the law.

Principle 4

Ensure Effective CEO and Top Management

The Board of Directors shall ensure that nomination and development of top management shall be effective to the extent that the knowledgeable, skilled, experienced, and qualified executives are engaged for the Company's benefit in order to lead the Company to achieve the determined objectives and goals.

1) Top Management Nomination

The Company determines that the Board of Directors shall nominate the personnel based upon the procedures indicated in the Company's articles of association. The knowledgeable, skilled, experienced, and qualified persons shall be recruited to hold office of the top management for the utmost benefit of the Company as follows:

Criteria and nomination procedures for top management

(1) The Board of Directors shall monitor and maintain appropriate number of the top management and collaborate with Chief Executive Office to consider the criteria and nomination procedures for appointment of the persons approved by Chief Executive Officer to hold office of the top management.

(2) The Board of Directors shall ensure continuity of the Company's operations by indicating succession plan to prepare for succession of the top management and potential executives. Chief Executive Officer shall report the results of implementation of the succession plan for acknowledgement at least once a year.

(3) The Board of Directors, in collaboration with Chief Executive, shall determine and review the Company's administrative structure to ensure effectiveness and conformity to the Company's business operations both at present and in the future to be proposed to the Board of Directors for approval.

(4) The Board of Directors and Chief Executive Officer shall determine the criteria and procedures for nomination of the qualified persons to hold office of the top management or in case of vacancy to be proposed to the Board of Directors for approval.

(5) The Board of Directors, in collaboration with Chief Executive, shall nominate and select knowledgeable, skilled and experienced persons to lead the Company to achievement of the its objectives and goals to hold office of the top management by considering the Company's executives who have potentials under the succession plan. If there is no qualified person, external candidates shall be considered.

2) Determination of remuneration for the top management and employees

The Board of Directors assign the Executive Committee to consider the remuneration structure and rate to ensure appropriateness for responsibilities and to motivate the top management and employees to lead the Company to achieve its objectives and goals in accordance with the short-term and long-term remuneration payment.

Short-term remuneration includes salary and annual reward (bonus) which shall be considered on the basis of the annual budget and achievement of the Company's goals as well as the market and economic situation in comparison to the other companies in the same industry.

Long-term remuneration includes payment upon retirement or resignation for which the Company has established provident fund for employees to foster employees' savings. The Company shall contribute 3 percent or 5 percent of the savings, depending on the salary base of the members. This provident fund is not mandatory and shall be refunded to employees upon retirement or resignation.

3) Performance assessment of the top management and employees

3.1 Performance assessment of the top management

The Board of Directors determines that the top management performance shall be assessed on the basis of Key Performance Indicator (KPI) determined by the top management in conformity to the Company's objectives and goals. Main behaviors related to performance and conformity to the corporate core value shall be evaluated, and the Board of Directors shall consider the results and determine appropriate remuneration of Chief Executive Officer. Performance of the top executives from Deputy Chief Executive to Department Managers, shall be assessed by Chief Executive Officer. The results shall be proposed to the Board of Directors for further consideration.

3.2 Performance assessment of supervising staff to operational staff

Chief Executive Officer assigns Human Resources Manager to make evaluation form for supervising staff including Division Manager or Unit Chief, to operational staff which shall conform to the Company's objectives and goals. Topics of evaluation shall conform to the overall KPIs of the Company and the evaluation shall be conducted once year through the chain of command. In other words, Department Managers shall evaluate Division Managers and supervising staff while Division Managers and supervising staff shall evaluate operational staff. Each executive shall make annual KPIs in accordance with the divisional KPIs. Annual consideration of pay raise shall take account of the KPIs achievement.

Human Resources Manager shall summarize the performance to be proposed to Chief Executive Officer for consideration of pay raise prior to proposal to the Board of Directors for further approval.

4) Development of the top management

4.1 Orientations of new top management

The Board of Directors determines that all new members of the top management shall attend the orientation to build knowledge and understanding of the business nature and prepare for appointment without delay. The orientation shall be arranged and coordinated by Human Resources Department and contain the following matters:

(1) Matters to be acknowledged e.g. business structure, board structure, corporate structure, scope of power and responsibilities, as well as the law and regulations applicable to the Company's business operation.

(2) General knowledge of the business to ensure understanding of the objectives, goals, vision, mission, and corporate culture, as well as business nature and operational plans. Production line visit shall also be arranged.

(3) Promote innovative ideas and perspectives on corporate governance, business conduct, industrial situation, and innovations.

(4) Meet and discuss with Chief Executive Officer to enquire insightful information related to the Company's business operation.

4.2 Knowledge enhancement of the top management

The Board of Directors promote and encourage Chief Executive and the top management to attend the seminars and training held by Thai Institute of Directors, the Stock Exchange of Thailand, Securities and Exchange Commission (SEC), or other independent organizations on regular basis to enhance their knowledge, skills and experience as well as qualifications to lead the Company to achieve the determined goals.

5) Human Resources Management

Human Resources Policy “The Company strives for ensuring that its personnel shall adhere to honesty, integrity and transparency. Their good and safe living shall be guaranteed. Knowledge of production and sales shall be provided for achievement of success and excellency in response to both domestic and international growth.”

Human Resources Management in response to the corporate sustainable growth is one of the Company’s key strategies. Operations are as follows:

(1) Recruitment: The Company determines the policy and procedures of personnel recruitment and selection on the basis of equity, qualifications, education, experience, physical condition, and other requirements needed for each position.

(2) Personnel development: The Company emphasizes personnel development to equip them with necessary knowledge, skills and potentials by making annual training programs in advance. In 2018, 24 training programs were provided. In 2019, the Company plans to arrange training by focusing on 3 aspects, including basic knowledge of work, supervising skills for supervising staff and supplementary knowledge of work and professions. Also, employees shall be encouraged to join social and environmental activities.

(3) Employee retention: The Company realizes the importance of employee retention by creating happiness at work in the form of fair compensation suitable for the work nature and employee abilities. All welfare and benefits, as well as safe and sanitary work condition, shall be assured. Entertainment activities shall be arranged to create happiness and employees shall be given opportunities to voice their mind regarding their performance and the Company’s operation improvement.

(4) Safety: The Committee on Safety, Occupational Health and Work Environment, in collaboration with Occupational Health and Safety Division, shall make accident prevention manual, provide training on safety, arrange danger prevention activities, and minimize risk of work accidents, as well as increasing security system and hold safety activities to employees.

(5) Operation monitoring: To ensure appropriate implementation and compliance of the policy, the Company determines that work shall be monitored and work goals shall be set up for inspection. The results shall be reported to the superior in the relevant chain of command.

(6) Performance assessment: Performance during probationary period shall be assessed and the annual performance evaluation shall be conducted once a year for consideration of adjustment of wage, compensation and reward. Moreover, the results shall be used in consideration of promotion for employees.

(7) Succession plan: The Board of Directors shall ensure that the Company has appropriate recruitment process to engage qualified persons to hold office of key executive positions and the nomination process of the top management is in accordance with the Executive Committee’s procedures.

Principle 5

Nurture Innovation and Responsibly Conduct Business

1) Create corporate culture and promote innovative creation

Personnel development training shall be provided to foster innovative ideas which the management can implement in strategies review improvement planning and operation monitoring so that the said innovative process can be properly managed as follows:

(1) Searching is the survey of internal and external environment to find opportunities and threats for initiation of the future change.

(2) Selection is the decision to select the discovered matters for adaptation by taking account of the utmost benefit of the Company. Selection shall be based upon necessity and conformity to the Company's strategies.

(3) Implementation is the use of the discovered matters to create innovations and disclose them to domestic and international markets upon the following 4 stages:

(3.1) Acceptance is adaptation of knowledge to create innovations.

(3.2) Practice is putting the ideas into practices in which problem-solving skills shall play a key role.

(3.3) Presentation is launching innovations to the market to gain acceptance.

(3.4) Maintenance is maintenance of acceptance of the market to ensure stability and continuity.

(4) Learning is an essential stage as the Company should study and learn how to perform each stage of the innovative process which strengthens knowledge to be effectively applied on innovative process management.

2) Effective Resources Management

Energy Management

The Company realizes the importance of effective energy management in accordance with Energy Conservation Act and other related laws. Therefore, energy saving policy is determined and employee awareness of using energy effectively is raised to encourage all employees to be part of effective consumption of energy and reduce energy costs as follows:

(1) Develop appropriate energy management system by determining energy conservation as part of the Company's operation under Energy Conservation Act and other related laws.

(2) Improve effectiveness of the Company's energy consumption in accordance with the business and technology in use as well as good practices.

(3) Indicate annual operational plan and energy conservation and communicate the plans to all employees to ensure understanding and practice.

(4) Determine energy conservation as executive responsibilities in which all employees shall provide collaboration as required.

(5) The Company shall support human resources, technology, budget, training, and participation in opinion expression as necessary. In 2018, energy conservation training was arranged under the title "Raising Awareness of Easy Energy Conservation and Related Laws" to encourage employees to realize the importance of energy conservation.

Information Technology Management

(1) Information technology management policy is determined to ensure sufficient resources allocation for business operation and compliance with the law, rules, regulations, and other relevant standards to be applied to information technology system.

(2) The Company has data security system under ISO9001 standards, which indicates that data security standard manual shall be made for maintenance of confidentiality, reliability and availability of the data as well as prevention of unauthorized use or modification. All employees shall strictly comply with the manual.

(3) The Company shall assess the information technology risks which covers risk management in various aspects, analysis of internal and external threats to minimize possible risks in accordance with ISO9001 standards. Risk assessment shall be performed at least once a year.

(4) The Company puts importance on the use of the Company's information system disclosed to the public where corporate ethics and conduct shall be adhered to and Commission of Computer-Related Offences Act and other related laws shall be complied with.

Social, community and environmental management

The Company realizes that "society" is a key mechanism that leads the Company's business to sustainable growth and acceptance by all related parties. This can start from small societies in the organization including the executives and employees shall be the main factors to enhance potentials and competitiveness up to community level. This also ensures that the directors, executives and employees shall move forward to the same direction. For this reason, social responsible policy is issued as follows:

(1) Ethical and social responsible business operation

(2) Participation in development of communities where the business is operated and the overall society in economic, social, community, and environmental aspects.

(3) Respect the laws and human rights by avoiding discrimination against any persons, whether related to the Company or not, in terms of difference in race, nationality, religion, and culture. The personnel shall be treated fairly to promote sustainable growth.

(4) Encourage all employees to do volunteer work and raise awareness of social responsibility for the social benefit without expectation of return.

(5) Promote activities which can create sustainable benefits to the community and society within the following framework:

(5.1) Organizational activities

These are activities to enhance skills of directors, executives and employees of all levels, create internal knowledge and foster participation and expression of personal views on the Company for maintenance of good corporate environment.

(5.2) Community activities

These are activities to be conducted in accordance with the Company's business to ensure continuity and clear results, contributing to long-term benefit to the society, community and environment, promote continuous educational development and learning, as well as improving the quality of life of people living in the area where the Company operates its business and the overall society.

Principle 6

Strengthen Effective Risk Management and Internal Control

1) Risk Management and Internal Control

Risk Management

The Company authorizes the Executive Committee to appoint Risk Management Committee to take care of the Company's risk management and issue a written risk management policy which is communicated to the executives and all employees for acknowledgement and compliance as follows:

Risk Management Policy "The Company aims to prevent and minimize possible risks in the future by solving, analyzing, assessing, and reviewing risk factors which may affect the Company's business operations, monitoring the unacceptable results of risk management to ensure that the Company has sufficient and effective risk management".

Risk Management Committee shall perform the assigned tasks to manage and minimize risks. Risks shall be assessed regularly and controlled at acceptable level. Monitoring is performed to ensure sufficient and appropriate risk management system to prevent possible risks under good corporate governance principles. In addition, the Risk Management Team consisting of at least 10 executives for all divisions are established to manage risks in each division with regular monitoring process.

Internal Control

The Company indicates the following procedures:

(1) Assign control environment arrangement as the duties and responsibilities of all executives. They shall determine, maintain and inspect their internal work to ensure efficiency and compliance with work regulations. Strict and accountable internal control system shall be provided and each division shall make work regulations manual to be used as the benchmark for operation in the division under their responsibilities.

(2) Arrange appropriate risk assessment process. Risk assessment and risk control management are the processes which help each division to be able assess their internal risks and find effective solutions to reduce effects or opportunities of the said risks.

(3) Create sufficient risk control activities for all duties and levels subject to acceptable level of risks. The person in charge of each division shall ensure standard operational system and appropriate internal control to maintain risks at acceptable level without affecting the Company goal achievement.

(4) Provide appropriate information and communication system which is reliable and real-time for effective internal and external communication. The existing information technology system shall be updated to ensure efficiency and data security shall always be assured.

(5) Effective monitoring and assessment process shall be performed as follows:

(5.1) Determine that it is duties and responsibilities of all executives to indicate, monitor and inspect the internal operations of their division to ensure efficiency and correctness of operational regulations.

(5.2) Assign the Internal Audit Division to support the executives of all divisions to arrange internal control and perform audit or enquire from time to time to ensure compliance of all divisions.

(5.3) Internal Audit Division shall make reports on assessment results of each division upon agreement of the person in charge of the relevant division to be submitted to the Audit Committee for approval prior to implementation.

2) Insider trading

The Company indicates the measures and procedures to take care of the use of the Company's internal data which is not disclosed to the public for the benefit of self or others as follows:

(1) The Company informs the director and executives of their obligations to report the Company's securities holding of theirs, their spouses and their minor children as well as any change in securities holding to Securities and Exchange Commission pursuant to section 59 and punishment under Section 275 of Securities and Stock Exchange Act, B.E. 2535.

(2) All directors, executives, department managers, and employees of the Company shall not use the internal data which is not disclosed to the public which may affect the change in the Company's stock prices for their own interest, which include for securities trading. Any persons receiving the internal data which is not disclosed to the public shall be refrain from the Company's securities trading for the period of one month prior to disclosure of such data to the public. If it is found that any shareholders, directors, executives, managers, and employees violate this prohibition, legal actions and punishment shall be taken against them.

(3) In the case that any directors, executives, department managers, or employees commit any criminal offences under Securities and Stock Exchange Act, the Company shall impose disciplinary actions as specified in the Company's regulations and related law.

(4) The company expects that all directors, executives and employees shall report any practices which violate or may violate the prohibition of taking advantage of internal data for personal interest to their superiors. Also, it is the superiors' duties to monitor and give suggestions to their subordinates regarding the use of internal data for personal interest to ensure compliance with the rules.

(5) The Board of Directors shall be reported of the Company's securities trading at least one day prior to the trading date.

3) Confidentiality

(1) Confidentiality

(1.1) The Board of Directors, executives or employees shall keep confidentiality of information and documents which cannot be disclosed and/or trade secret, invented formulae and other which belong to the Company.

(1.2) The Board of Directors, executives or employees shall not disclose confidential information and documents and/or trade secret during the period of 2 years after dismissal from the positions.

(1.3) The executives and employees shall know the process and procedure of data security and comply with such procedures to prevent unintentional disclosure of confidential information.

(2) Confidentiality classification

(2.1) The Company's trade secret shall be concealed and prevented from leakage by identifying priorities of data including disclosable data, concealed data, confidential data, and highly confidential data.

(2.2) Common use of the data shall be within the scope of assigned duties and responsibilities.

(3) Provision of information to the third party

(3.1) Chief Executive Officer shall approve disclosure of information to the public.

(3.2) Disclosure of any information related to co-investors shall be approved by the relevant co-investors.

(3.3) The divisions determined to disclose information to the public include Investor Relations Division and Accounting and Finance Division to which the persons in charge of division owing the information shall prepare the information to be disclosed.

(3.4) To ensure compliance with the requirements of the Stock Exchange of Thailand and/or other relevant laws on disclosure of information of the listed companies, the Company determines that the Company's information may be received from the Investor Relation Division.

(4) Expression of opinions to the third party

(4.1) Personal opinions shall not be expressed to any their party.

(4.2) Please ask yourself whether it is your duty to answer the question. If not, you should refuse to express any opinion in polite manner and suggest that the person direct his/her question to the above division.

4) Company's securities trading

The Company determines rules and procedures to report the trading of Company's securities held by the directors and executives in accordance with the requirements of Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

(1) The Board of Directors, top management, Chief Executive Officer, and Accounting and Finance Manager shall report their securities holding under the regulations of Securities and Exchange Commission and the Stock Exchange of Thailand.

(2) The Company, its subsidiaries and/or affiliates which are the listed companies shall comply with the law on insider trading on fair and equitable basis to all shareholders. The Company strictly prohibits any related persons from stock trading or inviting others to trade or bid or offer stocks of the Company, its subsidiaries and/or affiliates which are the listed companies whether directly or through brokers while having nonpublic data in possession, which shall be deemed by the Company and the Stock Exchange of Thailand as speculative trading or trading in favor of specific group of persons.

(3) The Company arranges security system at the workplace to protect data files and confidential information as well as restriction of access to nonpublic information which shall be known only for key related persons. For this reason, it shall be deemed as the duties of nonpublic information owners or possessors to ensure compliance of related persons with the security measures. Violators of insider trading shall be punished according to the Company's disciplinary actions and/or the applicable law, as the case may be.

(4) All directors, executives, managers, and employees shall be prohibited from the Company's securities trading within the period of 30 days prior to submission and disclosure of quarterly and annual financial reports to the Stock Exchange of Thailand and Securities and Exchange Commission as well as further public disclosure.

(5) All directors and top management shall inform the Company Secretary of the Company's securities trading at least one day prior to trading date.

5) Connected transactions and transactions related to acquisition and disposition of assets

The Company determines the measures and procedures for approval of connected transactions and transactions related to acquisition and disposition of assets to ensure compliance with the Securities and Exchange Commission and Stock Exchange of Thailand as well as other relevant laws as follows:

(1) Any persons having interest or conflict of interest shall not be able to approve the transactions related to them.

(2) Determination of prices or remuneration shall be in accordance with the normal course of business and general commercial conditions by taking account of the utmost benefit of the Company.

(3) The Audit Committee shall express opinions prior to making the transactions. If the Audit Committee do not have expertise in any matters or transactions, the Company shall seek independent experts to give opinions to the Audit Committee for consideration prior to proposal to the Board of Directors and/or the shareholders' meeting for approval.

(4) The Company shall disclose the transactions in accordance with the rules and procedures specified by with the Securities and Exchange Commission.

(5) All directors shall comply with Section 88 of Public Limited Companies Act, B.E. 2535, indicating that the directors shall inform the Company of the following events without delay:

(5.1) Having direct or indirect interest in any contracts made by the Company during the accounting year in which facts about the nature of contracts, name of contractual parties, and interested persons in the said contracts (if any) shall be indicated.

(5.2) holding ordinary shares or debentures of the Company and its subsidiaries by indicating all increasing or decreasing number of shares during the accounting year (if any). In this case, it is specified in Section 114 of the Public Limited Companies Act that the Company shall disclose the details informed to the Company by its directors under Section 88 in the Annual Report (Form 56-2).

(6) Chief Executive Officer, including Accounting and Finance Manager, shall inform the Company Secretary as all directors do.

6) Report of interests of the top management

The Company determines rules, conditions and procedures of report of interests of the directors, executives and related persons under Section 89/14 of Securities and Stock Exchange Act, B.E. 2535, amended by Securities and Stock Exchange Act (No. 4), B.E. 2551, indicating that directors and executives shall report their interests other related persons' interests as follows:

(1) The directors and executives shall report their interests or related persons' interests in connection to the Company's business management by completing the directors' and executives' interest report form as follows:

(1.1) First report shall be submitted within 30 working days from the date of acceptance of directorship.

(1.2) Report on a change in interests shall be submitted within 3 working days from the date of such change. The number of change shall also be indicated.

(2) The directors and executives shall submit the interest report form of theirs or related persons' to the Company Secretary immediately or within the specified period.

(3) The Company Secretary shall perform as follows:

(3.1) Submit the interest report form under Section 89/14 to the President and Chairman of the Audit Committee within 7 days from the date of receipt of the report.

(3.2) Retain the interest report made by the directors and executives to the Company.

(3.3) Disclose the information of directors' and executives' interests in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

7) Anti-corruption

The Company shall operate its business honestly and fairly on the basis of good corporate governance, business code of conduct, the policy and practice of good treatment to all stakeholders, other applicable laws. The Company cannot tolerate any form of corruption; therefore, "Anti-corruption policy" is made in writing to raise awareness of the directors, executives and employees of bad results of corruption, create good values and improve reliability and trustworthiness among stakeholders, which shall be implemented as the guidelines for business operations and sustainable growth.

Anti-corruption policy

"All directors, executives and employees of all level shall not do or accept any form of corruption whether directly or indirectly which cover all business in the country and all related agencies. Performance of anti-corruption policy shall be audited at least once a year, and the procedures and requirements thereof shall be reviewed regularly to ensure conformity to the changing business as well as the applicable rules, regulations and laws."

Roles, duties and responsibilities

Each committee shall have the following responsibilities:

(1) The Board of Directors shall determine the policy and monitor efficiency of anti-corruption system to ensure that the management puts importance on anti-corruption to extent that it becomes the corporate culture.

(2) The Audit Committee shall have duties to audit accounting and financial reports, internal control system, internal audit system, and risk management system to ensure conformity to the anti-corruption policy and international standards.

(3) The Executive Committee and the management shall support the anti-corruption policy and ensure the policy is communicated to all employees and related parties to encourage employees to effectively implement the policy. Also, appropriateness of the system and measures shall be reviewed to ensure conformity to the changing business as well as the applicable rules, regulations and laws.

(4) Internal Audit Division shall audit and verify compliance with the policy, good practices, practical regulations, and approval authority pursuant to the Securities and Stock Exchange Act and other relevant laws to ensure that the Company has appropriate and sufficient control system to manage possible risks of corruption and report to the Audit Committee.

(5) The Risk Management Committee shall assess the risks of corruption to summarize possible effects of such risks which may occur at each process, propose clear and effective preventive and corrective measures and submit the report to the Executive Committee and the Board of Directors.

Guidelines

(1) The directors, executives and employees shall comply with the anti-corruption policy and business code of conduct without getting involved in the any form of corruption. They shall not demand or accept corruption for the benefits of theirs, their families, friends, and acquaintances whether directly or indirectly.

(2) The directors, executives and employees shall not ignore when any actions which may be considered as corruption are found. They shall notify their superiors or persons in charge of those actions and collaborate in investigation. Any questions or enquiries shall be discussed with the superiors or the persons in charge of whistleblowing or they may file complaints through any available channels.

(3) The Company shall ensure fair treatment and protection of the employee reporting corruption in connection to the Company by implementing protective measures for complainants or persons collaborating in corruption report as specified in the provisions and guidelines for whistleblowing or complaints.

(4) The directors, executives and employees who commit corruption shall be deemed as violating the business code of conduct, which shall result in disciplinary actions as defined by the Company. If the actions are illegal, legal action shall also be taken against them.

(5) The Company realizes the importance of providing knowledge and understating to other persons whose duties are related to the Company or may affect the Company in terms of the anti-corruption policy.

8) Whistle blowing or complaint filing

The Company determine the procedures of whistleblowing or complaint filing in accordance with the anti-corruption policy approved by the Board of Directors for achievement of the objectives. The procedures are as follows:

Objectives

To ensure that the directors, executives and employees perform their duties correctly, transparently and accountably, the directors, executives and employees are expected to report any operations which violate or may violate the good corporate governance principles, business code of conduct or related laws for improvement or appropriate performance.

(1) Scope of whistleblowing and complaint filing

In case of any enquiries or suspicious actions which may violate the good practices, which include

- (1) Violation of good corporate governance principles and business ethics and code of conduct
- (2) Violation of the Company's rules and regulations
- (3) Unfair treatment at work
- (4) Corruption
- (5) Illegal actions
- (6) Suspicious actions which may cause damage to the Company

(2) Whistleblowing and complaint filing channels

The complainants may file their complaints or violating actions or ask any questions through the following channels

- (1) Opinion box
- (2) Immediate superior (Manager or above)
- (3) Human Resources Manager
- (4) Corruption-related complaint or whistleblowing shall be made to the Audit Committee at the

following address:

Address: Chairman of Audit Committee
TCM Corporation Public Company Limited
238 Vibhavadi-Rangsit Road, Sanambin Sub-district, Don Mueang District, Bangkok 10210
E-mail: auditcom@tcm-corporation.com

Principle 7

Ensure Disclosure and Financial Integrity

The Board of Directors shall be responsible for ensuring appropriate preparation and disclosure of financial statements and other important information in sufficient, fair and timely manner under the related standards and guidelines.

1) Maintenance of financial integrity

(1) The Company determines that the Accounting and Financial Division consisting of the sufficient number of persons having required qualifications, knowledge, skills, and experience suitable for duties and responsibilities shall be shall prepare and disclose financial information. Persons who are authorized to disclose financial information include Chief Executive Officer, top management of the accounting and financial chain of command, and the Company Secretary.

(2) The Company puts importance on financial integrity. In financial statements disclosure, the following factors shall be considered:

(a) Assessment results of internal control system

(b) The auditor's opinions in the financial statements, remarks of the auditors related to the internal control system and remarks of the auditors through other communication channels (if any)

(c) Audit Committee's opinions

(d) Conformity to the Company's objectives, goals, strategies, and policies

(3) The Company shall determine accurate, complete and accountable transaction records in accordance with generally accepted accounting standards and other related laws. Related persons shall adhere to integrity and ethics of their duties as follows:

Accuracy of transaction records

(a) All transaction records of the Company shall be accurate, complete and accountable without any restrictions or exemptions.

(b) Records of accounting or business transactions shall be true and not be falsified for whatever reasons.

(c) All employees shall operate the business in compliance with the Company's rules and regulations, have complete evidential documents indicating useful and sufficient details for related employees to record and make accounting and financial reports or record in the Company's accounting system with accurate and complete details.

Accounting and financial reports

(a) All employees shall not deviate or falsify information both accounting transactions and operational transactions.

(b) All employees shall realize that accuracy of accounting and financial transactions are common liabilities of directors, executives and employees in charge of accounting and financial tasks.

(c) All employees shall be responsible for operation, preparation and/or provision of accurate note to financial statements to accounting and financial officers.

Compliance with the law

(a) All employees shall comply with the rules and regulations stipulated in the applicable laws of Thailand and/or other countries to ensure correctness and completeness of accounting and financial preparation and records.

(b) All employees shall adhere to integrity, be non-biased, and be honest in recording information. Integrity shall include non-involvement in illegal or unethical activities.

2) Information Disclosure

The Board of Directors shall ensure the disclosure of information about the Company either financial or non-financial reports in accordance with the requirements of Securities and Exchange Commission and the Stock Exchange of Thailand and other information in accurate, complete, timely, and transparent through the Company's website which is easily accessible, fair and reliable.

Disclosure policy

Disclosure of information to the third party shall be appropriate, timely, not misleading, and sufficient for information users to make decisions. The information shall be equitably assessable and updated regularly through the determined channels to protect key information and the information which affect the Company's securities prices.

Communication Policy

Disclosable information shall be communicated in correct, clear, timely, and fairly to all related parties. Inappropriate words or phrases which may mislead users about the Company's securities. All employees shall also be communicated about the information to ensure appropriate compliance with the policy.

Disclosure Guidelines

(1) The Company have the policy to disclose key information which is correct, not misleading and sufficient for decision making of investors through the Company's website both in Thai and English language for equitable access of information users. Also, the information shall be regularly updated.

(2) The Company shall disclose its goals or strategies in the Annual Report (Form 56-2).

(3) The Company shall disclose the information in Annual Statement Report (Form 56-1) and Annual Report (Form 56-2) as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand.

(4) The Company indicates that the Board of Directors shall make the report on the Board of Directors' responsibilities for financial statements to be presented along with the auditor's report in the Annual Report (Form 56-2).

(5) The Company shall make Management Discussion and Analysis (MD&A) to support disclosure of quarterly and annual financial statements for investors' acknowledgement and understanding of the changes occurring to the financial position and operating results in addition to figures in the financial statements.

(6) The Company shall disclose audit fee and other expenses related to the auditor's service in the Annual Statement Report (Form 56-1) and the Annual Report (Form 56-2).

(7) The Company shall disclose the roles and duties of the Board of Directors and sub-committees, the number of meetings held, and the number of attendance of each director in the past year, as well as the opinions based on performance as well as professional development and training in the Annual Report (Form 56-2).

(8) The Company have the policy to disclose remuneration payment to directors and top management which reflects obligations and responsibilities of each director, as well as model or nature of the remuneration, including remuneration paid to each director as director of the subsidiaries (if any).

3) Investor Relations Work

The Board of Directors assigns the management to appoint Investor Relations Officer to communicate with shareholders and stakeholders such as analysts and investors to ensure fairness and timely operation.

(1) Communication policy and disclosure policy shall be determined to ensure appropriate communication and disclosure to the third party in equitable and timely manner through determined channels to protect confidential information and the information which may affect securities prices. The information shall be communicated throughout the organization to ensure compliance.

(2) Chief Executive Officer shall be in charge of the Investor Relations Division of which duties are to provide information to the third party. The Investor Relations Officer shall have qualifications suitable for the job and understand the Company's business, goals, objectives, corporate core value and be able to communicate well with the capital market.

(3) Determine the direction and support investor relations work such as provision of policy on management of information affecting the securities prices as well as determining the roles and responsibilities of Investor Relations Officer to ensure effective communication and disclosure.

(4) Promote application of information technology in disclosure of information. In addition to dissemination of information through SET's channel, the Company shall disclose the information on its website www.tcm-corporation.com in both Thai and English version.

(5) The Investor Relations Division shall perform its duties on the basis of ethics of Investor Relations Officer as follows:

(5.1) Perform its duties with honesty, integrity, fairness, and responsibilities.

(5.2) Disclose information and news on accurate, clear, timely, and equitable manner to all related parties. Inappropriate words or phrases which may mislead people about the Company's securities shall be avoided.

(5.3) All related parties shall be able to access and asks for information.

(5.4) Refrain from disclosing any information affecting the Company's securities prices or may affect the investment decision or rights of shareholders prior to official disclosure to the Stock Exchange of Thailand.

(5.5) Avoid disclosing any inconclusive information or information under negotiations which is uncertain or over-speculative.

(5.6) Perform its duties by taking account of the benefits of shareholders and stakeholders.

(5.7) Create trustworthiness, positive image and attitude toward the Company as well as maintaining good relationship between all stakeholders.

(5.8) Maintain the Company's confidentiality and avoid acting or taking advantage of internal information for personal interest.

(5.9) Perform its duties with full effort, ability and professionalism. Always seek knowledge for enhancement of work efficiency.

(5.10) Do not accept appointment with investors or analysts when the financial statements disclosure date is coming and respect the determined principles of the Company's securities trading.

(5.11) Do not trade the Company's securities 30 days before and after the date of operating result announcement.

(5.12) Ensure conformity to the rules and regulations of the applicable law and governing authorities.

(6) To contact Investor Relations Officer, please email to ir@tcm-corporation.com.

Principle 8

Ensure Engagement and Communication with Shareholders

The Board of Directors shall ensure that all shareholders can take part in making decision on the Company's important matters.

1) Shareholders' meeting includes

(a) Ordinary shareholders' meeting which shall be held within 4 days from the end date of the Company's accounting period.

(b) Extraordinary shareholders' meeting which shall be held for consideration of urgent matters such as the matters required by the law to be approved by the shareholders' meeting prior to operation including capital increase, investment, debenture issuance, sale or transfer of all or part of the Company's business to another party or acquisition or acceptance of transfer of the other company's business, and amendment of the Company's memorandum of association or articles of association.

Important matters to be added into the meeting agendas

The Board of Directors realize the importance of proposal of matters to be added into the meeting agendas, either the matters required by the law or the issues which may affect the corporate direction, shall be considered and/or approved by the shareholders' meeting.

Supporting minority shareholders' participation

The Company has the policy to create trust in equitable treatment to all shareholders, especially minority shareholders by giving them the rights to propose the meeting agendas and nomination of new directors in advance. Rules and procedures thereof shall be disclosed on the Company's website and the proposal shall be made within three months prior to the date of annual financial statements closure, from October to December of each year.

Shareholders' meeting invitation

The Company shall ensure that the shareholders' meeting invitation is sent out along with related documents and disclosed on the Company's website at least 30 days prior to the meeting date in both Thai and English version for shareholders to take sufficient time to study. The invitation shall contain

(1) Date, time and venue of the meeting

(2) Agendas which shall be identified as agendas for acknowledgement or for approval and clearly divided into issues. For example, in the agenda related to directors, the issue of individual appointment and approval of remuneration shall be divided for the Board of Directors and the sub-committees, and monthly salary shall be separated from annual bonus.

(3) Objectives, rationales and opinions of the Board of Directors on each agenda shall be determined, which include

(a) Agenda of dividend payment approval shall indicate the dividend payment policy, payable dividend rate, and rationales and supporting information. In case of suspension of dividend payment, appropriate rationale and information shall also be provided.

(b) Agenda for appointment of directors shall indicate name, educational background, and work experience, rules and procedures of nomination. In case of re-appointment, information about meeting attendance in the previous year and the date of re-appointment shall be given.

(c) Agenda for director remuneration approval shall indicate policy and rules for determination of remuneration for each position and all forms of remuneration both financial and non-financial.

(d) Agenda for auditor appointment shall indicate name of the auditor, affiliated company, work experience, independence of the auditor, audit fee, and other expenses.

(4) Power of attorney in the form specified by Ministry of Commerce

(5) Other supporting details such as voting procedures, counting and notification of voting results, voting rights of each type of shares, information about the independent directors proposed by the Company to be shareholders' proxies, documents to be shown by shareholders prior to attendance, power of attorney, and meeting venue map, etc.

Shareholders' meeting arrangement

Pre-meeting activities

(1) The Company have the policy to encourage all shareholders and institutional shareholders to attend the shareholders' meeting.

(2) The Company has the website to disseminate important information and news including quarterly and annual financial statements, Annual Statements Report (Form 56-1), Annual Report (Form 56-2), and meeting invitation containing date, time and venue of the meeting, information for decision making in each agenda, meeting rules, and voting procedures which are also sent to shareholders in hard copy. This information shall be posted on the Company's website at least 30 days prior to the meeting date for shareholders to take appropriate time to study.

(3) The Company provides opportunities and rights to shareholders to propose shareholders' meeting agendas and nominate qualified persons to be appointed as new directors at least 3 months prior to the end date accounting period (from 1 October to 31 December of each year). Clear procedures can be accessed on the Company's website.

(4) The Company allows shareholders to send questions regarding the agendas at least 3 weeks prior to the date of shareholders' meeting through the Company's website.

(5) The Company encourages shareholders to use the proxy form with which shareholders can indicate voting direction and propose at least one independent director as an option for authorization.

Process on shareholders' meeting day

(1) The Company determines the date, time and venue of the meeting by taking account of convenience of shareholders including appropriate time for discussion and appropriate venue for access.

(2) The Company determines that shareholders or their attorneys shall bring documents or identification evidence as specified in the meeting invitation in compliance with the practice of the competent agencies.

(3) The Company shall apply technology in the shareholders' meeting for registration, vote counting and display of the results to ensure quick, accurate methods. Voting method and counting in each agenda shall be notified to shareholders prior to commencement of the meeting.

(4) The Company shall notify the meeting method and voting method, counting methods, and the number of shares and ratio of shareholders attending the meeting in person or by proxy.

(5) The President shall chair the shareholders' meeting to ensure compliance with the applicable law and regulations as well as the Company's articles of association, allocate time for each agenda listed in the invitation, and provide opportunities to shareholders to express opinions and ask questions about the Company.

(6) The Company indicates that all related directors and executives shall attend the meeting for shareholders to ask questions.

(7) The Company encourage voting by ballots in important agendas such as connected transaction, asset acquisition and disposition transaction making, etc. to ensure transparency and accountability in case disputes.

(8) The Company determines that shareholders may exercise the rights to appoint individual directors in the related agenda and ask question about the agenda.

(9) The Company shall avoid adding other agendas which are not predetermined in the invitation as it may be unfair for shareholders who do not attend the meeting.

(10) The Company shall encourage independent person to count or check the votes and disclose the results for agreement or disagreement as well as abstention in each agenda for acknowledgement of the meeting and record of the minutes of meeting.

Post-meeting procedures

(1) The Company shall make the correct and complete minutes of shareholders' meeting for dissemination on the Company's website in both Thai and English version. The essence is as follows:

(1.1) Record of the declaration of the meeting method, voting method, counting methods, and the number of shares and ratio of shareholders attending the meeting in person or by proxy.

(1.2) Record of the names of directors and executives attending the meeting and percentage of attending and non-attending directors.

(1.3) Record of the meeting resolutions and results of agreement or disagreement as well as abstention in each agenda.

(1.4) Summarize questions and answers in the meeting and indicate names and last names of the persons asking and answering the questions.

(2) The Company shall disclose resolutions of shareholders' meeting along with the voting results on the date after the shareholders' meeting date through the Stock Exchange of Thailand and on the Company's website.

(3) The Company shall submit the copy of minutes of shareholders' meeting to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date.

(4) The Company shall comply with the AGM Checklist made by Thai Investors Association.

(5) The Company shall arrange site visit at least once a year to provide shareholders or analysts with opportunities to visit the Company's business.

2) Communication with shareholders

The Company arranges its website to communicate important information and news between the Company and the third party such as shareholders, institutional shareholders, analysts, general shareholders and shall provide opportunities to the public to access and ask questions equitably. The procedures are as follows:

(1) For communication of important information and news, information is classified to equitably communicate to all related parties in various forms including investor information, marketing information, general information suitable for each group and reduce disadvantage and loss of investment opportunities.

(2) The Company shall indicate the nature of contents of information to be communicated to create equitable understanding to all parties. For instance, all information shall be true. Financial information shall be approved by the Audit Committee and the auditor for investors to evaluate the significance. The language used shall also be comprehensible.

(3) Information communicated to the public shall respond to questions or provide additional information to interested persons on a fair basis without discrimination and approved by the Company's authorized person.

(4) Any deviated information shall be informed to Chief Executive Officer to notify through SET's system for acknowledgement of all related parties to prevent unfair receipt of information.

3) Dividend payment

The Board of Directors shall indicate the policy on the Company's dividend payment in accordance with the Company's articles of association and applicable laws as follows:

Dividend payment policy

The Company shall maintain the policy on dividend payment in accordance with the proportion of rights at the rate of over 60 percent of the net profit after deduction of income tax and reserve as required by the law on separate financial statements when the Company obtains benefits without retained loss and has good financial liquidity.



Alexander & James
GREAT BRITISH SOFA DESIGN

 TCM LIVING®
A MEMBER OF TCM CORP. PLC.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company gives precedence to achieve sustainable growth for our business operations with corporate social responsibilities. Basing our entrepreneurial philosophy on concerns and care for all stakeholders, economy, society and the environment using our virtue, ethics and code of conduct, the Company is looking forward to operating under corporate social responsibilities and is determined to benefit the society as a whole and enable company's growth. The Company has thus categorized our corporate social responsibilities policy into 8 aspects as follows:

1. Operating Business on Fair basis

The Board of Directors shall ensure that the Company operates business on fair basis by adhering to corporate governance and business transparency and accountability, and all stakeholders shall be treated equitably. The principles include

Fair competition

(1) Operate business on fair basis without exploitation, respect and strictly comply with the determined conditions.

(2) Do not demand or receive or pay any deceitful interests in contact with partners or creditors. If it is found that any deceitful interests are paid, the Company shall discuss with partners or creditors to solve problems quickly and fairly.

(3) Disclose information about products and services in complete, correct and straightforward manner as well as giving accurate, sufficient and useful news to customers. Product recall measure shall be prepared in case of abnormalities in the product quality.

(4) Compete fairly with competitors, enter commercial competition under good rules, refrain from seeking confidential information of competitors by deceitful or inappropriate means, do not ruin competitors' reputation by slandering or untruthful and unfair action.

Promotion of corporate social responsibilities with partners

Allow vendors, customers and commercial partners to take part in social responsibility activities both directly and indirectly by attending the Company's social responsibility activities or donate money or things as appropriate.

Respect for property rights

(1) Promote and strictly comply with intellectual property rights, copyright, patent, moral rights by indicating the business secret and intellectual property policy in Premier Group's policy manual.

(2) Encourage the executives and employees to use the Company's resources and property effectively, use copyrighted products and services and not support products or actions which may violate the intellectual property rights.

2. Anti-Corruption

The Company realizes the importance of anti-corruption as corruption tends to increase while some people consider corruption as normal issue. However, corruption is one of most problematic issues in society and organization. The Company, therefore, promotes anti-corruption principles to all employees to ensure transparency of business operations and compliance with good corporate governance.

The Board of Directors' Meeting No. 3/2557 dated 27 August 2014 approved that the Company entered the certification process of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company signed the declaration of intent to anti-corruption on 1 September 2016. The Company made self-evaluation on anti-corruption measures to be accepted as a CAC member. The documents were submitted in the third quarter of 2016 and certification was already granted, which the Company received the certificate on 18 October 2016.

The Company aims at promoting anti-corruption through the determined anti-corruption policy and practices enforced on the directors, executives and all members. The objectives are to ensure that the Company operates its business with honesty, efficiency and effectiveness to prevent, avoid or reduce opportunities of corruption. In addition, treatment to partners or business-related parties shall be determined. Whistleblowing and enquiry channels as well as process of disclosure of the Company's anti-corruption intent shall be established. Anti-corruption practices shall be communicated and trained to all employees regularly through indicated channels to raise awareness of corruption and anti-corruption measures.

Procedures for Compliance with Anti-Corruption Policy

(1) Do not give or take gifts or gratuity in the form of cash, casher cheque, bond, share, gold, or other things with similar nature to and from the persons involved in contact with government and private agencies.

(2) Do not give property, things, gifts or gratuity to induce decision making or influence non-performance of normal practice of the recipient. If it is necessary to give gifts on certain occasions, the value of gifts shall not be too high and shall be accountable throughout the process.

(3) Do not act as intermediaries in valuable property offering, including cash, to the persons related to the government agencies' business or any organization in exchange of privilege or official omission of practice in accordance with the determined rules and regulations.

(4) Procurement shall be conducted through the process approved by the Company on the basis of transparency and accountability.

(5) Provision of fund or property of the Company to support projects shall be made in the name of the Company only. The payment shall be for the business purpose and reputation of the Company. Reasons for reimbursement shall be clearly stated with evidence for audit.

(6) Use of money or property of donation to charity shall be made in the name of the Company only, and donation shall be made to certified foundations, temples or hospitals.

(7) Do not perform any political actions, do not use the Company's resources to support political parties, and do not assist any political parties either directly or indirectly.

(8) The Company shall provide fair treatment and protection to employees who refuse corruption and employees or persons informing any corruption in relation to the Company by implementing protective measure determined by the Company.

(9) This anti-corruption policy shall cover human resources management from recruitment, promotion, performance assessment, and remuneration payment. The Board of Directors and all employees shall understand then policy for effective performance.

(10) The Board of Directors realizes the importance of giving knowledge and suggestions to all employees to ensure their compliance and be a role model for anti-corruption practice.

3. Respect for Human Rights

(1) The Company realizes and puts importance on human value, so it is determined that all executives and employees shall respect human rights and human dignity of employees and stakeholders, which is international standard and basis of business operation.

(2) The Company shall promote and respect human rights by ensuring that the business and employees shall not involve in violation of human rights such as prevention of forced labor and child labor as well as compliance with labor law.

(3) The Company shall respect and comply with international standard of employment by treating all stakeholders on fair basis and respect their dignities. The shall be treated equally without discrimination or violation of basic rights in terms of gender, age, race, region, status, physical condition, or political preference.

(4) The Company shall monitor and ensure that its subsidiaries and stakeholders shall strictly comply with international principles of human rights. The Company shall protect stakeholders from damage incurred as a result of violation of rights due to the Company's business operation as required by the law.

(5) The Company shall arrange the pleasant workplace and emphasize occupational health and safety of employees.

(6) The Company shall give opportunities to employees to take part in management and voice their opinions about business operation or management process through the available team such as benefits management team.

(7) The Company shall protect employees who inform human rights violation cases or unfair treatment to employees by protecting them from punishment or defamation or other actions.

4. Fair Labor Treatment

Employees are valuable resources of the Company, so the Company realizes and puts importance on fair treatment to all employees and respect for human dignity to ensure peaceful environment in the Company and sustainable society. Fair treatment includes

(1) All employees shall be treated fairly and equitably in terms of promotion, transfer, welfare, and remuneration payment, as well as self-improvement without discrimination in terms of gender, age, religion, race, region, political preference, status, and physical condition.

(2) Superiors of all levels shall ensure fairness in their divisions by avoiding unfair actions which may lead to instability of employees or other actions which may be harassment or unfair pressure to employees.

(3) The Company puts importance on employee development to enhance their skills and potential on regular basis.

(4) The Company shall provide opportunities to employees treated unfairly or witnessing unfair actions to voice their mind to the superiors in charge or directors, or managers through available channels or personal meeting or by letter, document or email.

Remuneration payment and benefits

The Company adheres to fair employment policy and condition as well as determining remuneration payment and merit consideration under fair performance assessment. Benefits are provided to employees as required by the law, including social security, annual medical checkup, provident fund, and other allowances. Welfare Committee are available to welcome employees' proposal of benefits in addition to basic benefits provided for improvement of employees' living.

Occupational Health, Safety and Environment

The Company determines the policy on occupational health, safety and environment and establishes the Committee on Occupational Health, Safety and Environment to perform in accordance with the Company's standards as follows:

(1) Measure the level of noise and light which affects employees' health and control it at acceptable level. Arrange noise reduction equipment as appropriate and provide employees with training and control relevant operation.

(2) Check hearing capacity of employees who are at risk and implement protective measures.

(3) Inspect work buildings.

(4) Perform annual fire drill at the factory and the headquarter.

(5) Provide training on fire and fire suppression to newcomers.

(6) Ensure safety of machines.

(7) Provide knowledge of safety law to supervising staff.

(8) Review the roles of Safety Officer, Management Level, Safety Officer, Supervising Level and Safety Officer, as well as Committee on Work Safety.

5. Liabilities for Customers

Customers are the Company's priority, so as quality and affordable products which shall be maintained to meet the market needs and customer needs. The Company has the policy on customer treatment as follows:

- (1) Offer products and services of good quality and standards and safe in response of consumer needs.
- (2) Have international standard procedure which is effective at each and every stage from selection of materials, quality control and fast delivery process.
- (3) Determine criteria for quality of products to be selected for sales which shall be strictly complied with.
- (4) Disclose information about the products and services in complete and correct manner without misleading information.
- (5) Provide accurate, sufficient and useful information to consumers.
- (6) Have product recall process in case of flaws in quality.
- (7) Have satisfaction assessment process and use the results to develop the products and service to meet customer needs.

6. Environmental Conservation

The Company realizes the importance of environmental conservation and effective use of resources along with business operation. Therefore, environmental practices are determined as part of its business code of conducts as guidelines for practice as follows:

- (1) The Company shall not cause any damage to natural resources and environment.
- (2) The Company shall ensure compliance with the law and environmental regulations.
- (3) The Company shall not promote or make transactions with any persons causing damage to the overall environment.
- (4) The Company shall effectively use the resources and enforce energy and resources conservation by applying technology to save energy at the Company.

The Company, as an industrial factory, has yarn dyeing process causing a great amount of wastewater. For this reason, effective wastewater treatment system is established to minimize negative effects on environment and the nearby communities. During the period of 5 years from 2014 to 2018, the Company has not received any complaints on wastewater release to the communities.

7. Co - Development of Community or Society

The Company realizes its responsibilities to the communities and society, hence issuing the policy on social assistance and development as follows:

- (1) The Company provides opportunities to the communities and stakeholders to take part and give opinions on any projects which may affect the communities as well as submission of suggestions or complaints in case of any effects due to the Company's operation.
- (2) The Company collaborates in standards operation or international agreement on any matters to prevent or minimize environmental effects.
- (3) The Company puts importance on responding to any events affecting the communities, society and environment due to its operation in prompt and effective manner.
- (4) The Company encourages its employees to have awareness and responsibility for the environment and society.

8. Innovation and dissemination of Innovations from Social, Environment and Stakeholders Responsibilities activities

The Company aims at manufacturing products which facilitate people's changing way of life and environment. Therefore, the Company fosters creation of innovations from the corporate work process, which includes making things in new way and change of ideas, production, enhancement of work efficiency, reduction of work complexity to increase value of products, communities, society, and environment along with sustainable business growth as follows:

(1) Analyze work process in detail, provide knowledge sharing and transfer to create opportunities to business innovation discovery.

(2) Create opportunities for invention, create innovative ideas to employees for sustainable growth and profits of the Company.

(3) Collaborate with government and private sector to develop products for promoting local and natural raw materials.

The Company disseminates and promotes innovations to stakeholders directly and indirectly through various communication means to ensure that the Company's news reach all groups of stakeholders.

TRANSACTION WITH RELATED PARTIES

(A) Purchasing-Selling : Carpets

1. Nature of transaction

Purchase and sell raw materials to manufacture carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* TCMC hold 51% of issued and fully paid-up share capital of UCM and there are the same director 3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul

Reasons and necessity

* The subsidiary does not have to purchase raw materials to be inventories

Transactions occurred in 2018

The value of raw materials	964,989	BAHT
Outstanding as of December 31,2018	1,119,356	BAHT

Pricing policies

According to general trade practice and approximate to market price

2. Nature of transaction

Purchase and sell carpets and materials for installation

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid-up share capital of RTI and there are the same director 3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of carpets and materials for installation	138,550,255	BAHT
Outstanding as of December 31,2018	59,505,024	BAHT

Pricing policies

According to general trade practice and approximate to market price

3. Nature of transaction

Purchase and sell carpets and fabric

The parties involved

Seller : T.C.H. Suminoe Company Limited (TCH)

Buyer : Suminoe Textile Japan (STJ)

Relationship related

* STJ hold 50.10% of issued and fully paid-up share capital of TCH and there are the same director

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	241,813	BAHT
Outstanding as of December 31,2018	7,972,669	BAHT

Pricing policies

According to general trade practice and approximate to market price

4. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : Carpet International Public Company Limited (CI)

Buyer : TCM Corporation Public Company Limited (TCMC)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Vechachai

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	46,617,565	BAHT
Outstanding as of December 31,2018	3,327,683	BAHT

Pricing policies

According to general trade practice and approximate to market price

5. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Carpet International Public Company Limited (CI)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Vechachai

Reasons and necessity

* The normal business condition and general trading condition

<u>Transactions occurred in 2018</u>		
The value of goods	47,094,792	BAHT
Outstanding as of December 31,2018	5,368,986	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

6. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai HK Limited (RTHK)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTHK' share

Reasons and necessity

* The normal business condition and general trading condition

<u>Transactions occurred in 2018</u>		
The value of goods	45,267,820	BAHT
Outstanding as of December 31,2018	17,642,647	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

7. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai America Inc. (RTUS)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUS' share

Reasons and necessity

* The normal business condition and general trading condition

<u>Transactions occurred in 2018</u>		
The value of goods	276,458,136	BAHT
Outstanding as of December 31,2018	58,830,947	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

8. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai Singapore Limited (RTSG)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTSG' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	16,725,136	BAHT
Outstanding as of December 31,2018	10,465,282	BAHT

Pricing policies

According to general trade practice and approximate to market price

9. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai Macau (2017) Limited (RTMO)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTMO' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	11,442,100	BAHT
Outstanding as of December 31,2018	3,348,269	BAHT

Pricing policies

According to general trade practice and approximate to market price

10. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai China Trading Limited (RTCN)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTCN' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	3,037,831	BAHT
Outstanding as of December 31,2018	3,006,202	BAHT

Pricing policies

According to general trade practice and approximate to market price

11. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : RT UK (2017) Limited (RTUK)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUK' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2018

The value of goods	10,701,189	BAHT
Outstanding as of December 31,2018	3,191,395	BAHT

Pricing policies

According to general trade practice and approximate to market price

12. Nature of transaction

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : President Hotel and Tower Ltd.

Relationship related

* The major shareholders are the same group.

Reasons and necessity

* The normal business condition and general trading condition

<u>Transactions occurred in 2018</u>		
The value of goods	12,884,669	BAHT
Outstanding as of December 31,2018	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(B) Production Fee

1. Nature of transaction

Commission Tufted

The parties involved

Vendor : TCM Corporation Public Company Limited (TCMC)

Contractor : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* TCMC hold 51% of issued and fully paid-up share capital of UCM and there are the same director 3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul.

Reasons and necessity

* In order to deliver products to customers on time

<u>Transactions occurred in 2018</u>		
The value of production fee	1,506,361	BAHT
Outstanding as of December 31,2018	650,981	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

2. Nature of transaction

The contract to dye yarns

The parties involved

Vendor : United Carpet Manufacturing Company Limited (UCM)

contractor : TCM Corporation Public Company Limited (TCMC)

Relationship related

* TCMC hold 51% of issued and fully paid-up share capital of UCM and there are the same director 3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul.

Reasons and necessity

* Service to dye yarns for manufacturing to subsidiary

<u>Transactions occurred in 2018</u>		
The value of production fee	2,156,607	BAHT
Outstanding as of December 31,2018	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(C) Office Rental**1. Nature of transaction**

Office rental

The parties involved

Lessor : TCM Corporation Public Company Limited (TCMC)

Renter : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid-up share capital of RTI and there are the same director
3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul.

Reasons and necessity

* The normal business condition

<u>Transactions occurred in 2018</u>		
The value of service fee	1,170,000	BAHT
Outstanding as of December 31,2018	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(D) Support administrative and sale support**1. Nature of transaction**

Support in operation

The parties involved

Service Provider : TCM Corporation Public Company Limited (TCMC)

Service Recipient : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid-up share capital of RTI and there are the same director
3 persons are

Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul.

Reasons and necessity

* The normal business condition

<u>Transactions occurred in 2018</u>		
The value of service fee	2,749,274	BAHT
Pricing policies		
According to the normal trading rate		

2. **Nature of transaction**

Support in technician

The parties involved

Service Provider : Suminoe Textile Japan

Service Recipient : T.C.H. Suminoe Company Limited(TCH)

Relationship related

* STJ hold 50.10% of issued and fully paid-up share capital of TCH and there are the same director

Reasons and necessity

* In order to support in technician

<u>Transactions occurred in 2018</u>		
The value of service fee	40,858,439	BAHT
Outstanding as of December 31,2018	-	BAHT
Pricing policies		
According to agree upon rate		

E) Support in finance

1. **Nature of transaction**

Support in finance

Lender : TCM Corporation Public Company Limited (TCMC)

Borrower : TCMC Furniture Limited (TCMF)

Relationship related

* TCMC hold 76% of issued and fully paid-up share capital of TCMC-F and there are the same director
2 persons are

Mr. Pimol Srivikorn and M.L. Walliwan Varavarn

Reasons and necessity

* In order to use in investment

<u>Transactions occurred in 2018</u>		
Loan	-	BATH
Outstanding as of December 31,2018	272,505,178	BAHT
Interest	6,216,283	BAHT
Interest Rate		
Interest according to market rate		

2. Nature of transaction

Advance Payment for subsidiary

The parties involved

Provider : TCM Corporation Public Company Limited (TCMC)

Recipient : Manor (2016) Holding Limited

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Manor (2016) Holding Limited.

Reasons and necessity

* Advance payment for subsidiary

Transactions occurred in 2018

Advance payment	20,305,900	BAHT
-In order to pay expenses of company		



TCH
SUMINOE

 **TCM AUTOMOTIVE**[®]
A MEMBER OF TCM CORP. PLC.

REPORT OF THE BOARD'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements Year 2018 of TCM Corporation Public company Limited and its subsidiaries have been prepared in accordance with the Notification of the Department of Business Development, regarding to the condensed transactions of the financial statements, effective under the Accounting Act B.E. 2543 (2000) and in compliance with the accounting standard established in the Accounting Profession Act B.E. 2547 (2004).

The Board of Directors is responsible for the preparation of the financial report of TCM Corporation Public company Limited and its subsidiaries, assuring that the report of the financial status, operating results, and cash flows are presented in truth and fairness by having established a correct and complete keeping of the financial records. These financial statements have been prepared in accordance to the generally accepted accounting standard by using accounting policies that are appropriate and corresponding to the business operation, which are undertaken on a regular basis. The Company also considers and maintains adequate provisions for uncertainty items or items that may have significant effect on future operation, by disclosing important information in the Notes to Financial Statement with certified accountant's opinions in the Report of Independent Auditor.

Accordingly, the Board of Directors has appointed the Audit Committee, comprising of independent and non-executive directors with complete qualifications as established by the Securities and Exchange Commission (SEC), to review the financial statements for compliance with the accounting standard; to review the internal control, internal audit system and risk management for appropriateness and efficiency; to review that the business operation has been conducted in accordance with the Company's regulations and relevant laws and regulations; and to oversee that there are no conflict of interest; as well as to consider the propose for the appointment of the Company's auditors. The opinions of the Audit Committee are expressed in the Report of the Audit Committee which has been included within the Annual Report 2018.

28 February 2019

On behalf of the Board of Director of TCM Corporation PLC



(Mr. Pimol Srivikorn)
Chairman



(M.L. Walliwan Varavarn)
Chief Executive Officer

REPORT FROM AUDIT COMMITTEE

The Audit Committee of TCM Corporation Public Company Limited is appointed by the Company's Board of Directors and is composed of three independent directors with Mr. Soravis Krairiksh as the Audit Committee Chairman while Mrs. Duangjai Lorlertwit and Mr. Suvitcha Nativivat are directors.

The Audit Committee performed duties according to the authority, duties and responsibilities assigned by the Company's Board of Directors by attending meetings with executives and auditors along with reporting performance to the Company's Board of Directors to regularly acknowledge and consider every quarter by requesting performance reports for 2018 with significant contents summarized as follows:

(1) Reviewed the financial statements quarterly and annually for the fiscal year 2018 by conferring with the auditor and executives in order to verify the correctness of the financial statements and adequacy of information disclosure, including to acknowledge the observations and comments of the auditor, which the Audit Committee is of the opinion that the said financial statements are appropriately correct under the accounting standard as required under generally accepted accounting principles.

(2) Reviewed the adequacy of the internal control system for the fiscal year 2018 by the Internal Audit Department to control and audit the important work system and the internal control system of the Company which no significant mistakes were found by recommending the executives to adjust and change any work system to be more careful and appropriate

(3) Reviewed the risk management system by defined the policy and the risk management framework which including the assessments of internal and external risk factors that might occur now and future. The risk management committee manage overall risk of the organization and report to the Board of Directors and Audit committee on a regular basis as specified in the Charter which it will make the Audit Committee confident that the Company can control and reduce the effects that will be an obstacle to achieve the company's objectives in order to keep it within an acceptable level.

(4) Reviewed compliance with laws on securities and stock exchanges, including regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in addition to laws involving the Company's business in 2018. The Audit Committee advised the Management Department to complete all legal requirements.

(5) Reviewed related transactions or transactions with potential conflicts of interest and acquisition and distribution of assets in 2018, including disclosure of information on the aforementioned transactions as per specifications of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee checked and found transactions with significant contents already disclosed and displayed on the financial statement and remarks accompanying financial statements of 2018.

(6) Reviewed management in compliance with good governance in 2018 by recommending the Management Department to place importance on management in line with good governance with consistency in addition to supporting executives and employees at every level to adhere to and comply with business rules, regulations and ethics in order to create transparency, acceptance and increase confidence among customers and all related parties.

(7) Reviewed self assessment on anti-corruption measures to certify membership of the Private Sector Collective Action Coalition Council. The company had already been certified in 2018.

(8) Considered selecting, proposing to appoint auditors and auditing fee specifications for 2019. Propose to the Company's Board of Directors to consider requesting approval from the general meeting of shareholders in 2019 after considering performance, independence and suitability of wages by comparing with the original auditor, and hereby deems appropriate to appoint Mr. Sathien Vongsnan, Certified Public Accountant No. 3495 or Mr. Atipong Atipongsakul,

Certified Public Accountant No. 3500, or Mr. Vichai Ruchitanont, Certified Public Accountant No. 4054 or Ms. Kultida Pasurakul, Certified Public Accountant No. 5946 or Ms. Panita Chotisaengmaneeekul, Certified Public Accountant No. 9575 the auditors of ANS Audit Co., Ltd., acting singly, as the Company's auditors and fix the remuneration of the Auditors for the fiscal year 2019 in the amount not exceeding 3,230,000 baht, increased from previous year amount 3,100,000 baht to 4.19%, which was considered to be the appropriate remuneration.

(9) The audit committee had appointed the criteria and self-assessment of the audit committee, both individual and group for the fiscal year 2018. The assessors identified strengths, weaknesses, and the issues that need to be improved. The audit committee will jointly consider the evaluation results and determine ways to improve work more effective in the next year.

(10) During the fiscal year 2018, the Audit Committee Meeting was held 4 times, there were attendees as follows:-

List of the Audit Committee	Position	No. of times to attend meeting in 2018
(1) Mr. Soravis Krairiksh	Chairman of the Audit Committee	3 / 4 times
(2) Mrs. Duangjai Lorlertwit	Audit Committee Member	1 / 2 times
(3) Mr. Suvitcha Nativivat	Audit Committee Member	4 / 4 times

The Audit Committee has the independence in the performance of the work as assigned by the Board of Directors of the Company by conferring with the relevant executives from time to time and meeting with the auditor every quarter in order to review and acknowledge the observations in relation to the financial statements and the internal control system of accounting and finance, which no significant abnormalities were found for the fiscal year 2018.

25 February 2019

On behalf of the Audit Committee

Mr. Soravis Krairiksh
Chairman of the Audit Committee

FINANCIAL STATUS AND PERFORMANCE ANALYSIS

Overview

TCM Corporation Public Company Limited and its subsidiaries (together referred to as “Corporate Group”) announced revenue from sales and services of year 2018 at Baht 9,546.56 million, increased from Baht 7,633.14 million in year 2017, considered as 25.07 percent higher than the previous year. The EBITDA of year 2018 was Baht 990.76 million, or 44.55 percent increased from previous year. The net profit was Baht 408.88 million, or 17.76 percent higher than previous year. The net profit attributable to owners of the parent was Baht 270.96 million.

The revenue from sales and services can be separated into income from TCM Flooring at 35 percent, from TCM Automotive at 15 percent, and from TCM living at 50 percent.

Performance by Group of business

TCM Flooring

Unit Baht million

Details	2018	2017	% Change	% of sales	% of sales
			YoY	2018	2017
Revenue from Sales and Services	3,327.05	1,556.85	113.70%	100.00%	100.00%
Cost of Sales and Services	(2,056.73)	(1,025.86)	100.49%	61.82%	65.89%
Gross Margin	1,270.32	530.99	139.24%	38.18%	34.11%
Selling expenses	(606.81)	(230.55)	163.21%	18.24%	14.81%
Administrative expenses	(540.91)	(201.75)	168.11%	16.26%	12.96%
Other Incomes	24.69	8.91	177.07%	0.74%	0.57%
Profit (loss) from exchange rate	10.29	(3.02)	-440.99%	0.31%	-0.19%
Financial costs	(122.30)	(38.85)	214.78%	3.68%	-2.50%
Income Tax (expenses)	30.92	(10.38)	-398.02%	0.93%	0.67%
Net profit (loss) for the year	66.20	55.36	19.59%	1.99%	3.56%
EBITDA	330.86	169.32	95.40%	9.94%	10.88%

TCM Flooring performance

TCM Flooring had revenue from sales and services at Baht 3,327.05 million, increased by 113.70 percent from the previous year, resulted from the acquisition of Commercial Carpet Business in the 4th quarter of year 2017.

The cost of sales and services was 61.82 percent of revenue, decreased from 65.89 percent of revenue in previous year, due to the synergy between Don Muang factory and Pathumthani factory in terms of raw materials, capacity and transferring of knowhow and skilled staff, which caused a big improvement in manufacturing costs. The new marketing strategy that focus on selling directly to customers, projects owners, through our own overseas sales offices also helped to develop sales margin, rather than selling only through sales agents which has lower sales margin as in the past years.

The selling, distribution, and administrative (SD&A) expenses added up to Baht 1,447.72 million, separated into selling expenses at Baht 606.81 million or 18.24 percent of revenue, increased from Baht 230.55 million in the previous

year or 14.81 percent of revenue, and administrative expenses at Baht 540.91 million or 16.26 percent of revenue, which increased from Baht 201.75 million in the previous year or 12.96 percent of revenue. The SD&A expenses were higher than previous year because of the acquisition of the new business in the 4th quarter of year 2017 which made the company has 1 additional manufacturing facility and 9 additional overseas subsidiaries, the company also has more executives and professional sales team, resulted in reorganizing the organization structure and development of work processes of both manufactures to have a united system, and maximize production efficiency. Especially the IT system, there were expenses of new ERP implementation, and the expense of existing ERP that the company needs to pay to Tai Ping in order to use its existing ERP until year 2019. Apart from these, there were also the cost of marketing and sales support, such as the rebranding expenses and relaunching of the 'Royal Thai' brand domestically and internationally, the exhibitions costs etc. added up to a temporary expense of year 2018 at Baht 60 million approximately. The restructuring process would need a bit of time to complete, but the company expected to see the result in cost reduction and sales improvement within year 2019.

Apart from the expenses of the TCM Flooring itself, there was another factor which caused higher expenses of year 2018 compared to year 2017, it was the administrative expenses of the Corporate office those were allocated in TCM Flooring business, which were the cost of trademark register, both local and overseas, the legal and Tax advisor fees, the cost of management team who monitored and managed all Corporate group, but this management cost at Baht 40 million, approximately, has not been allocated to other businesses.

When combined with financial cost which was the interests of the loan that the company used during the acquisition of the Commercial Carpet Business at Baht 122.30 million. Resulted in a net profit of Baht 66.20 million or 1.99 percent of revenue, compared to Baht 55.36 million in the previous year or 3.56 percent of revenue.

TCM Automotive

Unit Baht million

Details	2018	2017	% Change	% of sales	% of sales
			YoY	2018	2017
Revenue from Sales and Services	1,431.78	1,424.03	0.54%	100.00%	100.00%
Cost of Sales and Services	(1,102.33)	(1,102.38)	0.00%	76.99%	77.41%
Gross Margin	329.45	321.64	2.43%	23.01%	22.59%
Selling expenses	(45.82)	(45.77)	0.12%	3.20%	3.21%
Administrative expenses	(65.94)	(61.41)	7.38%	4.61%	4.31%
Other Incomes	3.06	6.50	-52.93%	0.21%	0.46%
Profit (loss) from exchange rate	1.51	0.13	1087.50%	0.11%	0.01%
Financial costs	(0.77)	(1.37)	-43.94%	0.05%	-0.10%
Income Tax (expenses)	(44.61)	(42.33)	5.398%	3.12%	2.97%
Net profit (loss) for the year	176.87	177.39	-0.29%	12.35%	12.46%
EBITDA	283.96	279.24	1.69%	19.83%	19.61%

TCM Automotive performance

TCM Automotive had revenue from sales and services at Baht 1,431.78 million, increased from previous year by 0.54 percent, resulted from the steady growth of automotive industry in Thailand. The cost of sales and services were at 76.99 percent of revenue, decreased from 77.41 percent of revenue in previous year, resulted from the development of machineries efficiency to increase production capacity and reduce costs.

The SD&A expenses added up to Baht 111.77 million, separated into selling expenses at Baht 45.82 million or 3.21 percent of revenue, aligned with the expenses of the previous year, and administrative expenses at Baht 65.94 million or 4.61 percent of revenue, increased from Baht 61.41 million in the previous year, or 4.31 percent of revenue.

The EBITDA was Baht 283.96 million or 19.83 percent of revenue. The net profit was Baht 176.87 million or 12.35 percent of revenue, compared to Baht 177.39 million in the previous year or 12.46 percent of revenue.

TCM Living

Unit Baht million

Details	2018	2017	% Change	% of sales	% of sales
			YoY	2018	2017
Revenue from Sales and Services	4,787.73	4,652.26	2.91%	100.00%	100.00%
Cost of Sales and Services	(3,528.03)	(3,514.06)	0.40%	73.69%	75.53%
Gross Margin	1,259.69	1,138.20	10.67%	26.31%	24.47%
Selling expenses	(475.66)	(499.05)	-4.69%	9.93%	10.73%
Administrative expenses	(516.05)	(515.15)	0.18%	10.78%	11.07%
Other Incomes	10.25	63.36	-83.82%	0.21%	1.36%
Profit (loss) from exchange rate	(0.24)	0.92	-125.96%	0.00%	0.02%
Financial costs	(61.08)	(69.95)	-12.68%	1.28%	1.50%
Income Tax (expenses)	(51.11)	(3.88)	1215.91%	1.07%	0.08%
Net profit (loss) for the year	165.80	114.45	44.86%	3.46%	2.46%
EBITDA	356.67	259.83	61.88%	7.45%	4.74%

TCM Living performance

TCM Living had revenue from sales and services at Baht 4,787.73 million, increased from previous year by 2.91 percent. The company was affected by the Pound price that had fallen considerably in 2018. If compared only Pound to Pound performance, the revenue from sales and services would be higher than the previous year by 4.23 percent.

The cost of sales and services were 73.69 percent of revenue, decreased from 75.53 percent of revenue in previous year, resulted from new sofa models, which were developed for cost reduction, those were launch at the first quarter of the year, and gradually becoming orders in the third and fourth quarters according to the cost control policy and plans to build production efficiency continuously.

The SD&A expenses added up to Baht 991.71 million, separated into selling expenses at Baht 475.66 million or 9.93 percent of revenue, decreased from Baht 499.05 million or 10.73 percent of revenue in the previous year, and administrative expenses at Baht 519.05 million or 10.78 percent of revenue, aligned with Baht 515.15 million in the previous year or 11.07 percent of revenue

The EBITDA was Baht 356.67 million or 7.45 percent of revenue, increased from Bath 220.33 million or 4.74 percent of revenue in previous year. Resulted from restructuring the management structure and efforts of the team to reduce costs and expenses according to the management policy.

Hence, the net profit was Baht 165.80 million or 3.46 percent of revenue, compared to Baht 114.45 million in the previous year or 2.46 percent of revenue.

Consolidated Performance

Unit Baht million

Consolidated Statement	2018	2017	% Change
			YoY
<u>Revenue</u>			
Revenue from Sales and Services	9,546.56	7,633.14	25.07%
Other Incomes	38.00	78.77	-51.76%
Total revenue	9,584.56	7,711.91	24.28%
<u>Expenses</u>			
Cost of sales and services	(6,687.10)	(5,642.30)	18.52%
Selling expenses	(1,128.29)	(775.36)	45.52%
Administrative expenses	(1,122.91)	(782.10)	43.58%
Gain (loss) from exchange rate	11.56	(1.97)	-686.05%
Financial costs	(184.14)	(106.38)	73.09%
Total expenses	(9,110.88)	(7,308.11)	24.67%
Net profit before TAX	473.69	403.79	17.31%
Tax expenses	(64.81)	(56.59)	14.52%
Profit (loss) for the year	408.88	347.21	17.76%
Profit (loss) for TCMC	270.96	218.89	23.79%
EBITDA	990.76	685.41	44.55%
Weighted average number of ordinary shares (Million shares)	763,188,975	527,217,487	
Basic earnings per share (Baht)	0.36	0.42	

Other incomes

The Corporate Group has total other incomes at Baht 38 million, compared to Baht 78.77 million in previous year. The other incomes were from interests, rental fees, assets selling, scrap selling etc.

Financial costs

The Corporate Group had financial costs at Baht 184.14 million in year 2018, increased from Baht 106.38 million in year 2017, as a result of additional loan interests for investment in Commercial Carpet Business and other investments in the businesses.

Statement of Financial Position

Unit Baht million

Statement of consolidated financial position	As of 31 December, 2018	As of 31 December, 2017	Change	
			Million	%
Total Assets	9,455.70	9,015.84	439.86	0.05
Total Liabilities	6,033.77	6,317.78	(284.01)	(0.04)
Shareholders' Equity	3,421.93	2,698.06	723.87	0.27

Corporate Group had higher Shareholders' equity as of 31 December 2018 than as of 31 December 2017 at Baht 723.87 million, or 0.27 percent increased. The D/E ratio at the end of period at 1.76 compared to end of 2017 at 2.34.




ROYAL THAI


TCM FLOORING®
A MEMBER OF TCM CORP. PLC.

AUDIT REPORT

Independent Auditor's Report

To the Board of Directors and the Shareholders of TCM Corporation Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of TCM Corporation Public Company Limited and its subsidiaries, and of TCM Corporation Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the TCM Corporation Public Company Limited and its subsidiaries, and of TCM Corporation Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Emphasis of Mater

I draw attention to the Note to financial statements No.33 in respect of the prior period adjustments of the financial statements as follows:

1) The Company has purchased the shares of Tai Ping Carpets International Limited ("Tai Ping") on September 29, 2017 and in the year 2018, the Company has carried out the fair value measurement of the identifiable net assets acquired at the date of the business acquisition. Therefore, the Company has restated the consolidated financial statements for the year ended December 31, 2017 by the fair value of the identifiable net assets including goodwill at the date of business acquisition from the previous record.

2) During the 1st quarter of 2018, the Company found that the consolidated financial statements for the year ended December 31, 2017 did not include deferred tax asset related to tax losses of an overseas subsidiary. Therefore, the Company restated the consolidated financial statements for the year ended December 31, 2017 to recognize deferred tax asset and income tax income in the amount of Baht 22.74 million.

The consolidated statement of financial position as at December 31, 2017 and consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2017, which have been presented herewith for comparative purposes, have been restated for the effects of these adjustments. My conclusion is not modified with respect of the above matters.

Key Audit Matters

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

Acquisition of business

Risk

As described in Note to financial statements No. 10.3, on September 29, 2017, the Group invested in all Commercial Carpet Business of Tai Ping Carpet International Limited by acquiring the shares from the existing shareholders of Tai Ping Carpet International Limited group. In the year 2018, the Group has carried out the fair value measurement of the identifiable assets acquired and liabilities assumed from the business acquisition by an independent valuer and restate the book value of net identifiable assets acquired and liabilities assumed at the date of business acquisition in the financial statements from the previous record. The initial record of business acquisition and determination of the useful lives of acquired intangible assets required the significant judgment of the management.

Auditor's Response

My audit procedures included the following:

- 1) Read the sale and purchase agreement and analysis memorandum of business acquisition prepared by the Group to understand its key terms and conditions;
- 2) Evaluated the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred;
- 3) Used the work of independent valuation specialist and review their independency and competency;
- 4) Evaluated the assumptions and methodologies underpinning the valuations of the identification of assets acquired and liabilities assumed and evaluate the financial parameters applied for the discount rate and other parameters as well as testing the calculation rationale.

Impairment of goodwill and customer relationships

Risk

As described in Notes to the financial statements No. 10.5 and 12, with respect to goodwill and customer relationships as at December 31, 2018, amounting to Baht 2,214 million and Baht 438.71 million, respectively. These items arise from the business acquisition of group companies in many countries. Impairment of goodwill and customer relationships is a significant accounting estimate required a significant judgment and assumptions of the management, therefore, I consider this matter as a key audit mater.

Auditor's Response

My audit procedures included the following:

- 1) Evaluated the discounted cash flow method (DCF) provided by the Group and the Group's assumptions applied in the value-in-use method against relevant documents as well as externally derived data;
- 2) Analyzed historical information to support the precision in the Group's forecasting process;
- 3) Tested the principles and mathematical accuracy of the DCF and performed sensitivity analysis around the key assumptions.
- 4) Assessed the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standards.

Other Matter

The consolidated (before restated) of TCM Corporation Public Company Limited and its subsidiaries and separate statements of financial position of TCM Corporation Public Company Limited, for the year ended December 31, 2017, which have been presented herewith for comparative information were audited by another auditor, whose report dated February 28, 2018, expressed an unqualified opinion with the Emphasis of Matter related to the restatement of the financial statements regarding the book value of identifiable net assets acquired and liabilities assumed of DM Midlands at the date of business acquisition.

Other Information

Management is responsible for the other information. The other information comprises the information include in Annual Report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report for the year 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 consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, 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 TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on 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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

Atipong Atipongsakul

Certified Public Accountant Registration Number 3500

ANS Audit Company Limited

Bangkok, February 28, 2019



FINANCIAL STATEMENT

FINANCIAL STATEMENT

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
			(Restated)		
Assets					
Current assets					
Cash and cash equivalents	5	529,208,233.68	469,532,838.76	76,313,633.55	58,443,305.41
Temporary investments	6	54,640,827.05	127,261,439.54	-	-
Trade and other current receivables - net	4, 7	1,477,339,090.91	1,643,533,277.44	285,791,100.43	295,407,842.38
Short-term loans to subsidiaries - net	4	-	-	406,118.00	2,550,000.00
Current portion of long-term loans to subsidiary	4	-	-	60,105,464.00	45,260,592.00
Inventories - net	8	1,054,878,493.46	981,734,874.67	125,005,409.16	116,986,120.73
Current tax assets		3,923,650.66	3,855,772.00	3,160,972.01	3,842,793.44
Other current assets		5,423,564.86	5,619,488.94	-	-
Total current assets		3,125,413,860.62	3,231,537,691.35	550,782,697.15	522,490,653.96
Non-current assets					
Pledged deposits with financial institution	9	1,640,000.00	1,640,000.00	-	-
Investment in subsidiaries - net	10	-	-	3,917,362,420.07	3,690,971,820.07
Other long-term investment		2,696,234.19	2,887,933.66	-	-
Long-term loans to subsidiary	4	-	-	212,399,714.00	292,235,457.00
Advance payment for investment in subsidiary	4	-	-	-	-
Investment properties - net		5,905,596.79	6,325,478.63	-	-
Property, plant and equipment - net	11	3,367,886,151.32	2,700,412,947.03	1,270,556,749.81	583,485,927.20
Goodwill	10.5	2,213,950,572.69	2,300,712,584.45	-	-
Intangible assets - net	12	659,268,663.48	742,922,240.46	29,238,432.96	1,141,060.06
Deferred tax assets - net	13	47,229,314.18	1,010,726.55	-	-
Other non-current assets	14	31,706,020.82	28,386,591.14	8,131,734.00	9,941,907.10
Total non-current assets		6,330,282,553.47	5,784,298,501.92	5,437,689,050.84	4,577,776,171.43
Total assets		9,455,696,414.09	9,015,836,193.27	5,988,471,747.99	5,100,266,825.39

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Bank overdrafts and short-term loans from financial institutions		71,571,754.60	2,589,669,659.92	500,000.00	2,558,417,061.93
Trade and other current payables	4, 16	1,465,005,308.44	1,520,076,498.37	153,131,785.54	153,341,782.72
Current portion of long-term loans from financial institutions	17	358,755,444.09	263,451,100.55	189,295,610.76	99,894,953.95
Current portion of long-term liabilities under finance leases	18	13,423,514.83	9,452,967.94	986,867.88	987,721.92
Short-term loans from related parties	4	1,500,000.00	2,450,000.00	-	-
Current income tax payable		141,970,079.83	70,903,379.50	-	-
Total current liabilities		2,052,226,101.79	4,456,003,606.28	343,914,264.18	2,812,641,520.52
Non-current liabilities					
Long-term loans from financial institutions - net	17	3,314,917,162.00	1,268,777,564.39	2,440,253,636.41	235,398,013.34
Long-term loans from related persons	4	25,420,287.30	32,198,117.86	-	-
Long-term liabilities under finance leases - net	18	8,708,146.89	9,350,920.46	1,327,306.65	1,694,622.35
Deferred tax liabilities - net	13, 33	447,307,529.48	346,241,604.83	162,151,050.49	44,908,218.63
Non-current provisions for employee benefit	19	183,766,779.14	205,205,085.89	19,059,700.00	50,536,376.00
Other non-current liabilities		1,419,741.51	-	1,419,741.51	-
Total non-current liabilities		3,981,539,646.32	1,861,773,293.43	2,624,211,435.06	332,537,230.32
Total liabilities		6,033,765,748.11	6,317,776,899.71	2,968,125,699.24	3,145,178,750.84
Shareholders' equity					
Share capital	20				
Authorized share capital					
1,017,585,300 ordinary shares, Baht 1.10 par value		1,119,343,830.00	1,119,343,830.00	1,119,343,830.00	1,119,343,830.00
Issued and paid-up share capital					
763,188,975 ordinary shares, Baht 1.10 par value		839,507,872.50	839,507,872.50	839,507,872.50	839,507,872.50
Premium on share capital		633,252,886.50	633,252,886.50	633,252,886.50	633,252,886.50
Retained earnings					
Appropriated to legal reserve	22	45,607,816.41	16,778,369.22	45,607,816.41	16,778,369.22
Unappropriated	33	818,937,042.63	618,682,556.21	626,571,350.94	151,874,823.93
Other component of shareholders' equity	32, 33	694,910,864.41	201,259,518.63	875,406,122.40	313,674,122.40
Total shareholders' equity of the Company		3,032,216,482.45	2,309,481,203.06	3,020,346,048.75	1,955,088,074.55
Non-controlling interests	32, 33	389,714,183.53	388,578,090.50	-	-
Total shareholders' equity		3,421,930,665.98	2,698,059,293.56	3,020,346,048.75	1,955,088,074.55
Total liabilities and shareholders' equity		9,455,696,414.09	9,015,836,193.27	5,988,471,747.99	5,100,266,825.39

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INVOICE

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	26		(Restated)		
Revenues					
Revenue from sales		9,509,942,428.31	7,604,315,125.10	798,580,721.45	524,643,337.36
Revenue from rendering of services		36,617,289.74	28,819,064.56	2,803,356.80	46,495,029.19
Dividend income	4, 10	-	-	604,909,197.50	73,690,360.50
Other income		38,002,463.84	78,773,463.64	14,451,267.41	18,892,274.17
Total revenues		9,584,562,181.89	7,711,907,653.30	1,420,744,543.16	663,721,001.22
Expenses					
Cost of sales		(6,656,774,813.24)	(5,616,952,233.77)	(587,069,301.46)	(421,794,610.39)
Cost of rendering of services		(30,321,779.68)	(25,347,205.05)	(2,773,367.70)	(25,249,974.76)
Selling expenses		(1,128,292,969.77)	(775,363,235.52)	(70,432,688.43)	(63,320,966.75)
Administrative expenses		(1,122,904,965.62)	(778,314,694.56)	(79,328,709.80)	(70,970,675.59)
Gain (loss) on exchange rate - net		11,557,311.18	(1,971,724.24)	(20,509,606.28)	(1,102,154.47)
Finance costs		(184,140,122.69)	(110,164,722.80)	(135,591,486.43)	(58,506,772.36)
Total expenses		(9,110,877,339.82)	(7,308,113,815.94)	(895,705,160.10)	(640,945,154.32)
Profit before income tax		473,684,842.07	403,793,837.36	525,039,383.06	22,775,846.90
Tax (expenses) income	27	(64,805,202.59)	(56,588,851.98)	20,354,964.54	8,418,749.30
Profit for the year		408,879,639.48	347,204,985.38	545,394,347.60	31,194,596.20
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements					
of foreign operation	33	(75,690,453.26)	(3,685,382.52)	-	-
<i>Items that will not reclassified subsequently to profit or loss</i>					
Actuarial gain (loss) arising from post employee benefit					
- net from income tax		(11,340,814.40)	571,197.60	(11,340,814.40)	-
Capital surplus from land revaluation net of income tax		561,732,000.00	-	561,732,000.00	-
Other comprehensive income for the year					
- net from income tax		474,700,732.34	(3,114,184.92)	550,391,185.60	-
Total comprehensive income for the year		883,580,371.82	344,090,800.46	1,095,785,533.20	31,194,596.20

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

Profit attributable to:

Equity holders of the Company	270,962,845.01	218,889,465.94	545,394,347.60	31,194,596.20
Non-controlling interests	137,916,794.47	128,315,519.44	-	-
	<u>408,879,639.48</u>	<u>347,204,985.38</u>	<u>545,394,347.60</u>	<u>31,194,596.20</u>

Total comprehensive income attributable to:

Equity holders of the Company	753,273,376.39	214,303,336.47	1,095,785,533.20	31,194,596.20
Non-controlling interests	130,306,995.43	129,787,463.99	-	-
	<u>883,580,371.82</u>	<u>344,090,800.46</u>	<u>1,095,785,533.20</u>	<u>31,194,596.20</u>

Earnings per share

Basic earnings per share (Baht)	0.36	0.42	0.71	0.06
Weighted average number of ordinary shares (shares)	<u>763,188,975</u>	<u>527,217,487</u>	<u>763,188,975</u>	<u>527,217,487</u>

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

		Consolidated financial statements										
		Equity attributable to shareholders' equity of the Company										
		Other component of shareholders' equity										
		Retained earnings					Other comprehensive income					Total other component of shareholders' equity
Notes	share capital	share capital	legal reserve	Unappropriated financial statements	Actuarial gains - net	from land revaluation	net of income tax	shareholders' equity	Total	Non-controlling interests	Shareholders' Equity	
	839,507,872.50	633,252,886.50	16,778,369.22	604,617,329.97	(125,136,681.86)	-	313,674,122.40	188,537,440.54	2,282,693,898.73	363,598,276.87	2,646,292,175.60	
32, 33	-	-	-	14,065,226.24	12,722,078.09	-	-	12,722,078.09	26,787,304.33	24,979,813.63	51,767,117.96	
	839,507,872.50	633,252,886.50	16,778,369.22	618,682,556.21	(112,414,603.77)	-	313,674,122.40	201,259,518.63	2,309,481,203.06	388,578,090.50	2,698,059,293.56	
Changes in equity for the year												
Legal reserved	22	-	28,829,447.19	(28,829,447.19)	-	-	-	-	-	-	-	
Dividend paid	10, 23	-	-	(30,538,097.00)	-	-	-	-	(30,538,097.00)	(129,170,902.40)	(159,708,999.40)	
Total comprehensive income for the year		-	-	270,962,845.01	(68,080,654.22)	(11,340,814.40)	561,732,000.00	482,310,531.38	753,273,376.39	130,306,995.43	883,580,371.82	
Transfer to retained earnings		-	-	(11,340,814.40)	-	11,340,814.40	-	11,340,814.40	-	-	-	
	839,507,872.50	633,252,886.50	45,607,816.41	818,937,042.63	(180,495,257.99)	-	875,406,122.40	694,910,864.41	3,032,216,482.45	389,714,183.53	3,421,930,665.98	
	559,671,915.00	149,899,869.00	16,778,369.22	460,553,321.49	(107,537,163.52)	-	313,674,122.40	206,136,958.88	1,393,040,433.59	343,648,523.83	1,736,688,957.42	
Non - controlling interest on purchase business (restated) 33												
Changes in equity for the year		-	-	-	-	-	-	-	-	16,069,557.43	16,069,557.43	
Increase share capital	20	279,835,957.50	483,353,017.50	-	-	-	-	-	763,188,975.00	-	763,188,975.00	
Dividend paid	10, 23	-	-	(61,051,542.00)	-	-	-	-	(61,051,542.00)	(100,927,454.75)	(161,978,996.75)	
Total comprehensive income for the year (restated) 33		-	-	218,889,465.94	(4,877,440.25)	291,310.78	-	(4,586,129.47)	214,303,336.47	129,787,463.99	344,090,800.46	
Transfer to retained earnings		-	-	291,310.78	(291,310.78)	-	-	(291,310.78)	-	-	-	
	839,507,872.50	633,252,886.50	16,778,369.22	618,682,556.21	(112,414,603.77)	-	313,674,122.40	201,259,518.63	2,309,481,203.06	388,578,090.50	2,698,059,293.56	

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Notes	Separate financial statements									
		Retained earnings					Other component of shareholders' equity				
		Issued and paid-up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Actuarial gains - net	Capital surplus from land revaluation	Other component of shareholders' equity	Total	Other component of shareholders' equity	Total
Balance as at January 1, 2018		839,507,872.50	633,252,886.50	16,778,369.22	151,874,823.93	-	313,674,122.40	313,674,122.40			1,955,088,074.55
Changes in equity for the year											
Legal reserved	22	-	-	28,829,447.19	(28,829,447.19)	-	-	-	-	-	-
Dividend paid	23	-	-	-	(30,527,559.00)	-	-	-	-	-	(30,527,559.00)
Total comprehensive income for the year		-	-	-	545,394,347.60	(11,340,814.40)	561,732,000.00	550,391,185.60			1,095,785,533.20
Transfer to retained earnings					(11,340,814.40)	11,340,814.40	-	11,340,814.40			-
Balance as at December 31, 2018		839,507,872.50	633,252,886.50	45,607,816.41	626,571,350.94	-	875,406,122.40	875,406,122.40			3,020,346,048.75
Balance as at January 1, 2017		559,671,915.00	149,899,869.00	16,778,369.22	181,731,769.73	-	313,674,122.40	313,674,122.40			1,221,756,045.35
Changes in equity for the year											
Increase share capital	20	279,835,957.50	483,353,017.50	-	-	-	-	-	-	-	763,188,975.00
Dividend paid	23	-	-	-	(61,051,542.00)	-	-	-	-	-	(61,051,542.00)
Total comprehensive income for the year		-	-	-	31,194,596.20	-	-	-	-	-	31,194,596.20
Balance as at December 31, 2017		839,507,872.50	633,252,886.50	16,778,369.22	151,874,823.93	-	313,674,122.40	313,674,122.40			1,955,088,074.55

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2561	2560	2561	2560
		(Restated)		
Cash flows from operating activities:				
Profit before tax expenses	473,684,842.07	403,793,837.36	525,039,383.06	22,775,846.90
Adjustment to reconcile profit to net cash by (used in) operating activities				
Other income - write off other payable	-	(42,158,534.00)	-	-
Allowance for doubtful accounts (reversal) - net	8,100,892.34	2,289,370.96	4,416,231.00	(550,008.72)
Allowance for decline in value of obsolete inventories (reversal) - net	1,510,969.10	(20,798,115.32)	10,945,061.38	240,238.21
Allowance for impairment of investments in subsidiaries	-	-	3,100,000.00	2,000,000.00
Allowance for impairment of long-term loans to subsidiary	-	-	2,550,000.00	-
Allowance for impairment of fixed assets	6,214,871.42	(137,895.65)	-	-
Provision from claim on defected goods	859,552.00	8,707,647.29	-	8,707,647.29
Provision from liabilities	-	582,777.55	-	-
Depreciation of fixed assets	201,650,907.08	143,770,939.93	22,518,503.30	25,536,022.96
Amortization of intangible assets	83,986,976.34	70,137,336.79	569,387.90	541,787.72
Write off prepaid corporate income tax	-	30,214.04	-	-
(Gain) loss on disposal of fixed assets	(2,223,727.11)	(2,017,742.91)	(82,728.56)	66,254.85
Loss on disposal of intangible assets	87,858.52	-	-	-
Realized loss on exchange rate	-	-	22,808,262.00	583,783.75
Unrealized loss on exchange rate	2,979,962.73	6,204,614.44	1,553,904.20	4,805,414.13
Dividend income	-	-	(604,909,197.50)	(73,690,360.50)
Interest income	(2,045,250.20)	(564,261.96)	(6,711,030.75)	(7,477,001.83)
Employee benefits expenses	32,516,511.84	15,569,345.16	6,768,497.00	6,670,392.00
Gain on settlement of employee benefits	(11,806,539.00)	-	(11,806,539.00)	-
Finance cost	184,140,122.69	110,164,722.80	135,591,486.43	58,506,772.36
Profit from operations before changes in operating assets and liabilities	979,657,949.82	695,574,256.48	112,351,220.46	48,716,789.12

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Operating assets (increase) decrease				
Trade and other current receivables	229,443,235.50	(39,974,309.27)	7,876,893.81	(63,449,045.21)
Inventories	(74,437,774.66)	148,729,768.82	(18,964,349.81)	1,951,894.05
Other current assets	195,924.08	7,222,152.49	-	6,627,305.33
Other non-current assets	(3,319,429.68)	(19,623,011.43)	1,810,173.10	(9,034,080.00)
Operating liabilities increase (decrease)				
Trade and other current payables	(90,988,429.60)	(193,479,107.67)	(27,592,198.94)	32,359,818.63
Cash received from operating activities	1,040,551,475.46	598,449,749.42	75,481,738.62	17,172,681.92
Cash payment for employee benefits	(32,998,735.39)	(7,007,172.61)	(21,056,842.05)	(2,528,742.75)
Cash payment for corporate income tax	(150,355,338.97)	(106,601,181.14)	(3,160,972.01)	(3,857,951.22)
Net cash from operating activities	857,197,401.10	484,841,395.67	51,263,924.56	10,785,987.95
Cash flows from investing activities:				
Decrease pledged deposits with financial institution	-	613,525.79	-	613,525.79
Decrease in temporary investments	72,620,612.49	10,476,163.15	-	-
Cash receipt from short-term loans to subsidiary	-	-	34,300,260.00	-
Cash receipt from long-term loans to subsidiary	-	-	44,838,431.00	26,363,499.25
Cash payment for short-term loans to subsidiary	-	-	(37,362,200.00)	-
Cash payment for business acquisition	-	(3,091,556,699.13)	-	(3,153,281,970.07)
Cash payment for investment in subsidiary	-	-	(229,490,600.00)	-
Cash payment for purchase of fixed assets	(184,084,121.67)	(73,738,871.36)	(7,424,798.72)	(3,582,852.74)
Cash receipt from sales of fixed assets	9,336,602.58	4,994,604.21	3,671,051.84	565,364.49
Cash payment for purchase of intangible assets	(30,962,539.68)	(205,720.00)	(19,917,090.56)	-
Dividend received	-	-	604,909,197.50	73,690,360.50
Interest received	2,045,250.20	518,886.55	6,879,149.96	7,465,031.72
Net cash from (used in) investing activities	(131,044,196.08)	(3,148,898,110.79)	400,403,401.02	(3,048,167,041.06)

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	(118,097,905.32)	2,469,337,484.48	(157,917,061.93)	2,498,417,061.93
Cash payment for short-term loans from related person	(950,000.00)	-	-	-
Cash payment for long-term loans from related person	(4,874,560.10)	(2,688,357.30)	-	-
Cash payment for long-term loans from financial institutions	(263,923,260.00)	(187,953,970.00)	(100,000,000.00)	(65,000,000.00)
Cash receipt for long-term loans from financial institutions	79,590,679.49	-	-	-
Cash payment for long-term liabilities under finance leases	(14,249,471.16)	(12,851,964.87)	(4,000,126.11)	(3,043,884.53)
Cash payment for loan front end fee	(6,000,000.00)	-	(6,000,000.00)	-
Cash receipt from increase in share capital	-	763,188,975.00	-	763,188,975.00
Dividend paid	(159,694,178.51)	(161,809,988.51)	(30,512,738.11)	(61,051,542.00)
Cash payment for finance costs	(175,429,337.40)	(106,358,676.79)	(135,367,071.29)	(57,519,705.83)
Net cash (used in) financing activities	(663,628,033.00)	2,760,863,502.01	(433,796,997.44)	3,074,990,904.57
Net increase in cash and cash equivalents	62,525,172.02	96,806,786.89	17,870,328.14	37,609,851.46
Exchange differences on translating financial statements				
of foreign operation	(2,849,777.10)	887,929.16	-	-
Cash and cash equivalents at beginning of the year	469,532,838.76	371,838,122.71	58,443,305.41	20,833,453.95
Cash and cash equivalents at end of the year	529,208,233.68	469,532,838.76	76,313,633.55	58,443,305.41

Supplemental cash flow information

Non-cash transactions

Acquisition of fixed assets by and intangible assets mean of:

liabilities under finance leases	17,339,985.99	778,504.67	3,587,850.47	-
trade and other current payables	8,202,599.24	-	8,749,670.24	-
Fixed assets increased price	702,165,000.00	-	702,165,000.00	-
Accrued employee benefits expenses	23,286,499.95	-	19,557,809.95	-

The Company and its two local subsidiaries, Royal Thai International Co., Ltd. and United Carpet Manufacturing Co., Ltd. including a group of the overseas subsidiaries, TCMC HK (2017) Limited Group and a group of the local subsidiaries, Vechachai Co., Ltd. Group (Commercial Carpet Business) manufacture, distribute and/or sell various types of rugs and install carpet for flooring, including the Axminster Carpet, and hand carpet to decorate hotels, theaters, airports, palaces, and homes, and sell flooring products.

A local subsidiary, T.C.H. Suminoe Co., Ltd. manufactures and distributes carpets for the internal flooring of vehicles and upholstery fabrics for vehicles, manufactures fabrics and carpets for furniture industry, and provides interior decoration for buildings.

Two groups of the overseas subsidiaries, TCMC Furniture Limited Group and Manor (2016) Holdings Limited Group manufacture and distribute sofa chairs.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11 , 2016, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

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

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of preparation of consolidation financial statements

a. The consolidated financial statements have included the financial statements of TCM Corporation Public Company Limited and its subsidiaries (together referred to as “the Group”) as follows;

Company name	Type of business	Percentage of holding % of share capital		Head office location
		2018	2017	
- Direct subsidiaries held by the Company				
United Carpet Manufacturing Co., Ltd.	Manufacturer and distributor of carpet	51.00	51.00	Thailand
Royal Thai international Co., Ltd.	Flooring distributors	99.99	99.99	Thailand
T.C.H. Suminoe Co., Ltd	Manufacturer and distributor of carpet	49.90	49.90	Thailand
TCMC Furniture Limited	Holding company in sofa business	76.00	76.00	England
Manor (2016) Holdings Limited	Holding company in sofa business	100.00	100.00	England
TCMC HK (2017) Limited	Holding company in carpet business	100.00	100.00	Hong Kong
Vechachai Company Limited	Holding company in carpet business	100.00	100.00	Thailand
- Indirect subsidiaries held by TCMC Furniture Limited				
Alstons (Upholstery) Limited	Manufacturer and distributor of sofa chair	76.00	76.00	England
Alstons (Carbinets) Limited	Manufacturer of wooden frame for sofa chair	76.00	76.00	England
- Indirect subsidiaries held by Manor (2016) Holdings Limited				
DM Midlands Holding Limited	Holding company in sofa business	75.00	75.00	England
DM Midlands Limited	Holding company in sofa business	75.00	75.00	England
Ashley Manor Upholstery Limited	Manufacturing and distributor sofa chairs	75.00	75.00	England
AMX Design Limited	Sofa chairs distributors	75.00	75.00	England
Alexander and James Limited	Sofa chairs distributors	75.00	75.00	England
James Alexander Co., Ltd.	Research and product development center for Alexander and James Limited and distributor sofa	75.00	75.00	Thailand
- Indirect subsidiaries held by TCMC (HK) (2017)				
Costigan Limited	Holding company in carpet business	100.00	100.00	British Virgin Islands
Anderry Limited	Holding company in carpet business	100.00	100.00	British Virgin Islands
Onsen Limited	Holding company in carpet business	100.00	100.00	British Virgin Islands
Royal Thai HK (2017) Limited	Carpet distributors	100.00	100.00	Hong Kong
Royal Thai America (2017) Inc.	Carpet distributors	100.00	100.00	USA
Royal Thai Singapore (2017) Pte. Ltd.	Carpet distributors	100.00	100.00	Singapore
Royal Thai Macau (2017) Limited	Carpet distributors	100.00	100.00	Macau
Royal Thai India (2017) Limited	Carpet distributors	100.00	100.00	India
RT UK (2017) Limited	Carpet distributors	100.00	100.00	England
Royal Thai China Trading Limited	Carpet distributors	100.00	100.00	China
- Indirect subsidiaries held by Vechachai Co., Ltd.				
Carpets International Thailand Plc.	Manufacturing and selling of carpet	99.30	99.30	Thailand

b. The Company is deemed to have control over an investee or subsidiary if it has rights to, or is exposed to, variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c. Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.

d. The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e. Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f. Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

New financial reporting standards

a. Financial reporting standards that became effective in the current year

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

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

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

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. Except, the new standard involves changes to key principles, as summarized below.

IFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Recognition of revenue from certain service contracts (OEM) - the subsidiaries recognize such revenue when they transfer control of the promised goods – carpet and upholstery fabrics for vehicles for the customer orders on all finished products since the subsidiaries' performance does not create an asset with an alternative use for them and the subsidiaries have an enforceable right to payment for such finished products.

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

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TFRS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRS 16 Hedges of a Net Investment in a Foreign Operation

TFRS 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenses recognition

Sales of goods

Sales and cost of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Revenues from rendering services

The Company recognizes the revenues from rendering services of carpet and flooring installation on the basis of percentage of completion.

Dividend

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

Interest income and other income

Interest income and other income are recognized on an accrual basis.

Expenses

Expense is recognized in profit or loss on accrual basis.

Cash and cash equivalents

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

Investment

Available-for-sale investment

Investment is classified as available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. The management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are included in current assets because management has expressed the intention of holding the investments for less than 12 months from the date on the statement of financial position to raise operating capital.

Purchases and sales of investments are recognized on the trade date, which is the date that the company commits to purchase or sell the investments. Cost of investment included transaction costs. available-for-sale investments are subsequently carried at fair value.

The fair values of investments are based on Net Assets Value (NAV) announced by Asset Management Company. Unrealized gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognized in other comprehensive income when investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment in securities.

Investment in subsidiaries in separate financial statement

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investment in subsidiaries accounted for in the separate financial statements is stated at cost net of allowance for loss on impairment (if any).

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

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of profit or loss.

If the Group and the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Trade, other current receivables, and allowance for doubtful accounts

Trade and other current receivables are stated at the net realisable value. The Group has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

Inventories

Inventories are presented at the lower of cost or net realizable value, cost being determined as follow:

Finished goods manufactured by other parties	FIFO / specific
Finished goods manufactured by the company	Average cost / standard cost, which approximate actual cost
Work in process	Average cost / standard cost, which approximate actual cost
Raw material	Average cost / FIFO

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

Allowance for decline in value obsolete inventories is recorded by considering obsolete inventories and slow-moving inventories.

Investment property

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

When the use of a property change such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property, plant and equipment and depreciation

Land is stated at cost and adjusted by appraisal values of assets.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

The revaluation of land will be recorded at fair value, valued by an independent expert. The Company and subsidiaries will provide an independent expert to revalue such assets every 5years. However, in case there is any factor which materially effects to the asset value, the Company and subsidiaries will provide an independent expert to revalue such assets in the occurring year.

Any increase in value, on revaluation, is recognised in other comprehensive income under the presented in “revaluation surplus” in equity unless it offsets a previous decrease in value recognised loss in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal of assets.

Depreciation of building and equipment is calculated based on the straight-line method over the estimated useful life of the assets as follows:

	<u>Useful life (years)</u>
Land improvements	5 - 10
Leasehold improvements	10 - 20
Building	5 - 50
Machinery and equipment	3 - 40
Furniture, fixture and office equipment	3 - 10
Vehicle	3 - 10

The Group has reviewed and adjusted residual value and expected useful lives of the asset, if appropriate, at the end of each reporting period.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining operating result and no depreciation is provided on construction in progress.

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

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

Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

Goodwill

Goodwill represents the excess of the cost of investment over the fair value of investment, which the Company shares in the net identifiable assets of the subsidiary at the date of acquisition. Goodwill on acquisition of a subsidiary is presented as a separate line in the consolidated financial statements.

The goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment of goodwill is determined by calculating the realizable value based on the value-in-use calculation. Such calculation requires the use of estimates made by management. The allowance for impairment loss on goodwill is not reversed.

As for the cost of acquiring an investment that is lower than the fair value of the share of net assets of the subsidiary, the difference is negative goodwill and will be recognized immediately in the statement of profit or loss.

Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

The Group records the initial costs of intangible assets from business combination at fair value of the assets at the date of acquisition. Intangible assets from other sources are initially recognized at their costs.

Intangible assets with finite lives are amortized based on the straight-line method over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charge to the statement of profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful life (years)</u>
Software license	5 - 10
Software for digitalization and archives of carpet	10
Customer relationships	7 - 12
Trade name	10 - 15
Design	5

Impairment of assets

At each reporting date, the Group performs impairment reviews in respect of the property, plant and equipment 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 which reflects the amount that the Company could obtain from the disposal of the asset after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits – defined contribution plan

The Group has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Group. Contributions to the provident fund are charged to profit or loss in the period to which they relate.

Post-employment benefits – defined benefit plan

The employee benefits liability in relation to the severance payment under the labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in other comprehensive income in the period in which they arise.

Provisions

Provisions are recognised when the Group have 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.

Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Group and the Company, whether directly or indirectly, or which are under common control with the Group and the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Group and the Company that gives them significant influence over the Group and the Company, key management personnel, directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Lease agreements

Finance Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to profit or loss over the lease period. The leased asset is depreciated over the useful life.

Operating Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the profit or loss on a straight-line method over the period of the lease agreements.

Foreign currencies*Functional and presentation currency*

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currencies of the Group are Thai Baht and of TCMC Furniture Limited and Manor (2016) Holdings Limited are Pound and TCMC HK (2017) Limited are US Dollars.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency using the following exchange rate:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the periods which are approximate the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognized in the other comprehensive income (loss) and presented in the translating financial statement as a separate component of shareholders' equity until the disposal of the foreign operation.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

Fair value measurement

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

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

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

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

Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Impairment of investment in subsidiary

Management reviews the impairment of investments in subsidiary companies by considering the operating result and the future business plan of the subsidiary companies. Such consideration is based on Management's judgment.

Property plant and equipment and intangible assets/Depreciation

In determining depreciation of plant and equipment and intangible assets, the management is required to make estimates of the useful lives and salvage values of the Company's building and equipment and intangible assets to review estimate useful lives and salvage values when there are any changes.

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

Goodwill and intangible asset acquired in a business combination

In recording the initial recognition and measurement of goodwill and intangible asset acquired in a business combination as at the acquired date and subsequent impairment testing, the management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences 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.

Retirement employee benefits

The Group has commitments on retirement benefits to employees under the Thai Labor Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Group determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the current yields on long-term government bonds.

Leases

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

4. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

4.1 The nature of the relationship with related parties can be summarized as follows:

Name of related parties	Type of business	Nature of relationship
<u>Direct subsidiaries</u>		
United Carpet Manufacturing Co. ,Ltd.	Manufacturing and selling of carpet	Subsidiaries
Royal Thai International Co., Ltd.	Flooring distributors	Subsidiaries
T.C.H. Suminoe Co., Ltd.	Manufacturing and selling of automotive textile	Subsidiaries
TCMC Furniture Limited	Holding company in sofa business	Subsidiaries
Manor (2016) Holdings Limited	Holding company in sofa business	Subsidiaries
TCMC HK (2017) Limited	Holding company in carpet business	Subsidiaries
Vechachai Co.,Ltd.	Holding company in carpet business	Subsidiaries
<u>Indirect subsidiaries</u>		
Alstons (Upholstery) Limited	Manufacturing and distributing of sofa chair	A subsidiary of TCMC Furniture Limited
Alstons (Cabinets) Limited	Manufacturing of wooden frame for sofa chair	A subsidiary of TCMC Furniture Limited
DM Midlands Holdings Limited	Holding company in sofa business	A subsidiary of Manor (2016) Holdings Limited
Ashley Manor Upholstery Limited	Manufacturing of wooden frame for sofa chair	A subsidiary of DM Midlands Holdings Limited
AMX Design Limited	Sofa chair distributors	A subsidiary of DM Midlands Holdings Limited
Alexander and James Limited	Sofa chair distributors	A subsidiary of DM Midlands Holdings Limited
James Alexander Co., Ltd.	Research and product development center and sofa chair distributors	A subsidiary of DM Midlands Holdings Limited
Costigan Limited	Holding company in carpet business	A subsidiary of TCMC HK(2017) Limited
Anderry Limited	Holding company in carpet business	A subsidiary of Costigan Limited
Onsen Limited	Holding company in carpet business	A subsidiary of Anderry Limited
Royal Thai HK (2017) Limited	Carpet distributors	A subsidiary of Costigan Limited
Royal Thai America (2017) Inc.	Carpet distributors	A subsidiary of Costigan Limited
Royal Thai Singapore (2017) Pte. Ltd.	Carpet distributors	A subsidiary of Costigan Limited
Royal Thai Macau (2017) Limited	Carpet distributors	A subsidiary of Costigan Limited
Royal Thai India (2017) Limited	Carpet distributors	A subsidiary of Onsen Limited
RT UK (2017) Limited	Carpet distributors	A subsidiary of TCMC HK(2017) Limited
Royal Thai China Trading Limited	Carpet distributors	A subsidiary of TCMC HK(2017) Limited
Carpet International Thailand Plc.	Manufacturing and selling of carpet	A subsidiary of Vechachai Co., Ltd.

<u>Name of related parties</u>	<u>Type of business</u>	<u>Nature of relationship</u>
<u>Related companies</u>		
President Hotel and Tower Co., Ltd.	Hotel	The Company's Shareholder and Co-director
Philippines Carpet Manufacturing Corp.	Manufacturing and selling of yarn	The Company's Shareholder
Decorative Carpet, Inc. (USA)	Interior	Co-shareholder with the subsidiary (Until June 30, 2017)
Erawan Holding L.L.C. (USA)	Interior	Shareholder in the subsidiary
Suminoe Textile Co., Ltd. (Japan)	Manufacturing and selling of automotive textile and interior material for train, bus, ship, and aircraft	Shareholder in the subsidiary
Thai Lee Hong Trading Co., Ltd. (China)	Trading	Director (advisor) of subsidiary
Suminoe Textile Shanghai Co., Ltd. (China)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
SPM Automotive Textile Co., Ltd. (China)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Suminoe Textile of America Corp. (USA)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
P.T. Suminoe Surya Techno (Indonesia)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Suminoe Teijin Techno Krishna India., Ltd. (Indonesia)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Srivikorn Group Holding Co., Ltd.	Holding company	The same director
<u>Related persons</u>		
Key management personnel		Persons having authority and responsibility for management
Shareholder		Shareholder of the Company

4.2 The Group implements the following pricing policies for its related party transactions:

<u>Transactions</u>	<u>Pricing policies</u>
Revenue from sales of goods	General trade practices and approximate to market price
Revenue from rendering of services	Agreed rates and approximate to market price
Dividend income	As declared
Cost of purchase goods	General trade practices and approximate to market price
Cost of rendering of services	Agreed rates and approximate to market price
Marketing expense	Agreed rates
Technical assistance fee	Agreed rates
Commission	Agreed rates
Interest expenses	Market interest rates
Compensation to director	As approved by director and/or shareholders

4.2.1 Revenue and expense transactions with related parties for the year ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenue from sales of goods				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	964,988.88	1,598,588.19
Royal Thai International Co., Ltd.	-	-	138,550,255.45	273,289,966.84
Carpet International Thailand Plc.	-	-	47,094,791.79	-
James Alexander Co., Ltd.	-	-	34,511.20	-
Royal Thai HK (2017) Limited	-	-	45,267,819.93	690,648.81
Royal Thai Americas (2017) Inc.	-	-	276,458,135.51	12,852,842.49
Royal Thai Singapore (2017) Pte. Ltd.	-	-	16,725,136.08	2,533,922.29
Royal Thai Macau (2017) Limited	-	-	11,442,100.41	2,995,635.73
RT UK (2017) Limited	-	-	10,701,188.99	-
Royal Thai China Trading Limited	-	-	3,037,831.03	-
Total	-	-	550,276,759.27	293,961,604.35
Related parties				
President Hotel and Tower Co., Ltd.	12,884,668.74	9,755,436.50	170,393.00	-
Decorative Carpet Inc.	-	8,459,210.10	-	-
Suminoe Teijin Techno Krishna India Pvt., Ltd.	2,391,482.23	55,096.00	-	-
Suminoe Textile Co., Ltd.	119,985.43	163,002.00	-	-
Srivikorn Group Holding Co., Ltd.	11,214.87	-	11,214.87	-
Total	15,407,351.27	18,432,744.60	181,607.87	-
Total revenue from sales of goods	15,407,351.27	18,432,744.60	550,458,367.14	293,961,604.35
Revenue from rendering of services				
Subsidiary				
United Carpet Manufacturing Co., Ltd.	-	-	2,156,606.80	2,721,217.20
Carpet International Thailand Plc.	-	-	646,750.00	23,749,243.61
Total revenue from rendering of services	-	-	2,803,356.80	26,470,460.81
Dividend income				
Subsidiary				
T.C.H. Suminoe Co., Ltd	-	-	88,533,027.50	73,690,360.50
Vechachai Co., Ltd.	-	-	516,376,170.00	-
Total dividend income	-	-	604,909,197.50	73,690,360.50

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other income				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	29,325.41	29,325.00
Royal Thai International Co., Ltd.	-	-	3,919,274.11	5,122,207.00
Carpet International Thailand Plc.	-	-	3,173,217.00	4,315,407.69
TCMC Furniture Limited	-	-	6,216,283.42	7,049,843.69
Total	-	-	13,338,099.94	16,516,783.38
Related parties				
Decorative Carpet Inc.	-	1,007,391.03	-	-
Total	-	1,007,391.03	-	-
Total other income	-	1,007,391.03	618,247,297.44	90,207,143.88
Purchase of goods				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	1,506,360.70	3,820,147.96
James Alexander Co., Ltd.	-	-	302,956.00	189,210.00
Carpet International Thailand Plc.	-	-	46,617,564.65	14,695,897.00
Total	-	-	48,426,881.35	18,705,254.96
Related parties				
Thai Lee Hong Trading Co., Ltd.	-	900,850.00	-	-
Suminoe Textile Shanghai Co., Ltd.	166,788,484.09	187,421,182.00	-	-
SPM Automotive Textile Co., Ltd.	5,057,125.19	5,226,460.00	-	-
Suminoe Textile of America Corporation	-	192,061.00	-	-
PT. Suminoe Surya Techno	14,201,241.70	14,895,230.00	-	-
Suminoe Textile Co., Ltd.	241,813.02	84,966.00	-	-
Total	186,288,664.00	208,720,749.00	-	-
Total purchase of goods	186,288,664.00	208,720,749.00	48,426,881.35	18,705,254.96
Selling and administrative expenses				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	4,000.00	-
Total	-	-	4,000.00	-
Related parties				
Suminoe Textile Shanghai Co., Ltd.	255,379.94	-	-	-
SPM Automotive Textile Co., Ltd.	133,654.34	-	-	-
PT. Suminoe Surya Techno	135,279.41	-	-	-
Suminoe Textile Co., Ltd.	40,858,438.70	42,268,246.00	-	-
Total	41,382,752.39	42,268,246.00	-	-
Total selling and administrative expenses	41,382,752.39	42,268,246.00	4,000.00	-

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest expenses				
Related company and person				
Erawan Holding LLC.	7,698.56	10,925.05	-	-
Suminoe Textile Co., Ltd.	-	114,274.00	-	-
Srivikorn Group Holding Co., Ltd.	-	468,493.15	-	468,493.15
Other shareholders	17,297.34	17,250.06	-	-
Total interest expenses	24,995.90	610,942.26	-	468,493.15

4.2.2 Compensation for directors and key management personnel

Compensation for directors and key management personnel for the year ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term benefits	214,465,411.02	80,279,488.94	17,269,023.00	21,012,110.70
Post-employment benefits	3,800,902.27	1,575,566.75	1,295,469.00	1,000,600.00
Total	218,266,313.29	81,855,055.69	18,564,492.00	22,012,710.70

4.3 The balances of the accounts with related companies as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Assets				
Trade and other current receivables - related parties				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	1,119,355.50	1,420,456.45
Royal Thai International Co., Ltd.	-	-	59,505,024.18	112,279,756.22
TCMC Furniture Limited	-	-	38,675.43	206,794.88
Manor (2016) Holdings Limited	-	-	20,305,900.00	21,759,900.00
DM Midlands Holding Limited	-	-	642,888.90	230,810.31
James Alexander Co., Ltd.	-	-	-	465,797.00
RT UK (2017) Limited	-	-	3,191,394.76	2,929,785.17
Carpets International Thailand Plc.	-	-	5,368,985.90	27,917,759.90
Royal Thai HK (2017) Limited	-	-	17,642,646.90	690,648.81
Royal Thai Americas (2017) Inc.	-	-	58,830,946.78	12,852,842.49
Royal Thai Singapore (2017) Pte. Ltd.	-	-	10,465,282.25	2,533,922.29
Royal Thai Macau (2017) Limited	-	-	3,348,268.87	2,995,635.73
Royal Thai China Trading Limited	-	-	3,006,202.06	-
Total	-	-	183,465,571.53	186,284,109.25
Related parties				
President Hotel and Tower Co., Ltd.	-	695,336.36	-	-
Suminoe Teijin Techno Krishna India Pvt., Ltd.	725,305.85	23,868.06	-	-
Suminoe Textile Co., Ltd.	7,693.12	-	-	-
Total	732,998.97	719,204.42	-	-
Total trade and other current receivables - related parties	732,998.97	719,204.42	183,465,571.53	186,284,109.25
Short-term loans				
Subsidiaries				
Manor (2016) Holdings Limited				
Beginning balance	-	-	-	-
Add: Additional loans during the year	-	-	37,362,200.00	-
Less: Received during the year	-	-	(34,300,260.00)	-
Less: loss on exchange rate	-	-	(2,655,822.00)	-
Ending balance	-	-	406,118.00	-
United Carpet Manufacturing Co., Ltd.				
Less: Allowance for doubtful accounts	-	-	(2,550,000.00)	-
Net	-	-	-	2,550,000.00
Total short-term loans to related parties	-	-	406,118.00	2,550,000.00

As at December 31, 2018 and 2017, short-term loans to subsidiary, in the form of promissory notes, are due on September 15, 2019 and 2018, respectively, with an interest of 1.15% per annum (reference to six-month fixed deposit interest rate).

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans to				
Subsidiary				
TCMC Furniture Limited				
Beginning balance	-	-	337,496,049.00	364,443,332.00
<u>Less:</u> Received during the period	-	-	(44,838,431.00)	(26,363,499.25)
<u>Less:</u> Loss on exchange rate	-	-	(20,152,440.00)	(583,783.75)
Ending balance	-	-	272,505,178.00	337,496,049.00
<u>Less:</u> Current portion within 1 year	-	-	(60,105,464.00)	(45,260,592.00)
Total long-term loan to related party net	-	-	212,399,714.00	292,235,457.00

4.3.1 On June 19, 2015, the Company entered into two agreements to provide long-term loans to the subsidiary to acquire Alstons Furniture Group Limited, totaling Pound 10.24 million as follows:

1) A loan amounting to Pound 1.88 million, bearing a fixed interest rate of 8% per annum: payment of the interest is made on an annual basis on the 30th day of June of each year. The principal is repayable on a quarterly basis. As at December 31, 2017 the Company received the entire principal of Pound 1.88 million.

2) A loan amounting to Pound 8.36 million, bearing a fixed interest rate of 2% per annum: payment of the interest is made on an annual basis on the 30th day of June of each year. Repayment of the principal shall begin after completion of payment of the principal of the Pound 1.88 million loan. The principal amount to be paid in each period and timing is not specifically identified in the agreement, but it is agreed based on the projected cash flows of the subsidiary.

As at December 31, 2018 and 2017, balances of such loans were Pound 6.71 million and Pound 7.76 million, equivalent to Baht 272.51 million and Baht 337.50 million, respectively. This loan is unsecured.

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities				
Trade and other current payables - related parties				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	650,981.15	1,022,193.59
Royal Thai international Co., Ltd.	-	-	1,832,099.47	3,871,822.80
Carpets International Thailand Plc.	-	-	3,327,683.47	14,942,712.14
James Alexander Co., Ltd.	-	-	-	202,454.70
Royal Thai American (2017) Inc.	-	-	437,210.16	-
Total	-	-	6,247,974.25	20,039,183.23
Related companies and person				
Suminoe Textile Co., Ltd.	7,972,668.52	8,721,166.00	-	-
Suminoe Textile Shanghai Co., Ltd.	54,540,596.00	35,065,408.00	-	-
SPM Automotive Textile Co., Ltd.	362,350.43	366,956.00	-	-
PT. Sumione Surya Techno Com	-	7,528,012.00	-	-
Erawan Holding LLC.	-	35,930.21	-	-
Srivikorn Group Holding Co., Ltd.	7,765.05	-	7,765.05	-
Other shareholders	66,961.10	5,056.92	58,105.46	-
Total	62,950,341.10	51,722,529.13	65,870.51	-
Total trade and other current payables - related parties	62,950,341.10	51,722,529.13	6,313,844.76	20,039,183.23
Short-term loans				
Related parties				
Srivikorn Group Holding Co., Ltd.				
Beginning balance	-	-	-	-
Add: Additional loans during the period	-	100,000,000.00	-	100,000,000.00
Less: Repayment during the period	-	(100,000,000.00)	-	(100,000,000.00)
Ending balance	-	-	-	-
Erawan Holding LLC.	-	950,000.00	-	-
Other shareholders	1,500,000.00	1,500,000.00	-	-
Total short-term loans from related parties	1,500,000.00	2,450,000.00	-	-
Long-term loan				
Related parties				
Beginning balance	32,198,117.86	34,920,230.80	-	-
Less: Repayment during the year	(4,874,560.10)	(2,688,357.30)	-	-
Difference on translating financial statements	(1,903,270.46)	(33,755.64)	-	-
Ending balance	25,420,287.30	32,198,117.86	-	-

As at December 31, 2018 and 2017, short-term loans from related parties are in form of promissory notes, and are due on September 15, 2019 and 2018, respectively, with an interest of 1.15% per annum (reference to six-month fixed deposit interest rate).

On June 19, 2015, the subsidiary company, TCMC Furniture Limited, entered into an agreement to obtain a long-term loan from its shareholders in order to acquire Alstons Furniture Group Limited in a total amount of Pound 0.76 million with the fixed interest rate of 2% per annum. The interest is to be paid on an annual basis on the 30th day of June of each year. Repayment of the principal shall begin after completion of payment of the principal of the Pound 1.88 million loan (Note 4.3.1). The principal amount to be paid in each period and timing is not specifically identified in the agreement, but it is agreed based on the projected cash flows of the subsidiary.

As at December 31, 2018 and 2017, the subsidiary, TCMC Furniture Limited has borrowings from its shareholders in the amount of Pound 0.62 million and Pound 0.73 million, equivalent to Baht 25.42 million and Baht 32.20 million, respectively. These loans are interest free and unsecured.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	1,178,135.30	1,174,799.25	481,482.31	555,925.69
Deposits at financial institutions				
current accounts	368,932,026.06	343,691,142.33	2,697,302.56	3,442,679.63
savings accounts	159,702,680.69	122,576,724.86	73,739,457.05	54,444,700.09
Fixed deposit	-	2,090,172.32	-	-
Check receipts that have not yet been deposited	1,982,671.69	-	1,982,671.69	-
Outstanding checks	(2,587,280.06)	-	(2,587,280.06)	-
Total cash and cash equivalents	529,208,233.68	469,532,838.76	76,313,633.55	58,443,305.41

6. TEMPORARY INVESTMENTS

Temporary investments are short-term investments in marketable securities available-for-sale representing investments in Opened-End funds which are carried at fair value (Level 1), according to quoted prices in active markets for identical assets or liabilities.

7. TRADE AND OTHER CURRENT RECEIVABLES - NET

Trade and other current receivables - net as at December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Trade receivables – other parties	1,329,672,819.12	1,490,525,335.01	70,835,388.85	82,507,767.86
Trade receivables – related parties	732,998.97	719,204.42	162,396,840.86	155,227,071.21
Total trade receivable	1,330,405,818.09	1,491,244,539.43	233,232,229.71	237,734,839.07
<u>Less</u> Allowance for doubtful accounts				
accounts	(24,029,085.81)	(16,091,518.52)	(5,706,786.42)	(1,290,555.42)
Trade receivables – net	1,306,376,732.28	1,475,153,020.91	227,525,443.29	236,444,283.65
Other receivables				
Other receivables – related parties	-	-	762,830.67	9,297,138.04
Advance payment – related party	-	-	20,305,900.00	21,759,900.00
Value Added Tax	22,543,077.67	18,388,245.26	11,032,876.02	8,779,003.70
Advance payment	9,033,382.53	3,811,358.66	318,628.57	68,500.00
Withholding tax receivable and prepaid income tax	16,004,545.65	11,330,920.92	8,540,477.82	4,697,684.38
Prepaid expenses	69,096,520.37	69,791,869.61	3,535,215.32	5,763,357.69
Deposit for inventories	5,922,205.97	5,493,440.88	1,197,985.58	2,725,976.39
Others	48,362,626.44	59,564,421.20	12,571,743.16	5,871,998.53
Total other receivables	170,962,358.63	168,380,256.53	58,265,657.14	58,963,558.73
Total trade and other current receivables – net	1,477,339,090.91	1,643,533,277.44	285,791,100.43	295,407,842.38

Movements of the change in the allowance for doubtful accounts for the year ended December 31, 2018 and 2017 were summarized as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Beginning balance of the year	16,091,518.52	5,802,124.52	1,290,555.42	1,840,564.14
Allowance for doubtful debt				
from business acquisition	-	7,989,610.12	-	-
Addition during the year	9,081,572.33	5,198,486.21	5,328,601.08	
Deduction during the year	(980,679.99)	(2,909,115.25)	(912,370.08)	(550,008.72)
Difference on translating financial statements	(163,325.05)	10,412.92	-	-
Ending balance at end of the year	24,029,085.81	16,091,518.52	5,706,786.42	1,290,555.42

Trade receivables classified by ages of accounts consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Not over due	855,621,369.25	865,512,806.56	157,642,043.15	193,000,405.54
Over due				
1 – 3 months	350,752,300.35	458,441,619.01	40,304,529.11	43,443,877.87
3 – 6 months	36,791,667.51	126,092,112.16	32,132,651.13	-
6 – 12 months	41,663,037.33	4,181,924.38	58,802.45	-
Over 12 months	45,577,443.65	37,016,077.32	3,094,203.87	1,290,555.66
Total	1,330,405,818.09	1,491,244,539.43	233,232,229.71	237,734,839.07

8. INVENTORIES

Inventories as at December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	446,390,264.47	376,756,426.71	62,405,133.53	37,641,065.45
Raw materials	428,371,011.83	447,752,907.94	55,196,279.90	60,012,897.18
Work in process	125,488,012.73	113,830,226.32	3,725,990.99	10,433,359.88
Maintenance and factory supplies	52,288,301.39	44,564,083.99	13,280,461.44	11,483,253.30
Goods in transit	85,525,536.44	80,721,707.24	9,641,632.10	5,714,572.34
Total	1,138,063,126.86	1,063,625,352.20	144,249,497.96	125,285,148.15
<u>Less</u> Allowance for decline in				
value obsolete inventories	(83,184,633.40)	(81,890,477.53)	(19,244,088.80)	(8,299,027.42)
Net	1,054,878,493.46	981,734,874.67	125,005,409.16	116,986,120.73

Movements of the change in the allowance for decline in value obsolete inventories for the year ended December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	81,890,477.53	29,745,845.93	8,299,027.42	8,058,789.21
	-	72,949,794.85	-	-
	17,999,543.29	5,311,705.81	12,556,039.50	2,539,555.81
	(16,488,574.19)	(26,109,821.13)	(1,610,978.12)	(2,299,317.60)
	(216,813.23)	(7,047.93)	-	-
	83,184,633.40	81,890,477.53	19,244,088.80	8,299,027.42

9. PLEDGED DEPOSITS WITH FINANCIAL INSTITUTION

As at December 31, 2018 and 2017, the savings deposits and 1-year fixed deposits of the Company have been pledged with a financial institution as collateral for short-term loan facilities as described in to Note 15.

10. INVESTMENTS IN SUBSIDIARIES

10.1 As at December 31, 2018 and 2017, investments in subsidiaries consisted of:

		Separate financial statements							
		Percentage of ownership		Unit: Thousand Baht				Dividend income	
		(%)		Paid up shares		At cost method		For the year ended	
								December	December
								31,	31,
								2018	2017
Type of business		2018	2017	2018	2017	2018	2017		
<u>Local subsidiaries companies</u>									
United Carpet Manufacturing Co., Ltd.	Manufacturing and sale of carpet	51.00	51.00	20,000	20,000	10,200	10,200	-	-
	Less: Allowance on impairment of investment					(10,200)	(7,100)	-	-
						-	3,100		
Royal Thai International Co., Ltd.	Sale of carpet	100.00	100.00	1,000	1,000	1,000	1,000	-	-
T.C.H Suminoe Co., Ltd.	Manufacturing and sale of carpet	49.90	49.90	250,000	250,000	162,175	162,175	88,533	73,690
Vechachai Co., Ltd.	Holding company in carpet business	100.00	100.00	1,000	1,000	1,748,278	1,748,278	516,376	-
<u>Overseas subsidiary companies</u>									
TCMC Furniture Limited	Holding company in sofa business (Alston group 100%)	76.00	76.00	48,366 1 million (Pound)	48,366 1 million (Pound)	36,758	36,758	-	-
Manor (2016) Holdings Limited	Holding company in sofa business (DM Midlands group 75%)	100.00	100.00	310,528 (6.25 million Pound)	310,528 (6.25 million Pound)	310,528	310,528	-	-
TCMC HK (2017) Limited	Holding company in carpet business (Carpet distributors)	100.00	100.00	1,620,054 (387 million Hong Kong Dollar)	2,947,210 (690 million Hong Kong Dollar)	1,658,623	1,429,133	-	-
Total						3,917,362	3,690,972	604,909	73,690

10.2 Investments in Manor (2016) Holding Limited

The Group acquired business of DM Midland Holding Limited Group (“DMMH”), registered in England and engaging in manufacturer and distributor sofa chairs on November 1, 2016. The Group considered such transaction as a business combination and has carried out the fair value measurement of the identifiable assets acquired and liabilities assumed from the business acquisition by an independent value and restated the book value of net identifiable assets acquired and liabilities assumed at the date of business acquisition in the financial statements from the previous record.

Goodwill recognized of Baht 1,008.75 million arises from a number of factors such as expected synergy through combining skilled workforces including indivisible benefits.

The value of assets acquired and liabilities assumed of DMMH as at October 30, 2017, the closest date to the business acquisition, have been included in the consolidated financial statements of the group as follows:

	Foreign currency (Pound)		Unit: Baht	
	Book value	Adjust fair value	Fair value	Fair value
<u>Assets</u>				
Cash and cash equivalents	10,658,317	-	10,658,317	456,385,936.44
Trade and other receivables	6,916,422	-	6,916,422	296,159,115.12
Inventories	2,173,361	-	2,173,361	93,062,666.01
Other current assets	60,875	-	60,875	2,606,649.24
Other long-term investments	65,655	-	65,655	2,811,327.40
Investment property	143,805	-	143,805	6,157,686.96
Property, plant and equipment	319,536	-	319,536	13,682,435.66
Intangible asset	-	3,300,000	3,300,000	141,305,010.00
Total	20,337,971	3,300,000	23,637,971	1,012,170,826.83
<u>Liabilities</u>				
Trade and other payables	(18,310,517)	-	(18,310,517)	(784,050,844.78)
Income tax payable	(342,026)	-	(342,026)	(14,645,450.71)
Other current liabilities	(703,840)	-	(703,840)	(30,138,217.65)
Deferred tax liabilities	-	(660,000)	(660,000)	(28,261,002.00)
Non-current provisions for employee benefit	(32,297)	-	(32,297)	(1,382,947.85)
Total	(19,388,680)	(660,000)	(20,048,680)	(858,478,462.99)
Net assets	949,291	2,640,000	3,589,291	153,692,363.84
			<u>Less Non-controlling interests</u>	<u>(897,324)</u>
Net assets acquired				115,269,219.36
Total purchase consideration – cash				1,124,017,125.00
Goodwill			23,558,033	1,008,747,905.64

10.3 Investments in Commercial Carpet Business

On August 3, 2017, the Board of Directors' Meeting No. 3/2017 has a resolution to approve the company to establish 2 subsidiaries: TCMC HK (2017) Limited that is registered in Hong Kong and RT UK (2017) Limited that is registered in United Kingdom in order to invest in all Commercial Carpet Business of Tai Ping Carpets International Limited ("Tai Ping"). It has acquired from the existing shareholders of the Group of Tai Ping Carpets International Limited that operates the carpet business. The investments value in the Commercial Carpet Business is USD 94 million or Baht 3,134.12 million plus additional payment of USD 0.77 or equivalent to Baht 24.13 million, totaling Baht 3,158.25 million.

On September 20, 2017, the Extraordinary General Meeting of Shareholder No. 1/2017 has a resolution to approve TCMC HK (2017) Limited to hold 100 percent of shares in Costigan Limited holding in the companies of Commercial Carpet Business and to approve RT UK (2017) Limited receives the transfer of business in Europe and Middle East regions. The Company and TCMC HK (2017) Limited will have a joint shareholding in Vechachai Co., Ltd. Who hold 99.30 percent of shareholding in share capital of Carpets International Thailand Public Co., Ltd., a carpet manufacturing in Thailand by acquiring the shares from Tai Ping and the subsidiaries of Tai Ping, the existing shareholders of the group operating in the commercial carpet business, who are not related persons with the Company.

On September 29, 2017, TCMC HK (2017) Limited and RT UK (2017) Limited invested in the group companies operating in the Commercial Carpet Business of Tai Ping Carpets International Limited. After making such transaction, the Company's subsidiaries, TCMC HK (2017) Limited and RT UK (2017) Limited held 100 percent in the Commercial Carpet Business of Tai Ping Carpets International Limited.

As a result, the Group of the Commercial Carpet Business has become direct and indirect subsidiary of the Company. The financial information as at the acquisition date of those subsidiaries is used to prepare the consolidated financial statements of the Company from September 30, 2017 onwards.

During 2018, the Company has carried out the fair value measurement of the identifiable assets acquired and liabilities assumed from the business acquisition by an independent valuer and restated the book value of net identifiable assets acquired and liabilities assumed at the date of business acquisition in the financial statements from the previous record, according to Notes to financial statements No. 33.

Goodwill recognized of Baht 993.65 million arises from a number of factors such as expected synergy through combining skilled workforces and obtaining economies of scale, including indivisible benefits such as the workforces and distribution management.

The value of assets acquired and liabilities assumed of Commercial Carpet Business as at September 30, 2017, the closest date to the business acquisition, have been included in the consolidated financial statements of the group as follows:

	Unit: Baht		
	Book value	Fair value	
		adjustment	Fair value
Assets			
Cash and cash equivalents	59,002,237.63	-	59,002,237.63
Temporary investment	137,737,602.69	-	137,737,602.69
Trade and other receivables	1,025,317,014.95	-	1,025,317,014.95
Inventories	665,760,526.46	-	665,760,526.46
Other current assets	11,979,738.80	-	11,979,738.80
Property, plant and equipment	841,077,302.83	716,532,175.76	1,557,609,478.59
Intangible assets	6,403,181.82	219,724,415.00	226,127,596.82
Trade and other receivables	502,080.00	-	502,080.00
Total	2,747,779,685.18	936,256,590.76	3,684,036,275.94
Liabilities			
Bank overdraft and short-term loan from financial institutions	7,776,521.01	-	7,776,521.01
Trade and other payable	1,073,936,977.49	-	1,073,936,977.49
Income tax payable	22,038,615.54	-	22,038,615.54
Other current liabilities	48,650,672.35	-	48,650,672.35
Deferred tax liabilities	33,460,254.94	187,251,318.15	220,711,573.09
Non-current provisions for employee benefit	130,254,764.69	-	130,254,764.69
Total	1,316,117,806.02	187,251,318.15	1,503,369,124.17
Net assets value	1,431,661,879.16	749,005,272.61	2,180,667,151.77
<u>Less</u> Non-controlling interests	6,905,023.27	9,164,534.16	16,069,557.43
Net assets acquired	1,424,756,855.89	739,840,738.45	2,164,597,594.34
Total purchase consideration – cash	3,174,687,936.76	(16,438,936.76)	3,158,249,000.00
Goodwill	1,749,931,080.87	(756,279,675.21)	993,651,405.66

During November to December 2017, the Company restructured the shareholding structure under the common control in the commercial carpet business, in order to their management structure to correspond with the Group's policy as follows:

1. TCMC HK (2017) Limited transferred the investment in Vechachai Co., Ltd. To the Company in the amount of 489,980 shares at 49 percent of the total shares with the value of USD 52.25 million, equivalent to Baht 1,742.00 million. When combined with the number of existing shares, the Company's shareholding in Vechachai Co., Ltd is 100 percent.
2. The Company transferred 100 percent of shares in RT UK (2017) Limited, 4.20 million shares to TCMC HK (2017) Limited in the amount of Pounds 4.20 million, equivalent to Baht 172.50 million.

TCMC HK (2017) Limited has reduced its share capital for the difference of shares value of USD 47.35 million or equivalent to HKD 364.44 million, according to above shares swap transaction and offset with receivable amount due from the Company on August 6, 2018.

On November 30, 2018, TCMC HK (2017) Limited increased its registered share capital from the existing registered capital of HKD 325.56 million to HKD 387.32 million by issuing 61.76 million shares with a par value of 1 HKD per share. The company has paid for such increased share capital in the amount Baht 229.49 million.

10.4 The subsidiaries that have material non-controlling interests

		Unit: Thousand Baht							
Name of Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests (%)		Profit(loss) allocated to non-controlling interests		Dividend paid to non – controlling interests for the year		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017	2018	2017
					(Restated)				(Restated)
T.C.H. Suminoe Limited Thailand	Thailand	50.10	50.10	89,365	88,090	88,888	73,986	265,466	264,989
TCMC Furniture Limited	England	24.00	24.00	13,455	17,034	-	-	69,767	56,312
DM Midlands Holdings Limited	England	25.00	25.00	29,580	24,347	36,667	26,942	41,132	48,219
Others				(2,093)	317	3,616	-	13,349	19,058
Total				130,307	129,778	129,171	100,928	389,714	388,578

Summarized financial information in respect of T.C.H. Suminoe Limited represents amounts before intragroup eliminations.

	Unit: Baht	
	2018	2017
Statement of financial position		
Current assets	502,392,130.39	451,152,992.00
Non-current assets	323,634,960.49	367,241,281.45
Current liabilities	252,824,674.15	244,939,437.00
Non-current liabilities	41,769,243.63	44,534,703.22

	Unit: Baht	
	For the year ended December 31,	
	2018	2017
Statement of profit or loss and other comprehensive income		
Revenues	1,431,783,681.45	1,430,524,441.00
Profit attributable to Non-controlling interests	89,365,292.88	88,090,806.00
Comprehensive income attributable to Non-controlling interests		

	Unit: Baht	
	For the year ended December 31,	
	2018	2017
Statement of cash flows		
Net cash from operating activities	140,397,332.85	256,203,628.00
Net cash used in investing activities	(4,678,962.48)	(19,280,411.00)
Net cash used in financing activities	(180,014,437.83)	(201,015,014.00)
Net cash increase (decrease)	(44,296,067.46)	35,908,203.00

	For the year ended December 31,	
	2018	2017
Dividend paid to non-controlling interest	88,887,883.10	73,985,723.50

Summarized financial information in respect of TCMC Furniture Limited represents amounts before intra group eliminations.

	Unit: Baht	
	2018	2017
Statement of financial position		
Current assets	290,639,056.17	308,731,829.95
Non-current assets	720,150,086.40	831,055,809.72
Current liabilities	195,628,124.66	211,872,220.20
Non-current liabilities	524,462,045.43	693,280,474.37

	For the year ended December 31,	
	2018	2017
Statement of profit or loss and other comprehensive income		
Revenues	1,374,226,061.72	1,302,248,585.84
Profit attributable to Non-controlling interests	18,060,415.69	17,000,667.85
Other comprehensive income (loss) to the non-controlling interests	(4,605,049.39)	33,144.87

	For the year ended December 31,	
	2018	2017
Statement of cash flows		
Net cash from operating activities	58,215,591.99	154,895,049.12
Net cash from used in investing activities	(19,140,726.70)	(19,003,715.75)
Net cash used in financing activities	(122,104,683.82)	(131,354,088.31)
Net increase (decrease) in cash and cash equivalents	(83,029,818.53)	4,537,245.06
Exchange differences on translating financial statements	(3,153,424.79)	843,581.06

Summarized financial information in respect of DM Midlands Holdings Limited represents amounts before intra group eliminations.

	Unit: Baht	
	2018	2017
Statement of financial position		
Current assets	645,844,327.96	578,918,510.76
Non-current assets	148,094,856.74	165,916,814.08
Current liabilities	603,834,859.73	507,959,511.83
Non-current liabilities	24,446,801.18	42,317,233.45

	Unit: Baht	
	For the year ended December 31,	
	2018	2017
Statement of profit or loss and other comprehensive income		
Revenues	3,413,499,789.38	3,413,566,273.35
Profit attributable to Non-controlling interests	32,584,536.21	23,224,496.06
Comprehensive income(expense) attributable to Non-controlling interests	(3,004,749.65)	1,122,904.84

	Unit: Baht	
	For the year ended December 31,	
	2018	2017
Statement of cash flows		
Net cash from (used in) operating activities	141,099,479.95	(1,048,328.14)
Net cash used in investing activities	(13,948,963.53)	(17,426,171.84)
Net cash used in financing activities	(120,468,195.94)	(81,510,240.33)
Net increase(decrease) in cash and cash equivalents	6,682,320.48	(99,984,740.31)
Exchange differences on translating financial statements of foreign operation	(5,015,927.10)	(243,289.28)

	Unit: Baht	
	For the year ended December 31,	
	2018	2017
Dividend paid to non-controlling interest	36,667,045.00	26,941,731.25

10.5 Goodwill as at December 31, 2018 and 2017, consisted of

	Unit: Baht	
	Consolidated financial statements	
	2018	2017
		(Restated)
TCMC Furniture Limited	252,848,534.30	270,825,804.22
Manor (2016) Holdings Limited	967,450,632.73	1,036,235,374.57
Commercial Carpet Business	993,651,405.66	993,651,405.66
Total	2,213,950,572.69	2,300,712,584.45

Movements of change in goodwill during the year were as follows:

TCMC Furniture Limited

	Consolidated financial statements			
	Foreign currency (Pound)		Unit: Baht	
	2018	2017	2018	2017
Beginning balance of the year	6,157,021.23	6,157,021.23	270,825,804.22	271,128,113.95
Differences on translating financial statements	-	-	(17,977,269.92)	(302,309.73)
Ending balance of the year	6,157,021.23	6,157,021.23	252,848,534.30	270,825,804.22

Manor (2016) Holdings Limited (DMMH Group)

	Consolidated financial statements			
	Foreign currency (Pound)		Unit: Baht	
	2018	2017	2018	2017
Beginning balance of the year	23,558,033.00	23,558,033.00	1,036,235,374.57	1,037,392,117.97
Differences on translating financial statements	-	-	(68,784,741.84)	(1,156,743.40)
Ending balance of the year	23,558,033.00	23,558,033.00	967,450,632.73	1,036,235,374.57

10.6 Dividend received during the year

For the year ended December 31, 2018

Board of Directors' Meeting of T.C.H. Suminoe Co., Ltd. No. 2/2018, held on September 24, 2018, approved the interim dividend payment from its performance results for the fiscal year 2018, totaling Baht 87.36 million, consisting of the Company's portion of Baht 43.59 million and non-controlling interests portion of Baht 43.77 million.

Board of Directors' Meeting of Vechachai Co., Ltd. No. 3/2018, held on September 6, 2018, approved in the interim dividend payment from its performance results for the fiscal year 2018, for ordinary shareholders in the amount of Baht 297.93 million and for preferred shareholders in the amount of Baht 25,500, totaling Baht 297.94 million, consisting of the company's portion of Baht 297.93 million and non-controlling interests portion of Baht 0.01 million.

Board of Directors' Meeting of Vechachai Co., Ltd. No. 1/2018, held on April 17, 2018, approved in the interim dividend payment from its performance results for the fiscal year 2017, for ordinary shareholders in the amount of Baht 218.44 million and for preferred shareholders in the amount of Baht 9,746, totaling Baht 218.45 million, consisting of the company's portion of Baht 218.44 million and non-controlling interests portion of Baht 0.01 million.

Board of Directors' Meeting of T.C.H. Suminoe Co., Ltd. No. 1/2018, held on March 5, 2018, approved the interim dividend payment from its performance results for the fiscal year 2017, totaling Baht 90.06 million, consisting of the Company's portion of Baht 44.94 million and non-controlling interests portion of Baht 45.12 million.

For the year ended December 31, 2017

Board of Directors' Meeting of T.C.H. Suminoe Co., Ltd. No. 2/2017, held on September 14, 2017 approved the interim dividend payment from retained earnings as at June 30, 2017 totaling Baht 85.18 million, consisting of the Company's portion of Baht 42.50 million and non-controlling interest portion of Baht 42.68 million.

Board of Directors' Meeting of T.C.H. Suminoe Co., Ltd. No. 1/2017, held on March 30, 2017 approved the interim dividend payment from the performance results for the fiscal year 2016, totaling Baht 62.50 million, consisting of the Company's portion of Baht 31.19 million and non-controlling interest portion of Baht 31.31 million.

10.7 Guarantee

The Company has pledged share certificates of its subsidiaries to guarantee credit facilities of the Company and its subsidiaries with the financial institutions as discussed in Note 17 and 30 as follows:

- 51% share of United Carpet Manufacturing Co., Ltd.
- 99.30% share of Carpet International Thailand Plc.
- 100% share of Vechachai Co.,Ltd.
- 100% share of TCMC HK(2017)

11. PROPERTY PLANT AND EQUIPMENT-NET

Movements of property, plant and equipment – net during for the year ended December 31, 2018 are summarized below:

Unit: Baht

Consolidated financial statements

Movement during the year

	Balance as at December 31, 2017 (Restated)	Movement during the year			Exchange differences on translating financial statements	Balance as at December 31, 2018
		Increase	Decrease	Transfer in (transfer out)		
<u>At cost/ revaluation</u>						
Land – historical cost	544,825,447.00	-	-	-	-	544,825,447.00
Land – revaluation surplus	392,092,653.00	702,165,000.00	-	-	-	1,094,257,653.00
Land improvements	25,831,147.09	-	-	-	-	25,831,147.09
Building	1,332,894,661.16	400,000.00	(270,000.00)	-	(6,131,580.00)	1,326,893,081.16
Building improvements	67,628,145.78	7,826,430.24	(20,000.00)	946,804.04	(634,634.39)	75,746,745.67
Machinery and equipment	3,069,744,618.85	32,821,066.19	(42,785,450.98)	37,781,630.56	(6,936,297.40)	3,090,625,567.22
Furniture and office equipment	311,258,967.74	16,346,412.28	(4,841,889.65)	1,137,974.94	(2,907,477.55)	320,993,987.76
Vehicles	180,508,286.96	20,862,618.28	(24,729,332.76)	-	(6,878,036.57)	169,763,535.91
Assets under installation	1,128,000.00	2,873,664.04	-	(1,596,804.04)	-	2,404,860.00
Machinery under installation	40,021,317.87	117,302,959.99	-	(38,269,605.50)	-	119,054,672.36
Total Cost	5,965,933,245.45	900,598,151.02	(72,646,673.39)	-	(23,488,025.91)	6,770,396,697.17
<u>Accumulated depreciation</u>						
Land improvements	(15,234,934.94)	(769,694.82)	-	-	-	(16,004,629.76)
Building	(559,657,098.40)	(26,922,534.83)	270,000.00	-	362,934.29	(585,946,698.94)
Building improvements	(39,332,516.17)	(7,295,357.00)	19,999.00	-	240,933.67	(46,366,940.50)
Machinery and equipment	(2,298,932,033.04)	(119,548,910.22)	36,800,324.85	-	3,345,936.67	(2,378,334,681.74)
Furniture and office equipment	(256,398,247.72)	(18,086,024.08)	4,737,100.96	-	2,267,791.49	(267,479,379.35)
Vehicle	(93,693,468.15)	(29,028,386.13)	19,192,074.73	-	3,638,435.41	(99,891,344.14)
Total Accumulated depreciation	(3,263,248,298.42)	(201,650,907.08)	61,019,499.54	-	9,856,031.53	(3,394,023,674.43)
Net Book value	2,702,684,947.03					3,376,373,022.74
<u>Less</u> Allowance for impairment	(2,272,000.00)					(8,486,871.42)
Net	2,700,412,947.03					3,367,886,151.32

	Unit: Baht			
	Separate financial statements			
	Balance as at December 31,	Movement during the year		Balance as at December 31,
		2017	Increase	
2018			2018	
<u>At cost/ revaluation</u>				
Land – historical cost	17,907,347.00	-	-	17,907,347.00
Land – revaluation surplus	392,092,653.00	702,165,000.00	-	1,094,257,653.00
Land improvement	25,831,147.09	-	-	25,831,147.09
Building	137,334,452.48	400,000.00	-	137,734,452.48
Building improvement	5,634,306.11	-	-	5,634,306.11
Machinery and equipment	345,061,069.57	4,864,920.22	-	349,925,989.79
Furniture and office equipment	62,948,158.69	1,618,718.50	(92,400.00)	64,474,477.19
Vehicles	18,224,898.80	3,596,650.47	(10,770,541.37)	11,051,007.90
Construction in process	840,000.00	532,360.00	-	1,372,360.00
Total Cost	1,005,874,032.74	713,177,649.19	(10,862,941.37)	1,708,188,740.56
<u>Accumulated depreciation</u>				
Land improvements	(15,234,934.94)	(769,694.82)	-	(16,004,629.76)
Building	(121,028,131.50)	(4,347,943.48)	-	(125,376,074.98)
Building improvements	(5,583,116.98)	(19,499.94)	-	(5,602,616.92)
Machinery and equipment	(214,297,491.78)	(14,162,310.42)	-	(228,459,802.20)
Furniture and office equipment	(54,806,537.81)	(1,809,665.92)	92,397.00	(56,523,806.73)
Vehicles	(11,437,892.53)	(1,409,388.72)	7,182,221.09	(5,665,060.16)
Total Accumulated depreciation	(422,388,105.54)	(22,518,503.30)	7,274,618.09	(437,631,990.75)
Net Book value	583,485,927.20			1,270,556,749.81

Depreciations for the year ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounting to Baht 201.65 million and Baht 143.77 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 22.52 million and Baht 25.54 million, respectively.

As at December 31, 2018 and 2017, the Company and its subsidiaries had plant and equipment, which were the fully depreciated but they are still in use with cost price of Baht 2,522.20 million and Baht 2,262.13 million, respectively (the Company: Baht 262.47 million and Baht 190.05 million, respectively).

As at December 31, 2018 and 2017, the Company and its subsidiaries had machinery and vehicles under the finance leases in the net book value of Baht 28.86 million and Baht 66.66 million respectively (the Company: Baht 4.24 million and Baht 3.20 million, respectively).

The Company and its subsidiaries mortgaged its land together with the construction and machinery in the total book value amount of Baht 1,184 million and 1,670 million, respectively to a financial institution as the guarantee of credit facilities as described in Note 15 and 17.

The long-term loans of subsidiaries in United Kingdom are secured over all property of the subsidiaries (See Note 17).

During the year 2018, the Company engaged a local independent appraiser; Bangkok Property Appraisal Co., Ltd. To appraise the value of land based on fair market value by using the market approach according to the appraisal report dated March 21, 2018. The land has book value (prior appraisal value) of Baht 410.01 million and a reappraisal value amounting to Baht 1,112.17 million, resulting in a revaluation capital surplus of Baht 702.16 million. The land appraisal above is the fair value measurement hierarchy in Level 2.

12. INTANGIBLE ASSETS-NET

Movements of intangible assets-net during for the year ended December 31, 2018 are summarized below:

Unit: Baht					
Consolidated financial statements					
	Movement during the year			Exchange differences on translating financial statements	Balance as at December 31, 2018
	Balance as at December 31, 2017	Increase	Decrease		
	(Restated)				
At cost					
Software	57,775,207.55	975,028.88	(369,350.00)	-	58,380,886.43
Software for digitalization and archives of carpet	9,155,961.36	-	-	-	9,155,961.36
Software in progress	142,000.00	29,987,510.80	-	-	30,129,510.80
Customer base	606,271,957.50	-	-	(24,488,362.60)	581,783,594.90
Trademark	202,029,994.50	-	-	(13,410,641.40)	188,619,353.10
Design	67,607,250.50	-	-	(4,487,732.60)	63,119,517.90
Total cost	942,982,371.41	30,962,539.68	(369,350.00)	(42,386,736.60)	931,188,824.49
Accumulated amortization					
Software	(42,884,486.55)	(3,792,548.53)	281,491.48	-	(46,395,543.60)
Software for digitalization and archives of carpet	(915,596.16)	-	-	-	(915,596.16)
Customer base	(88,720,687.10)	(61,356,194.22)	-	7,004,810.64	(143,072,070.68)
Trademark	(25,508,519.13)	(5,577,704.61)	-	1,961,021.96	(29,125,201.78)
Design	(33,790,476.81)	(13,260,528.98)	-	2,879,622.20	(44,171,383.59)
Total Accumulated amortization	(191,819,765.75)	(83,986,976.34)	281,491.48	11,845,454.80	(263,679,795.81)
Net book value	751,162,605.66				667,509,028.68
<u>Less</u> Allowance for Impairment	(8,240,365.20)				(8,240,365.20)
Net	742,922,240.46				659,268,663.48

	Unit: Baht				
	Separate financial statements				
	Balance as at December 31,	Movement during the year			Balance as at December 31,
	2017	Increase	Decrease		2018
At cost					
Software	6,808,283.80	337,750.00	-	7,146,033.80	
Software for digitalization and archives of carpet	9,155,961.36	-	-	9,155,961.36	
Software in progress	-	28,329,010.80	-	28,329,010.80	
Total cost	15,964,245.16	28,666,760.80	-	44,631,005.96	
Accumulated amortization					
Software	(5,667,223.74)	(569,387.90)	-	(6,236,611.64)	
Software for digitalization and archives of carpet	(915,596.16)	-	-	(915,596.16)	
Total Accumulated amortization	(6,582,819.90)	(569,387.90)	-	(7,152,207.80)	
Net book value	9,381,425.26			37,478,798.16	
<u>Less</u> Allowance for Impairment	(8,240,365.20)			(8,240,365.20)	
Net	1,141,060.06			29,238,432.96	

Amortization for the year ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounting to Baht 83.99 million and Baht 70.14 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 0.57 million and Baht 0.54 million, respectively.

As at December 31, 2018 and 2017, the Company and the subsidiaries had intangible assets, which were fully amortized but are still in use with cost price of Baht 26.61 million and Baht 18.23 million, respectively (the Company: Baht 2.06 million).

13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		(Restated)		
Deferred tax assets – net	47,229,314.18	1,010,726.55	-	-
Deferred tax liabilities – net	(447,307,529.48)	(346,241,604.83)	(162,151,050.49)	(44,908,218.63)

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2018 were as follows:

Unit: Baht

	Consolidated financial statements				Balance as at December 31, 2018
	Balance as at December 31, 2017 (Restated)	During the year		Differences on translating financial statements	
		Profit or loss	Other comprehensive income (loss)		
Deferred tax assets – net:					
Allowance for doubtful accounts	49,248.57	47,717.13	-	383.71	97,349.41
Allowance for decline in value of obsolete stocks	285,061.98	1,000,756.40	-	-	1,285,818.38
Accrued expenses	-	1,163,588.40	-	4,604.40	1,168,192.80
Non-current provisions for employee benefits	676,416.00	(640,171.47)	-	-	36,244.53
Tax losses	-	44,465,754.98	-	175,954.08	44,641,709.06
Total deferred tax assets – net	1,010,726.55	46,037,645.44	-	180,942.19	47,229,314.18
Deferred tax liabilities – net:					
Allowance for doubtful accounts	267,438.69	1,427,124.25	-	-	1,694,562.94
Allowance for decline in value of obsolete stocks	15,377,381.96	(612,287.49)	-	-	14,765,094.47
Allowance for impairment of assets	128,828.60	551,328.31	-	-	680,156.91
Accrued expenses	1,357,043.04	3,580,207.69	-	-	4,937,250.73
Non-current provisions for employee benefits	39,824,686.94	(6,657,996.00)	2,835,203.60	-	36,001,894.54
Other provision	536,130.80	597,910.40	-	-	1,134,041.20
Tax losses	62,066,339.75	16,920,535.62	-	(2,421,494.84)	76,565,380.53
Finance leases	(9,261,968.80)	2,299,139.53	-	-	(6,962,829.27)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	(140,433,000.00)	-	(218,851,530.60)
The difference from the fair value adjustment of assets from business combinations	(363,302,317.21)	17,560,333.80	-	5,796,111.37	(339,945,872.04)
Deferred financing service fee	-	(1,169,786.53)	-	-	(1,169,786.53)
Accumulated depreciation	(14,816,638.00)	(1,339,254.36)	-	-	(16,155,892.36)
Total deferred tax liabilities - net	(346,241,604.83)	33,157,255.22	(137,597,796.40)	3,374,616.53	(447,307,529.48)

Unit: Baht

	Consolidated financial statements					Balance as at December 31, 2017 (Restated)
	Balance as at December 31, 2016	Addition from purchase business (Note 10.3)	During the year			
			Profit or loss	Other comprehensive income (loss)	Differences on translating financial statements	
Deferred tax assets - net:						
Allowance for doubtful accounts	31,314.48	-	17,934.09	-	-	49,248.57
Allowance for decline in value of obsolete stocks	346,563.66	-	(61,501.68)	-	-	285,061.98
Non-current provisions for employee benefits	715,020.20	-	104,195.20	(142,799.40)	-	676,416.00
Total deferred tax assets - net	1,092,898.34	-	60,627.61	(142,799.40)	-	1,010,726.55
Deferred tax liabilities - net:						
Allowance for doubtful accounts	91,824.00	10,395.02	165,219.67	-	-	267,438.69
Allowance for decline in value of obsolete stocks	4,806,890.84	14,589,958.97	(4,019,467.85)	-	-	15,377,381.96
Allowance for impairment of other assets	-	-	128,828.60	-	-	128,828.60
Accrued expenses	813,440.56	957,396.40	(413,793.92)	-	-	1,357,043.04
Non-current provisions for employee benefits	12,296,596.35	26,050,952.94	1,477,137.65	-	-	39,824,686.94
Other provision	574,955.00	161,387.73	(200,211.93)	-	-	536,130.80
Tax losses	31,535,125.66	-	30,401,252.76	-	129,961.33	62,066,339.75
Finance leases	(9,309,986.47)	-	48,017.67	-	-	(9,261,968.80)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	-	-	-	(78,418,530.60)
The difference from the fair value adjustment of assets from business acquisition	(115,219,438.52)	(262,481,664.15)	14,202,066.04	-	196,719.42	(363,302,317.21)
Accumulated depreciation	(13,191,578.28)	-	(1,625,059.72)	-	-	(14,816,638.00)
Others	(2,342,193.24)	-	2,333,542.14	-	8,651.10	-
Total deferred tax liabilities - net	(168,362,894.70)	(220,711,573.09)	42,497,531.11	-	335,331.85	(346,241,604.83)

	Unit: Baht			
	Separate financial statements			
	Balance as at December 31, 2017	During the year		Balance as at December 31, 2018
		Profit or loss	Other comprehensive income (loss)	
Deferred tax liabilities - net:				
Allowance for doubtful accounts	-	1,141,357.28	-	1,141,357.28
Allowance for decline in value of obsolete stocks	1,659,805.48	2,189,012.28	-	3,848,817.76
Accrued expenses	656,802.04	4,280,448.69	-	4,937,250.73
Non-current provisions for employee benefits	10,107,275.20	(9,130,538.80)	2,835,203.60	3,811,940.00
Tax losses	21,343,638.05	22,787,262.83	-	44,130,900.88
Finance leases	(257,208.80)	257,208.80	-	-
Deferred financing service fee	-	(1,169,786.54)	-	(1,169,786.54)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	(140,433,000.00)	(218,851,530.60)
Total deferred tax liabilities - net	(44,908,218.63)	20,354,964.54	(137,597,796.40)	(162,151,050.49)

	Unit: Baht			
	Separate financial statements			
	Balance as at December 31, 2016	During the year		Balance as at December 31, 2017
		Profit or loss	Other comprehensive income (loss)	
Deferred tax liabilities - net:				
Allowance for decline in value of obsolete stocks	1,611,757.85	48,047.63	-	1,659,805.48
Accrued expenses	813,440.55	(156,638.51)	-	656,802.04
Non-current provisions for employee benefits	9,278,945.35	828,329.85	-	10,107,275.20
Tax losses	13,533,372.39	7,810,265.66	-	21,343,638.05
Finance leases	(145,953.47)	(111,255.33)	-	(257,208.80)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	-	(78,418,530.60)
Total deferred tax liabilities - net	(53,326,967.93)	8,418,749.30	-	(44,908,218.63)

14. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Pom Box	8,131,734.00	9,034,080.00	8,131,734.00	9,034,080.00
Deposits	2,797,340.00	7,926,773.10	-	907,827.10
Retention	12,084,143.27	6,544,618.16	-	-
Deferred marketing assets	5,605,203.71	-	-	-
Others	3,087,599.84	4,881,119.88	-	-
Total	31,706,020.82	28,386,591.14	8,131,734.00	9,941,907.10

15. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank overdrafts	171,619.10	123.69	-	-
Packing credits	2,800,000.00	4,000,000.00	-	-
Trust receipts	15,592,088.61	6,352,816.66	-	-
Promissory notes	500,000.00	30,857,061.93	500,000.00	30,857,061.93
Short-term loans	52,508,046.89	2,527,560,000.00	-	2,527,560,000.00
Factoring	-	20,899,657.64	-	-
Total	71,571,754.60	2,589,669,659.92	500,000.00	2,558,417,061.93

During the year 2018, a short-term loan was repaid in the entire amount. The Company entered into a long-term loan with the existing commercial bank to refinance the loan for repayment of the remaining short-term loan of Baht 2,400 million (See Note 17).

Interest rate of the Group's bank overdrafts and short-term loan from financial institution as at December 31, 2018 and 2017, were as follows:

	Interest rate per annum (%)	
	Consolidated financial statements	
	2018	2017
Bank overdrafts	7.42	7.42
Packing credits	7.42	7.42
Trust receipts	4.97 - 5.29	3.72-3.93
Promissory notes	3.00	3.10
Short-term loans	0.86	0.86

16. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Trade payables - other parties	732,496,261.47	700,588,475.41	77,739,891.56	45,221,053.58
Trade payables - related parties	55,314,364.32	43,423,655.11	3,978,664.62	16,167,360.43
Total trade payables	787,810,625.79	744,012,130.52	81,718,556.18	61,388,414.01
Other payables				
Other payables - related parties	7,635,976.78	8,298,874.02	2,335,180.14	3,871,822.80
Other payables - other parties	125,854,886.86	113,593,722.23	8,319,505.48	17,036,117.77
Accrued expenses - other parties	282,966,796.88	260,183,612.69	9,636,456.91	10,754,827.80
Payable for business acquisition	-	24,129,000.00	-	24,129,000.00
Provision from claim on defected goods	3,540,206.00	8,707,647.29	-	8,707,647.00
Advance received from customers	169,442,702.75	218,977,497.07	26,169,390.77	20,953,646.82
Accrued dividend	2,316,394.86	1,443,932.97	151,652.16	136,831.27
Others	85,437,718.52	140,730,081.58	24,801,043.90	6,363,475.25
Total other payables	677,194,682.65	776,064,367.85	71,413,229.36	91,953,368.71
Total trade and other current payables	1,465,005,308.44	1,520,076,498.37	153,131,785.54	153,341,782.72

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans from financial institutions	3,688,632,969.49	1,545,390,250.00	2,635,761,500.00	335,761,500.00
<u>Less: Deferred financial cost</u>	<u>(14,960,363.40)</u>	<u>(13,161,585.06)</u>	<u>(6,212,252.83)</u>	<u>(468,532.71)</u>
Total	3,673,672,606.09	1,532,228,664.94	2,629,549,247.17	335,292,967.29
<u>Less: Current portion</u>	<u>(358,755,444.09)</u>	<u>(263,451,100.55)</u>	<u>(189,295,610.76)</u>	<u>(99,894,953.95)</u>
Long-term loans from financial institutions - net	3,314,917,162.00	1,268,777,564.39	2,440,253,636.41	235,398,013.34

Movements of long-term loans from a financial institution for the year ended December 31, 2018 was summarized as follows:

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Beginning balance of the year	1,532,228,664.94	335,292,967.29
<u>Add:</u> Additional during the year	79,590,679.49	-
<u>Add:</u> Transfer from short-term loan (See Note 15)	2,400,000,000.00	2,400,000,000.00
<u>Less:</u> Repayment during the year	(263,923,260.00)	(100,000,000.00)
<u>Less:</u> Increasing of deferred financial cost	(6,000,000.00)	(6,000,000.00)
<u>Add:</u> Amortization of deferred financial cost	3,515,117.42	256,279.88
Differences on translating financial statements	(71,738,595.76)	-
Ending balance of the year	3,673,672,606.09	2,629,549,247.17

The detail of long-term loan facilities of the Group are as follows:

TCM Corporation Public Company Limited

On April 28, 2015, the Company has entered into a long-term facility agreement with a local commercial bank, totaling Baht 600 million to acquire Alstons Furniture Group Limited. The agreement term of such loan is seven years and the interest rate is MLR - 1.75% per annum. The interest will be paid on a monthly basis with the first interest payment on the last day of the month of the first drawdown of the loans. Repayment of the principal is to be made every six months, totaling 14 installment. The first repayment was made on the last day of the sixth month from the month of the first drawdown of the loan. Other installment will be made every six months with the following amounts repayment:

Installment	Amount per installment (Baht)
1 - 2	5,000,000.00
3 - 4	15,000,000.00
5 - 12	50,000,000.00
13	80,000,000.00
14 (last payment)	All outstanding amount

As at December 31, 2018, the total amount of principal drawdown is Baht 555.76 million. The Company has to comply with the following conditions stated in the loan agreement as follows:

- The Company shall proceed to have Srivikorn family members hold aggregate shares in lender in a proportion of not less than 30 percent of the issued and paid-up share capital.

- The Company shall maintain the debt-to-equity ratio to not exceed 2.75.

The loan is secured by land with structure thereon, machinery of the Company.

On October 3, 2018, the Company has entered into a long-term facility agreement with the existing commercial bank to receive the loan of Baht 2,400 million for short-term loan repayment (See Note 15) which was borrowed for acquiring of commercial carpet business. An front end fee for the new loan of Baht 6 million has been deducted from the initial carrying value and are charged to profit or loss as part of the finance cost calculated using the effective interest rate method. The agreement term is ten years and interest rate of first four year is MLR - 1.50 per annum, after the fourth year is MLR - 1.75 per annum. The interest will be paid on a monthly basis with the first interest payment on the last day of the month of the first drawdown of the loan. Repayment of the principal is to be made every six months, totaling 20 installments. The first repayment was made on the last day of the sixth month from the month of the first drawdown of the loan. Other installment will be made every six months with the following amounts repayment:

Installment	Amount per installment (Unit: Baht)
1 - 4	45,000,000.00
5	68,000,000.00
6 - 8	91,000,000.00
9 - 14	113,000,000.00
15 - 19	136,000,000.00
20 (last payment)	All outstanding amount

The loan agreement contains certain conditions pertaining to following matter:

- (1) The Company shall proceed to have Srivikorn family members hold aggregate shares in lender in a proportion of not less than 30 percent of the issued and paid-up share capital.
- (2) The Company shall maintain the debt-to-equity ratio for the year 2018 to not exceed 3.00, from the year 2019 to 2020 to not exceed 2.75 and for the year 2021 onwards to not exceed 2.00.

Such credit loan has guaranteed by follow:

- 1.1) 99.30% shares of Carpet International (Thailand) Plc.
- 1.2) 100% shares of Vechachai Co., Ltd.
- 1.3) 100% shares of TCMC HK (2017) Limited
- 1.4) mortgaging land, building and machinery of Carpet International (Thailand) Plc.

By releasing all pledged shares upon completion of the mortgage of land, building and machineries. Such land and building were mortgaged in the year 2018, but the machineries are in the process of mortgage.

Overseas subsidiaries

Group companies in United Kingdom

TCMC Furniture Limited group

On April 28, 2015, the subsidiary company, TCMC Furniture Limited, has entered into a long-term loan agreement with a Thai commercial bank's oversea branch, amounting to Pounds 13 million, to acquire Alstons Furniture Group Limited. An front end fee, in the amount of Pounds 0.13 million has been deducted from the initial carrying value and are charged to profit or loss as part of the finance cost calculated using the effective interest rate method. The agreement term is five years with interest rate at LIBOR+3% per annum. An interest for the first period of interest payment will be calculated from the day on which the loan is drawn down to the end of the day on which the first interest payment is to be made.

The interest will be paid on a quarterly basis from the date of first drawdown of the loan. Repayment of the principal is to be made on a quarterly basis in a total of 21 periods with the first payment being made on the last day of the third month from the month of the first drawdown of the loan. Other payment will be made every three months in the following amounts:

Periods	Amount (Pound)
1 - 20	450,000.00
21 (last payment)	4,000,000.00

The loan is secured by charges over the assets of the TCMC Furniture Limited and its subsidiary, Alston (Upholstery) Limited. The loan also secured by a guarantee from the TCMC Furniture Limited and its subsidiaries of the group, and 76% of secured obligations from the Company.

The loan agreement contains certain conditions and restrictions pertaining to matters such as TCMC Furniture Limited has to maintain the interest coverage ratio not less than 3:1, and has to maintain the debt to equity ratio not over 2:1. The member of TCMC Furniture Limited has to maintain the percentage of the shareholding within TCMC Furniture Limited group in compliance with the existing structure according to loan agreement.

Manor (2016) Holding Limited group

On October 4, 2016, the subsidiary company, Manor (2016) Holdings Limited, has entered into a long-term loan agreement with a Thai commercial bank's oversea branch, amounting to Pounds 20 million, to acquire DM Midlands Limited. The agreement term is 7 years with interest rate at LIBOR+3.25% per annum. An interest for the first period of interest payment will be calculated from the day on which the loan is drawn down to the end of the day on which the first interest payment is to be made. The interest will be paid on a quarterly basis from the date of first drawdown of the loan. Repayment of the principal and interest is to be made on a quarterly basis in a total of 27 periods with the first interest payment being made on the last day of the third month from the month of the first drawdown of the loan. The first principal payment is to be made on the last day of the ninth month from the month of the first drawdown of the loan. Other payment will be made every three months in the following amounts:

Periods	Amount (Pound)
1 - 13	500,000.00
14 - 26	600,000.00
27 (last payment)	5,700,000.00

This loan is secured by fixed and floating charges over all property of the Manor (2016) Holdings Limited Group.

The loan agreement contains certain conditions and restrictions pertaining to matters such as Manor (2016) Holdings Limited has to maintain the interest coverage ratio for the year 2019 not less than 2.25:1, for the year 2020 not less than 2.5:1 and for the year 2021 onwards not less than 3:1, and has to maintain the debt to equity ratio for the year 2019 not over 2.2:1, for the year 2020 not over 1.7:1 and for the year 2021 onwards not over 1.4:1. The member of Manor (2016) Holdings Limited has to maintain the percentage of the shareholding within TCMC Furniture Limited group in compliance with the existing structure according to loan agreement. No capital distributions are permitted until the balance is reduced to 60% of the facility.

18. LONG-TERM LIABILITIES UNDER FINANCE LEASES

Long-term liabilities under finance leases as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Long-term liabilities under finance leases	22,945,638.06	19,497,828.68	2,649,752.91	2,781,203.55
<u>Less</u> Deferred interest	(812,616.30)	(666,204.25)	(334,218.35)	(71,123.25)
Input Value Added Tax not yet due	(1,360.04)	(27,736.03)	(1,360.03)	(27,736.03)
	22,131,661.72	18,803,888.40	2,314,174.53	2,682,344.27
<u>Less</u> Current portion	(13,423,514.83)	(9,452,967.94)	(986,867.88)	(987,721.92)
Net	8,708,146.89	9,350,920.46	1,327,306.65	1,694,622.35

The Company and its subsidiaries have finance lease agreements with various leasing companies to rent vehicles for using in their operations. The Company and its subsidiaries have to comply with the terms and conditions set forth in the agreements.

19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movements of the present value of non-current provisions for employee benefits for year ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Non-current provision for employee benefits				
beginning of the year	205,205,085.89	67,099,884.55	50,536,376.00	46,394,726.75
Employee benefit obligations from				
Business aquisition	-	130,254,764.69	-	-
Included in profit or loss:				
Current service cost and interest cost	32,516,511.84	15,569,345.16	6,768,497.00	6,670,392.00
Gain on settlement of benefits	(11,806,539.)	-	(11,806,539.00)	-
Benefits paid during the year	(56,285,235.34)	(7,007,172.6)	(40,614,652.00)	(2,528,742.75)
Included in other comprehensive income:				
Actuarial (gains) loss	14,176,018.00	(713,997.00)	14,176,018.00	-
Differences on translating				
financial statements	(39,062.25)	2,261.10	-	-
Non-current provision for employee benefits				
ended of the year	183,766,779.14	205,205,085.89	19,059,700.00	50,536,376.00

The Group made defined benefit plan in accordance with severance payment under the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last salary.

Employee benefit expenses were netted against from gain on settlement of benefits for statements of profit or loss for year ended December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current service				
Costs of sales	9,399,311.04	8,501,015.51	(5,100,556.00)	3,946,244.00
Administrative expenses	8,558,785.05	5,155,406.05	(1,232,955.00)	1,723,548.00
Management and directors' benefit expenses	2,751,876.75	1,912,923.60	1,295,469.00	1,000,600.00
Total	20,709,972.84	15,569,345.16	(5,038,042.00)	6,670,392.00

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

Principal actuarial assumptions as at December 31, 2018 and 2017 (represented by the weighted-average) consisted of:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	0.02 - 2.59	1.95 - 3.05	2.59	2.46
Salary increase rate	3.00 - 5.00	3.00 - 5.00	4.00	4.00
Employee turnover rate	0.00 - 79.00	0.00 - 79.00	8.00 - 65.00	0.00 - 38.00
Disability	5.00	5.00	5.00	4.00
Mortality	100 of Thai mortality table 2008 and 2017	100 of Thai mortality table 2008	100 of Thai mortality table 2017	100 of Thai mortality table 2008

The result of sensitivity analysis for significant assumptions that affect the present value of non-current provisions for employee benefits as at December 31, 2018 are summarised below:

	Unit: Baht			
	Change of the present value of non-current provisions for employee benefits			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(14,015,025.00)	16,016,330.00	(882,531.00)	973,421.00
Future salary increase rate	19,385,749.00	(17,090,362.00)	949,967.00	(879,188.00)
Staff turnover rate	(14,531,782.00)	8,282,920.00	(949,485.00)	431,053.00

As at December 31, 2018, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial	Separate financial
	statements	statements
Over 1 year but less than 5 years	68,586,270.00	3,667,291.00
Over 5 years	737,416,207.00	103,537,106.00

On December 13, 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group is in the process of evaluating the impact to the financial statements when the law is effective.

20. SHARE CAPITAL

At the Extraordinary General Meeting of Shareholders of the Company No.1/2017, held on September 20, 2017, resolved to approve:

1) Reduction of authorized share capital of the Company

The shareholders approved the reduction of the Company's authorized share capital by cancelling 4,563,210 shares at the par value of Baht 1.10 each, which were reserved for the Company's warrants, but which remain unexercised for the purchase of newly issued ordinary shares No.2 (TCMC-W2) according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2017, from the existing authorized share capital of Baht 564.69 million to be the new authorized share capital of Baht 559.67 million, divided into 508,792,650 shares at the par value of Baht 1.10 each. The Company has registered the reduction of capital with the Department of Business Development, Ministry of Commerce on September 29, 2017.

2) Increase of capital of the Company

The shareholders approved the increase of the Company's authorized share capital of Baht 559,671,915, divided into 508,792,650 shares at the par value of Baht 1.10 each, from the existing authorized share capital of Baht 559.67 million, to be new authorized share capital of Baht 1,119.34 million, divided into 1,017,585,300 shares at the par value of Baht 1.10 each. The Company has registered the increase of capital with the Department of Business Development, Ministry of Commerce on October 2, 2017.

21. WARRANTS TO PURCHASE NEW ORDINARY SHARES

Extraordinary Meeting of Shareholders of the Company No. 1/2017, held on September 20, 2017, approved the issuance and offering the warrants to purchase new ordinary shares of the Company No.2 to the Company's existing shareholders (TCMC-W2). The warrants details are as follows:

Type of warrants	:	Name certificate and transferable
Number of warrants	:	254,396,325 units
Underlying shares	:	254,396,325 shares
Allocation of warrants	:	The warrants shall be allotted to the existing shareholders who subscribe and pay for new shares through rights issue and excess rights at the ratio of 1 new share to 1 unit of warrants (Right Offering). Any fractions will be disregarded.
Issuing date	:	December 1, 2017
Warrants expiration date	:	November 30, 2019
Terms of the warrant	:	2 years from the issuing date
Exercise period	:	Last business day of March and September. The first exercise date is the last business day of March 2018, which is March 30, 2018 and the last exercise date is 2 years maturity date of the warrants from the date of issuance and offering the warrants, which is November 30, 2019.
Exercise ratio	:	1 unit of the warrants to 1 ordinary share (subject to change as a result of adjustment of warrants)
Exercise price	:	Baht 4.00 per 1 ordinary share (subject to change as a result of adjustment of warrants)

The Stock Exchange of Thailand has granted a listing of certificates representing the right to purchase shares (warrants) of the Company from December 20, 2017. As at December 31, 2018, the warrants have not been exercised.

For the year end December 31, 2018, basic earnings per share were unaffected by the change in the status of warrants. The exercise price is higher than the fair share price.

22. APPROPRIATION OF RETAINED EARNING

Under the provision to the Public Limited Companies Act, the Company is required to set aside as statutory reserve at least 5 percent of its net income after deduction accumulated deficit bought forward (if any), until the reserve reaches 10 percent of the registered capital. The legal reserve is not available for dividend distribution.

23. DIVIDEND PAYMENT

Board of Directors' Meeting No. 1/2018 of the Company, held on February 28, 2018 and Annual General Meeting of shareholders No. 1/2018 of the Company, held on April 27, 2018, resolved the dividend payment from its net profit of 2017 at the rate of Baht 0.02 per share and from its retained earnings at the rate of Baht 0.02 per share, totaling Baht 0.04 per share to its shareholders listed on March 29, 2018 in the amount of Baht 30.53 million. The Company fixed the date of the dividend payment on May 25, 2018. The Company appropriated Baht 1.56 million to legal reserve.

Board of Directors' Meeting No. 1/2017 of the Company, held on February 28, 2017 and Annual General Meeting of shareholders No. 1/2017 of the Company, held on April 28, 2017, resolved the dividend payment from its retained earnings to its shareholders listed on March 30, 2017 in the amount of Baht 61.05 million at the rate of Baht 0.12 per share. The Company paid the dividend on May 25, 2017.

24. EXPENSES BY NATURE

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changed in inventories of finished goods				
and work in process	215,850,536.36	184,928,716.69	18,056,699.19	(9,554,299.35)
Raw materials and consumables used	2,811,791,717.12	1,120,768,218.35	139,394,195.93	133,626,816.46
Purchase of finished goods	1,865,245,127.86	1,821,518,144.04	300,515,492.62	68,920,988.35
Depreciation and amortization	285,637,883.42	213,908,276.72	23,087,891.20	26,077,810.68
Salaries, wage and other				
employee benefits	1,728,698,528.97	703,457,395.54	163,746,561.81	118,106,494.72
Management benefit expenses	144,441,281.13	81,855,055.69	17,269,023.00	22,012,710.70

25. PROVIDENT FUND

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the staff will contribute the same amount at 3% to 5% of staff salary to this fund. Staff will receive payment from the provident fund upon retirement based on the rules of the fund. During the year ended December 31, 2018 and 2017 (transaction occurred after control is obtained by the Company from business combination), the subsidiaries contributed Baht 8.53 million and Baht 2.94 million, respectively.

26. OPERATING SEGMENTS

The Company and its subsidiaries operate in three main operating segments reported by products as follows:

Type of operating segment	Nature of products for operating segment
- Flooring	- Hand-woven and machine-woven carpet for indoor decoration including the flooring materials
- Production segment of sofa chair	- Sofa chair for interior decoration
- Production segment of carpet and upholstery fabrics	- Carpet for the floors inside vehicles, vehicles upholstery fabrics, fabrics and carpets used in making furniture and decoration

The operating segment's performance is regularly reviewed by the Chief Operating Executive Director, in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Details of financial information by segment operations for the year end December 31, 2018 and 2017 were as follows:

	Unit: Baht							
	Consolidated financial statements							
	Flooring		Carpet and upholstery fabrics		Sofa chair		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and services	3,327,050,185.50	1,556,845,449.03	1,431,783,681.45	1,424,027,159.00	4,787,725,851.10	4,652,261,581.63	9,546,559,718.05	7,633,134,189.66
Cost of sales and services	(2,056,733,688.11)	(1,025,856,555.73)	(1,102,329,460.20)	(1,102,382,370.75)	(3,528,033,444.61)	(3,514,060,512.34)	(6,687,096,592.92)	(5,642,299,438.82)
Gross profit	1,270,316,497.39	530,988,893.30	329,454,221.25	321,644,788.25	1,259,692,406.49	1,138,201,069.29	2,859,463,125.13	1,990,834,750.84
Other income	24,693,072.87	8,912,114.08	3,058,364.93	6,497,282.00	10,251,026.04	63,364,067.56	38,002,463.84	78,773,463.64
Selling expense	(606,812,685.30)	(230,545,062.15)	(45,823,945.24)	(45,770,925.00)	(475,656,339.23)	(499,047,248.37)	(1,128,292,969.77)	(775,363,235.52)
Administrative expenses	(540,907,476.61)	(201,751,258.02)	(65,942,521.18)	(61,412,740.55)	(516,054,967.83)	(515,150,695.99)	(1,122,904,965.62)	(778,314,694.56)
Exchange gain (losses)	10,289,397.35	(3,017,466.99)	1,506,447.59	126,859.00	(238,533.76)	918,883.75	11,557,311.18	(1,971,724.24)
Finance cost	(122,296,262.08)	(38,850,999.77)	(765,863.18)	(1,366,159.00)	(61,077,997.43)	(69,947,564.03)	(184,140,122.69)	(110,164,722.80)
Tax income (expense)	30,921,394.13	(10,375,601.12)	(44,614,073.26)	(42,329,044.81)	(51,112,523.46)	(3,884,206.05)	(64,805,202.59)	(56,588,851.98)
Profit for the year	66,203,937.75	55,360,619.33	176,872,630.91	177,390,059.89	165,803,070.82	114,454,306.16	408,879,639.48	347,204,985.38

Information about geographical areas

The Group's geographical segment information for the year ended December 31, 2018 and 2017 were as follows:

	Unit: Baht	
	Consolidated financial statements	
	2018	2017
Thailand	2,435,393,959.31	1,229,294,341.46
United Kingdom	4,960,523,168.20	4,648,158,319.55
Other	2,150,642,590.54	1,755,681,528.65
Total	9,546,559,718.05	7,633,134,189.66

Non-current assets of the Company and its subsidiaries separated by geographical area as at December 31, 2018 and 2017 were as follows:

	Unit: Baht				
	Consolidated financial statements				
	As at December 31, 2018				
	Thailand		Overseas		Total
Flooring	Carpet and upholstery fabrics	Flooring	Sofa chair		
Property, plant and equipment - net	2,852,334,089.97	307,001,463.02	18,219,913.70	190,330,684.63	3,367,886,151.32
Intangible assets - net	231,356,318.61	14,536,051.47	-	413,376,293.40	659,268,663.48
Total	3,083,690,408.58	321,537,514.49	18,219,913.70	603,706,978.03	4,027,154,814.80

Unit: Baht

Consolidated financial statements					
As at December 31, 2017 (Restated)					
	Thailand		Overseas		
	Flooring	Carpet and upholstery fabrics	Flooring	Sofa chair	Total
Property, plant and equipment - net	2,133,908,902.54	347,512,778.45	9,274,774.06	209,716,491.98	2,700,412,947.03
Intangible assets - net	222,556,081.33	17,970,384.00	-	502,395,775.13	742,922,240.46
Total	2,356,464,983.87	365,483,162.45	9,274,774.06	712,112,267.11	3,443,335,187.49

Major customers

The Company's and its subsidiaries' has no revenues from sales and services to their major customers constitute 10 percent of the revenue from the sale and service of the entire Group for the year ended December 31, 2018 and 2017.

27. INCOME TAX INCOME (EXPENSES)

Income tax income (expenses) for year ended December 31, 2018 and 2017 are as follows:

Unit: Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
		(Restated)		
Income tax income (expenses) shown in profit or loss:				
Current income tax expenses:				
Income tax expense for the year	(144,000,103.25)	(99,147,010.70)	-	-
Deferred income tax income (expenses):				
Changes in temporary differences relating to the original recognition and reversal	79,194,900.66	42,558,158.72	20,354,964.54	8,418,749.30
Total	(64,805,202.59)	(56,588,851.98)	20,354,964.54	8,418,749.30

A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2018 and 2017 were summarized as follows:

28. FINANCIAL INSTRUMENTS

28.1 Financial risk management

The Group manages their financial risk exposure to financial assets and financial liabilities by its internal management and control system and as a normal part of its business. The Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

28.2 Interest rate risk

The Group is exposed to interest rate risk relating primarily to its cash at banks, bank overdrafts, short and long-term loans. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to market rate. However, Management believes that future fluctuation of market interest rate would not significantly affect the Company's operations and cash flows. Therefore, no financial derivative was adopted to manage such risks.

As at December 31, 2018, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Unit: Baht			
	Consolidated financial statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	526,496,081.59	-	2,712,152.09	529,208,233.68
Trade and other receivables	-	-	1,477,339,090.91	1,477,339,090.91
Bank deposit for using guarantee	-	1,640,000.00	-	1,640,000.00
<u>Financial liabilities</u>				
Bank overdrafts and short-term loan from				
financial institutions	71,071,754.60	500,000.00	-	71,571,754.60
Trade and other payables	-	-	1,465,005,308.44	1,465,005,308.44
Short-term loans from related parties	-	1,500,000.00	-	1,500,000.00
Long-term loans from financial institutions	1,044,123,358.92	2,629,549,247.17	-	3,673,672,606.09
Long-term loans from related person	-	25,420,287.30	-	25,420,287.30
Liabilities under finance lease agreements	-	22,131,661.72	-	22,131,661.72
<u>Financial assets</u>				
Cash and cash equivalents	75,832,151.24	-	481,482.31	76,313,633.55
Trade and other receivables	-	-	285,791,100.43	285,791,100.43
Short-term loans to subsidiary	-	406,118.00	-	406,118.00
Long-term loans to subsidiary	-	272,505,178.00	-	272,505,178.00
<u>Financial liabilities</u>				
Bank overdrafts and short-term loans from financial institution	-	500,000.00	-	500,000.00
Trade and other payables	-	-	153,131,785.54	153,131,785.54
Long-term loans from financial institutions	-	2,629,549,247.17	-	2,629,549,247.17
Liabilities under finance lease agreement	-	2,314,174.53	-	2,314,174.53

28.3 Credit risk

The Group is exposed to credit risk primarily relating to trade accounts receivable. Management of the Company and its subsidiaries manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection beyond that already provided in the allowance for doubtful accounts.

28.4 Foreign currency risk

28.4.1 The Group's exposure to foreign currency risk relates primarily to raw materials purchases and sales of goods denominated in foreign currencies. As at December 31, 2018, the subsidiary primarily utilized forward exchange contracts and foreign exchange option to hedge exchange rate.

As at December 31, 2018, two local subsidiaries and two overseas subsidiaries have forward contracts and foreign exchange options. Those outstanding were as follows:

Forward contracts

	Maturity date	Foreign currency		Applicable	Amount	
				exchange rates		
Purchase contracts	May 13, 2019 - June 21, 2019	1,243,723.18	USD	32.3450 - 32.8550	40,475,100.82	THB
Selling contracts	June 5, 2019 - June 26, 2019	1,850,404.58	USD	32.0651 - 32.4599	59,834,697.52	THB
Selling contracts	January 2, 2019 - April 1, 2019	1,480,000.00	EUR	1.1100 - 1.1285	1,317,850.25	GBP
Selling contracts	March 4, 2019	205,000.00	USD	1.3295	154,193.31	GBP

Foreign exchange option

As at December 31, 2018, a subsidiary have forward extra option contracts to purchase 700,000 Euro to 1,050,000 Euro depending on the exchange rates at the contract maturity date.

28.4.2 The Company has foreign exchange rate risks as it has long-term loans to the subsidiary denominated in Pound Sterling. As at December 31, 2018, the Company entered into a cross currency swap contract with a local bank in Thailand to reduce the exchange rate risk that arises from debt repayment.

As at December 31, 2018, the Company extended a long-term loan of GBP 6.71 million to its wholly owned subsidiary and has the following foreign exchange forward contracts:

Principal amount		Interest rate		Interest periods
Delivered	Received	Delivered	Received	
3,560,000.00	157,708,000.00	GBP LIBOR 3 month	MLR 6	February 6, 2017
(260,000.00 GBP	(11,518,000.00 THB	+ 3.58% per annum	months	December 30, 2019
per installment)	per installment)		- 1.75% per	(installment of 3
			annum	months the first
				payment starting on
				March 30, 2017)

28.5 Liquidity risk

The Group manages its liquidity risk by maintaining adequate levels of cash and cash equivalents to support the Group's operations as well as securing short-term credit facilities from financial institutions as reserves as necessary and to reduce the impact of fluctuations in cash flows.

28.6 Fair value

The carrying amount of financial assets and financial liabilities as presented in the statement of financial position are mostly bear floating interest rates or fixed interest rates which are close to market rate. Management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amount.

29. COMMITMENTS AND CONTINGENT LIABILITIES

29.1 As at December 31, 2018, the Company and its subsidiaries had commitments on the long-term service agreement as follows:

On April 25, 2008, a subsidiary entered into a technical assistance agreement with a foreign related company. The above subsidiary must pay a technical assistance fee every 3 months at the agreed percentage of net sales of fabric products and carpet products. The calculation applies to sales starting from June 1, 2008. The agreement ends on May 31, 2009 with the option to automatically renew every year until there is a termination notice.

29.2 As at December 31, 2018, the Company and its subsidiaries had the following commitments on capital expenditure:

	Unit: Baht	
	Consolidated	Separate
	financial statements	financial statements
Machinery and equipment purchase	15,772,470.02	-
Software	13,332,405.20	8,705,405.20
Vehicle	5,400,271.05	-
Total	34,505,146.27	8,705,405.20

29.3 As at December 31, 2018, the Company and its subsidiaries had the following commitments on operating lease - as a lessee and the following minimum future rental payments under the lease and service agreements:

	Unit: Baht	
	Consolidated	Separate
	financial statements	financial statements
Up to 1 year	40,204,356.92	-
Over 1 but less than 5 years	44,657,541.69	-
Total	84,861,898.61	-

30. CONTINGENT LIABILITIES

As at December 31, 2018, the Company and its subsidiaries had contingent liabilities from letter of guarantee issued by several commercial banks to guarantee product sales and rental agreement amounting to Baht 65.64 million (the Company: Baht 6.52 million) and the subsidiary had outstanding letters of credit issued by the banks for purchasing goods and machineries of Baht 9.03 million.

As at December 31, 2018, the Company and its subsidiaries had short-term credit facilities, in total amount of Baht 1,595 million, USD 11.05 million and Pound 7 million (the company: Baht 340 million) as follow:

	Currency	Unit: Baht					
		Consolidated			Separate		
		financial statements			financial statements		
		Credit arrangement	Used	Unused	Credit arrangement	Used	Unused
1)	Million Baht	1,595.00	(122.20)	1,472.80	340.00	(7.02)	332.98
2)	Million US Dollar	11.05	(2.11)	8.94	-	-	-
3)	Million GBP	7.00	(1.28)	5.72	-	-	-

Short-term credit facilities of the Company were guaranteed by the Company's land, building and machinery.

Short-term credit facilities of the subsidiaries were guaranteed by the Company, the subsidiaries' machinery, and fixed deposit including share certificates of United Carpet Manufacturing Co.,Ltd (Notes 10.7). The subsidiaries' shareholders shall maintain the percentage of the shareholding within the subsidiaries in compliance with the existing structure.

31. PRIVILEGES FROM BEING AN INTERNATIONAL COMPANY

On November 6, 2017, the Revenue Department approved the Company as an international headquarters (IHQ). The Company engages the businesses of service, technical support or other support, as well as operating as an international trade company (ITC) rendering service to related companies, both local and overseas. The Company will be exempt from, or enjoy reduced, income tax rates for a period of 15 years, starting the first period from October 31, 2017 to December 31, 2017 and the last period starts from January 1, 2031 to December 31, 2031. Details of the tax privileges are as follows:

- Exemption of income tax in the full amount from net profit from the sales of goods through the international company overseas but without re-importation of items that arise from providing service to related companies in foreign countries.

- Exemption of income tax rates to 10 percent for services provided to related companies in Thailand. If the Company lacks the qualification set out in Section 9 of the Royal Decree issued under the Revenue Code regarding the rate reduction and public revenue exemption No.586., then the privileges will be suspended only during that accounting period.

32. RECLASSIFICATION

Certain amounts in the financial statements as at December 31, 2017, and statement of profit or loss and other comprehensive income for the year end December 31, 2017, have been reclassified to conform to the current year classification but with no effect to previously reported net profit or shareholders' equity. The reclassifications are as follows:

Account	Unit: Baht		
	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Trade and other current receivables	1,626,846,856.10	16,686,421.34	1,643,533,277.44
Current tax assets	-	3,855,772.00	3,855,772.00
Other current assets	35,195,762.28	(29,576,273.34)	5,619,488.94
Deferred tax assets	18,992,407.75	(18,992,407.75)	-
Deferred tax assets - net	-	1,010,726.55	1,010,726.55
Other non-current assets	19,352,511.14	9,034,080.00	28,386,591.14
Trade and other current payables	(1,368,164,004.68)	(151,912,493.69)	(1,520,076,498.37)
Other current liabilities	(142,174,014.55)	142,174,014.55	-
Deferred tax liabilities	(200,488,969.37)	200,488,969.37	-
Deferred tax liabilities - net	-	(182,507,288.17)	(182,507,288.17)
Other provisions	(9,738,479.14)	9,738,479.14	-
Other component of shareholders' equity	(188,537,440.54)	10,357,434.55	(178,180,005.99)
Non-controlling interests	(363,598,276.87)	(10,357,434.55)	(373,955,711.42)
Statement of profit or loss and other comprehensive income			
Administrative expenses	(778,216,311.11)	3,781,521.50	(774,434,789.61)
Finance costs	(106,383,201.30)	(3,781,521.50)	(110,164,722.80)
Trade and other current receivables	290,727,041.36	4,680,801.02	295,407,842.38
Current tax assets	-	3,842,793.44	3,842,793.44
Other current assets	17,557,674.46	(17,557,674.46)	-
Other non-current assets	907,827.10	9,034,080.00	9,941,907.10
Trade and other current payables	(152,356,281.00)	(985,501.72)	(153,341,782.72)
Other current liabilities	(985,501.72)	985,501.72	-

33. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

33.1 Restatement of prior year's related financial statements regarding the acquisition of business

The Group acquired the business of Tai Ping Carpets International Limited Group ("Tai Ping") on September 29, 2017. This transaction is accounted for as a business combination and the assessment process of the fair value of identifiable net assets at the date of acquisition has been completed in the 3rd quarter of 2018, within the period of not exceeding one year from the acquisition date as specified by Thai Financial Reporting Standard No. 3 (Revised 2017) "Business Combinations". Therefore, the Company has retrospectively adjusted the measuring of the fair value of net identifiable assets and good will on business acquisition date as previously recorded. The effect to the consolidated financial statements as follows:

	Unit: Baht
	<u>Consolidated financial statements</u>
<u>Statement of financial position</u>	
<u>As at December 31, 2017</u>	
Increase in property, plant and equipment	717,100,524.12
Decrease in goodwill	(716,875,251.19)
Increase in intangible assets	215,276,161.69
Increase in deferred tax liabilities	(186,475,337.16)
Decrease in retained earnings	3,103,923.96
Increase in other component of shareholders' equity	(22,965,487.26)
Increase in non-controlling interests	(9,164,534.16)
<u>Statement of profit or loss and other comprehensive income</u>	
<u>For the year ended December 31, 2017</u>	
Increase in administrative expenses	(3,879,904.95)
Decrease in income tax expenses	775,980.99
Decrease in net profit	(3,103,923.96)
Decrease in exchange differences on translating financial statements of foreign operation	22,965,487.26
Decrease in basic earnings per share	(0.0059)

33.2 Correction of accounting error

During the first quarter of 2018, the Company discovered that the consolidated financial statements for the year ended December 31, 2017, did not include deferred tax assets related to tax losses of an overseas subsidiary. As a result, the Company has restated the recognition of deferred income tax assets and income tax benefit in the consolidated financial statements. For the year ended December 31, 2017, the impact on the consolidated financial statements was as follows:

	Unit: Baht
	<u>Consolidated financial statements</u>
	<u>As at December 31, 2017</u>
<u>Statement of financial position</u>	
Decrease in deferred tax liabilities - net	22,741,020.50
Increase in retained earnings	(17,169,150.20)
Increase in other component of shareholders' equity	(114,025.38)
Increase in non-controlling interests	(5,457,844.92)
<u>For the year ended December 31, 2017</u>	
<u>Statement of profit or loss and other comprehensive income</u>	
Decrease in income tax expenses	22,590,987.10
Increase in net profit	22,590,987.10
Decrease in exchange differences on translating financial statements of foreign operation	150,033.40
Increase in basic earnings per share	0.0428

34. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2018, the Group's debt-to-equity ratio was 1.75: 1 (as at December 31, 2017 was 2.34: 1) and the Company's debt-to-equity ratio was 0.98: 1 (as at December 31, 2017 was 1.61: 1).

35. EVENTS AFTER THE REPORTING PERIOD

Board of Directors' Meeting No. 2/2019 of the Company, held on February 28, 2019, resolved the dividend payment from its net profit of 2018 at the rate of Baht 0.09 per share to its shareholders listed on March 22, 2019 in the amount of Baht 68.69 million. The Company fixed the date of the dividend payment on May 24, 2019. The Company appropriated Baht 27.27 million to legal reserve.

36. APPROVAL OF FINANCIAL STATEMENT

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



238 VIPAVADEE RANGSIT RD.,
SANAMBIN, DONMUANG,
BANGKOK 10210

TEL: +(66) 2533 6393 to 6400
website: www.tcm-corporation.com

