



ANNUAL REPORT

Annual Report 2019

TCM CORPORATION PUBLIC COMPANY LIMITED

Stock Code: TCMC



**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.**





CONTENTS

6	Messages from Chairman
8	Vision, Mission, and Corporate Culture
10	Business Mission and Strategy
12	Business Overview
12	History and Background
14	Nature of Business
16	Ratio of Income from Business Operations
17	Distribution Channels
18	Market and Competition
20	Significant Changes in the Previous Year
21	Future Projects
23	Report from Risk Management Committee
24	Risk Factors
28	General Information / Other Reference
33	Information of Securities and Shareholders
33	Company's Securities
36	Shareholding Structure
38	Policy on dividend payment
39	Organization Structure
48	Board of Directors
57	Management Team

61	Corporate Governance
61	Corporate Governance Policy
61	Corporate Governance Structure
62	The Roles of Leaders in Corporate Governance and Sustainable Business Drive
62	Corporate Governance Report
62	Compliance with the Principles of Good Corporate Governance
76	Corporate Social Responsibility Policy
105	Transaction with related parties
110	Financial Highlights
111	Management Discussion and Analysis
117	Report of the Board's Responsibility for Financial Statements
118	Report from Audit Committee
120	Auditor's Report
124	Financial Statement
190	Other Information



2019


Messages from Chairman

Dear Shareholders,

2019 was the year of global recession, political instability of many countries, starting from the UK's Brexit uncertainty, Hong Kong's remonstrance, the US-China trade war to unprecedented Thai Baht's surge. Hence, business was impacted worldwide. Our affiliated companies, with all teams ranging from Production to Sales department, had done all they could to fight those aforementioned factors. Although annual turnover is not satisfactory, I am still confident in strategies and policies we have been undertaking. Many of which are gradually adopted. Once our foundation is solid and the global economic rebounds, we will without doubt see our target.

As an export business with its financial statement involving international currency conversion from multiple foreign affiliated companies, TCM Flooring was drastically impacted by Thai Baht's strength. The annual turnover decreased. Factory merger in the beginning of 2019 was one of the reasons for business slowdown. There were restructuring in production team and merging of corporate culture which took some time to settling in. Consequently, the production did not reach the target. Economic fluctuations resulted in delay of purchase orders or postponement of product installations. Because of these factors, TCM Flooring has not yet prospered as planned.

Despite political instability of UK, sales growth of TCM Living is satisfactory. According to the UK market research, our turnover was above average while most of our competitors were at break-even or loss. Thanks to our management team in UK who was well-adapted and able to maintain a good performance. Integration of the business group and new management framework proved a higher work efficiency. However, there is still a room for improvement for cost control. And if pound sterling value is stronger, overall business would surely be on the rise.




Due to domestic and international automotive industrial recession, automotive trade significantly declined, resulted to lower sales compared to last year. However, cost control and net profit margin still met our target. Our company determines to develop new products in order to meet the market demand which is constantly changing.

Apart from conducting the business for shareholders' best benefits, our company believes in sustainability management. Last year we extended our participation in Thailand's Private Sector Collective Action Coalition Against Corruption which we first joined in 2016. We initiated several projects for the benefits of stakeholders. Those are local community projects, product development for waste reduction and business development in all possible areas to ensure that we do all we can to make our world a better place.

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 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.

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

TCM Corporation Plc. upholds professional business integrity by building confidence with 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.

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 Alstons 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.

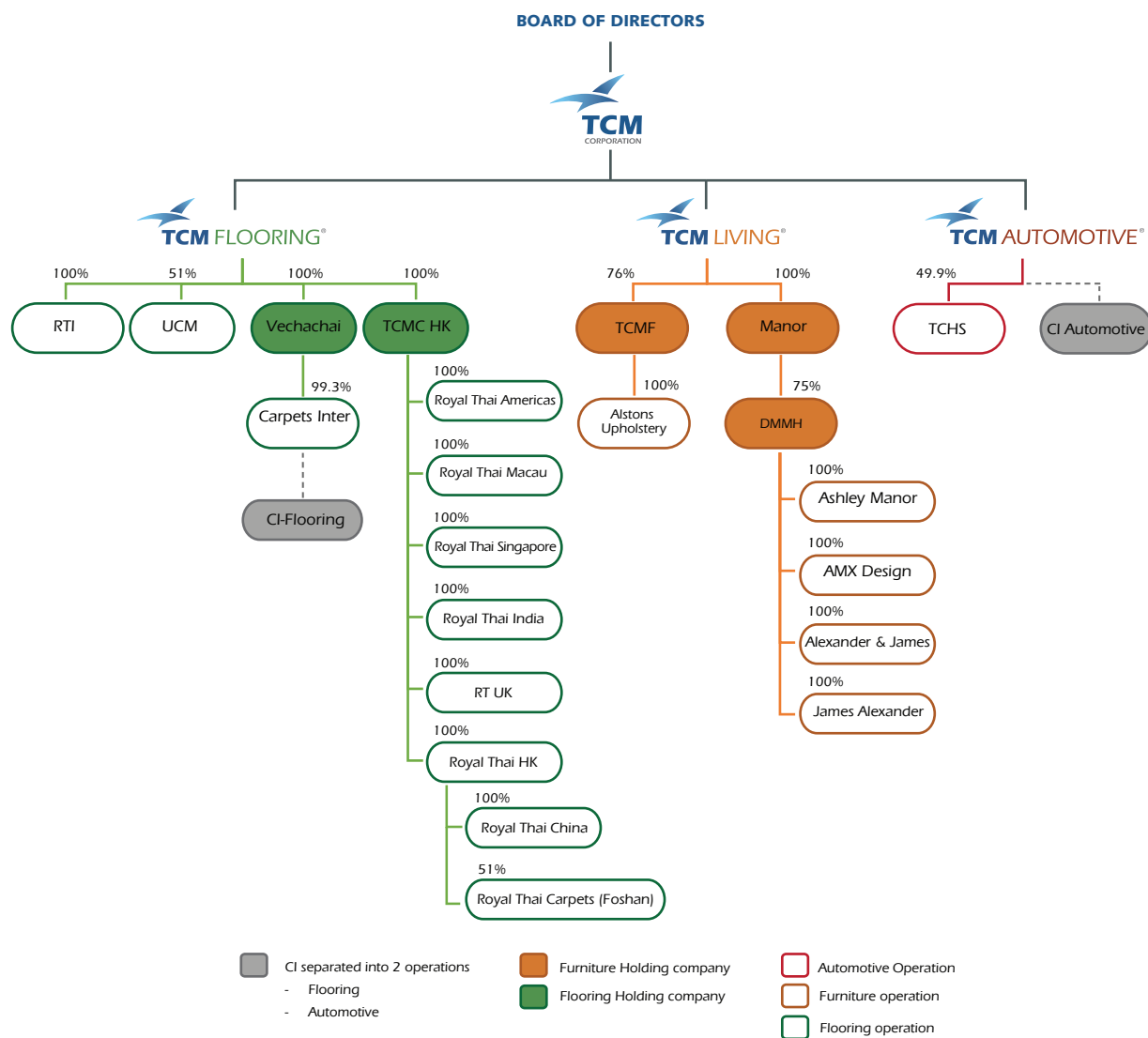
On 2 October 2017, the Company changed the Company's name from "Thailand Carpet Manufacturing Public Company Limited" to "TCM Corporation Public Company Limited" while retaining our abbreviated name, "TCMC", in the stock exchange in order to be consistent with the Company's growth and investment expansion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

In 2019, the company has merged all three affiliated carpet manufacturing facilities into a single factory in Pathum Thani, covering approximately 100 Rais. In addition, all personnel and machinery have been transferred to the single factory to enhance production efficiency, reduce operating costs, and facilitate business administration. At the same time, the company announced to sell the factories in Don Mueang District.

In December 2019, the Royal Thai HK (2017) Ltd., an owned subsidiary of the company, has established a joint venture named Royal Thai Carpets (Foshan) Co., Ltd. with Powerful Link Limited in China. The company has contributed 51.00% and Powerful Company Link has contributed 49.00% to the joint venture in order to operate hand-woven carpets under the Royal Thai brand for subsidiary companies.

Nature of Business

TCM Corporation Public Company Limited's shareholding structure in 2019 was as below:



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 and domestic sale office for Alexander & James brand furniture in Thailand, 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:

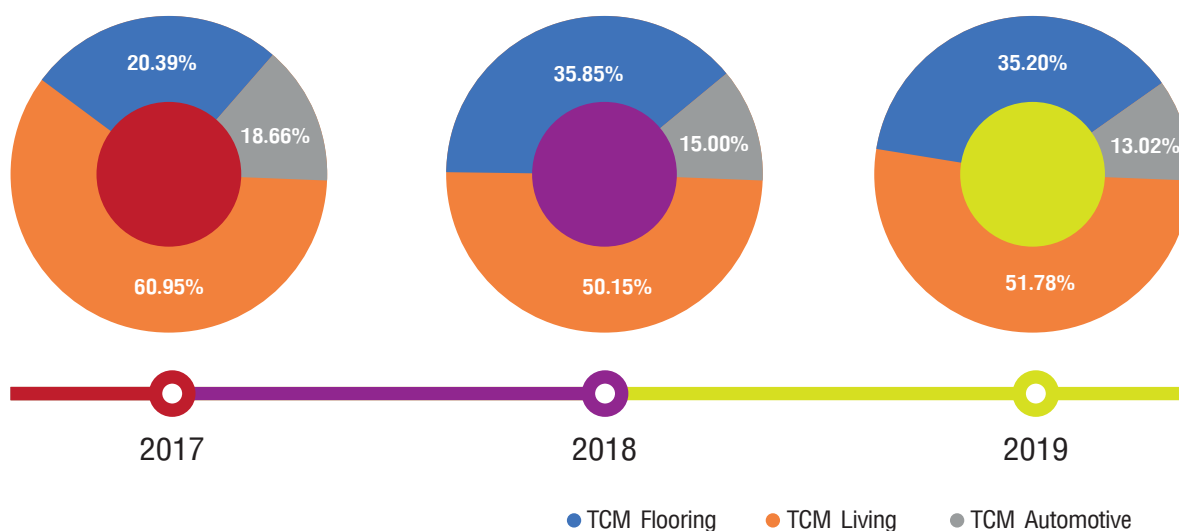
o T.C.H. Suminoe Co., Ltd. "TCHS"

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:



	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
TCM Flooring	1,556.65	20.39	3,327.05	34.85	3,168.60	35.20
TCM Living	4,652.26	60.95	4,787.73	50.15	4,660.98	51.78
TCM Automotive	1,424.03	18.66	1,431.78	15.00	1,172.31	13.02
Total	7,633.13	100.00	9,546.56	100.00	9,001.89	100.00

Distribution Channels

TCM Flooring, 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, interior designer 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.

TCM Living, 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.

TCM Automotive, customer groups and distribution channels can be divided as follows:

- o The Original Equipment Market (OEM) consisting of the following:
 - Domestic and International automobile manufacturers and automobile seat manufacturers.
 - Domestic and International automobile interior decoration part manufacturers.
- o Replacement Equipment Market (REM) consisting of the following:
 - Domestic and International bus seat manufacturers.
 - Interior automobile decoration parts manufacturers in the replacement market.

Market and Competition

TCM Flooring

Regarding the Royal Thai brand or the hospitality sector products, the global economy has fluctuated since the United States declared a trade war with China. Consequently, trade policy uncertainty allowed the company to benefit from American customers who had been worried about import tariffs from China, resulting in the changing of suppliers to order products from Thailand instead. However, at the same time, the company had been affected by excessive orders that must be sent to manufacturers in China due to inadequate production capacity of the company. Therefore, when products from China were exported to the United States after the announcement of import tax policy, import tariffs had been immediately increased by 25 percent. For Hong Kong, Macao, and ASEAN markets, the economy and various projects have been decelerated due to political conditions in Hong Kong, leading to a significant decline in the proportion of sales from Asia. Nevertheless, Royal Thai still holds a 22 percent market share in the carpet industry for the global hospitality sector, which is nearly equal to that of the major competitor, a British carpet manufacturing company. As for the direction of the carpet industry, there is a consistent demand for carpets in hotels, convention centers, theaters, and cinemas, where must be regularly refurbished to attract customers. Meanwhile, the company still has to consistently improve the cost control, product designs, and customer services to maintain the market share and to prevent newcomers to compete for the market share as well.

In terms of the Carpets Inter brand or the corporate sector products, the company aims to extend its market share in the production of carpets with environmental awareness. At present, the environment is an important issue of which large organizations with sustainable and good corporate governance policies are particularly aware. The results of research and development have enabled the company to offer products that can reflect to the beauty, suitability, high quality, and environmental friendliness. After the introduction of the EcoSoft® carpet collections whose carpet backings are made from recycled materials of waste plastic bottles, the company has received good response in the market where the trend of conservation of natural resources has become increasingly popular. There are various conservation initiatives in leading organizations at both domestic and international levels, which are aware of the seriousness of waste and ecological issues. Therefore, those companies desired to participate in the "Green Building" projects to construct eco-friendly buildings. Notably, the introduction of EcoSoft® products are part of these projects. Hence, the company recognizes a practical approach to business growth while there are merely a few competitors that can manufacture carpets that respond to the demand for environmental protection. In order to expand the market to other regions, the company has appointed representatives in various regions such as India, New Zealand, and South American countries in addition to the major agents in Australia together with further investment in machinery to enhance the competitiveness.

For domestic and Asia Pacific's hotel and resort markets, there is a demand for other types of flooring materials which are more suitable for the weather and location than carpets. As a result, instead of machine- or hand-woven carpets, the company has distributed other types of flooring materials, including solid wood floorings, laminate floorings, luxury vinyl tiles, and flat weave carpets in order to meet the demand of customers in each region.

TCM Living

Regarding the TCM Living, main customers of the furniture business are based in the UK both business and retail sectors. In order to stimulate sales in the highly competitive business and remain top-listed in the UK market share, the company has developed new product designs, maximized production efficiency, and created more stylish yet unique sofas while maintaining good quality to fulfil customers with attractive, worthwhile, and top-notch quality products. Thus, even though the overall economy in the UK was decelerated due to the political and economic uncertainty related to Brexit last year, the company has still managed to increase the sales of furniture products steadily.

The exports of Alexander and James furniture brand are well received by customers not only in China, Asia, and Middle East which are the brand's main target groups, but also in the large American market. The company has employed experienced executives in order to improve product designs and expand channels of distribution in response to the demand of different markets. Additionally, the company has participated in furniture exhibitions in various regions to get access to a wide range of customers worldwide.

TCM Automotive

In the previous year, the selling and distribution of automobile in Thailand has continued to grow by 4 percent from 2018. In the industrial sector, however, domestic automobile production tends to decline markedly. In 2019, the production has decreased by 1.25 percent and the exports of automobiles have fallen by 4 percent from 2018. Importantly, the impact on automotive industry may cause a reduction in sales by nearly 20 percent in 2020, as compared to the previous year due to the current economic situations and a downward trend in car imports from European countries. Nevertheless, the company still expects to maintain the same market share of automotive carpets (in Southwest Asian countries and ASEAN). However, it is expected that the orders of auto seat covers will decrease by approximately 50 percent. Therefore, the company has to be prepared for the change by developing new products and using technologies to better reduce manufacturing costs.

Significant Changes in the Previous Year

As for TCM Flooring business, all affiliated carpet manufacturing facilities have been merged into a factory in Pathum Thani in early 2019. This factory has become the integrated manufacturing center for carpets production. There are luxury hand tufted carpets, Axminster carpets for the hospitality sector, carpet tiles for offices and buildings, machine tufted carpets (Pass tufted and Broadloom tufted carpets) for residences and small hotels, and needle punch carpets for interior decoration in cars and buses. Therefore, this can be stated that it is the only factory in the region that can provide full manufacturing services, ranging from product design through installations of almost all kinds of carpets. Besides, after transferring machinery and personnel to a single factory, the company has developed a mutual working system so that all operations have become one in order to reduce manufacturing costs and fully utilize existing resources. In addition, an ERP system has been developed and implemented to use among our subsidiaries globally. The transition period has started since the early 2019, and the company evaluated that it would take the whole year until the end of the transition period. In order to deal with these changes, it required time and dedication from all related parties. It is expected that the results of changes will appear in 2020. Furthermore, the high speed Axminster looms in which the company invested in the late 2018 have started to operate at full capacity to produce carpets in response to large-area orders which required short production time as well as orders with price competition. This is consistent with the marketing strategy to expand products to the casino and cruise ship markets. In the late 2019, the company has set up a joint venture with Powerful Link Ltd., China to establish a joint venture factory, named Royal Thai Carpets (Foshan) Co., Ltd. to enhance the production capacity for hand tufted carpets for the Royal Thai brand. The foundation of this joint venture allows the company to ally with a strong partner in China for market expansion to increase the customer base and strengthen competitive potential, especially in the market where prices are the main factor in the competition.

In the UK, TCM Living has changed its organization structure to enable the readiness for grouping under a single management team. Each subsidiary had an accountable executive under the policy of executives at a group level, leading to a more systematic organization. There are employments for the Executive Director of Alexander and James, Managing Director of Ashley Manor, and Design Director. The Design Director has created surprises in product designs and receive well response from the market, resulting in excessive orders and inadequate production capacity. Therefore, it was necessary to outsource suppliers to assist in the manufacturing processes, such as Alstons and Spanish suppliers. Finally, the company decided to invest in a sofa wooden frame factory to support the production process of Ashley Manor and reduce production costs.

As for automobile carpets and auto seat covers business, the company has upgraded the ERP version to the latest version, by employing the barcode system, Auto Solution (AS), to enhance work efficiency with ease and speed.

Future Projects

TCM Flooring

In the late 2019, the company has specifically set up a joint venture in China for hand tufted carpets in order to expand manufacturing bases, reduce the risk of production, and enhance production capacity for TCM Flooring. The operation at full capacity begins in 2020 with a production rate at 3,000 square meters per month. As for Axminster carpets, the company has launched a plan to expand channels of distribution to other regions, including Middle Eastern countries. The company plans to establish a joint venture company, named Royal Thai Oman LLC. with Dolphin International LLC. in Oman to manufacture Axminster carpets under the Royal Thai brand and distribute them in Middle Eastern and North African countries (MENA). It is expected that the joint venture company will be the hub for the production and distribution of carpets for the hospitality sector in the region. It will also be a distributor of carpet tiles under the Carpets Inter brand in Oman. This joint venture expects potential benefits, including market expansion to the Middle East and Royal Thai brand recognition expansion. This will support product distribution in Middle Eastern and North African countries by reducing transportation costs and shortening the delivery lead time with competitive prices. In addition, collaboration with good alliances will give the company a better understanding of the customers and markets.

TCM Living

The company has planned to restructure TCM Living to propose better management and experience sharing of management team in subsidiaries. The company then initiates a grouping of 2 business groups into a single business group. In 2019, the company invited consultants to study relevant regulations to establish a corporate group. It has been found that after several executive meetings, a steady progress is made by various beneficial projects from the exchange of professional knowledge and experience among executives. As a result, in the first quarter of 2020, the company plans to change the shareholder structure in the organization to enable TCM Living company to hold 100 percent of shares in all subsidiaries, including Alstons Upholstery Ltd., Ashley Manor Ltd., AMX design Ltd., Alexander and James Ltd., and James Alexander Co., Ltd. The executive directors of both companies shall be the directors and shareholders of TCM Living Ltd. The TCMC will hold nearly the same proportion of shares in this holding company. This transaction will help conglomerate all operation divisions into a single company under one management team, resulting in the reduction of complexities in management and lower operating costs. This will assist the company in achieving the goals according to strategies and being prepared to enter a stock market in the UK when the company is ready in an appropriate situation.

TCM Automotive

The company is studying the opportunity of investment in machinery that can increase the productivity of headliner products. Furthermore, the company is exploring further for competitive opportunities to increase the market share in headliner markets from 15 to 30 percent.

For the strategies of market expansion for PU and PVC products, it is under consideration of the two automobile companies to install our products on their brand-new cars that will be released to the market in the next two years.

The company has made an effort to participate in the designing process of the brand-new cars and propose novel and outstanding designs to better reduce relevant costs.



Alexander & James
GREAT BRITISH SOFA DESIGN

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

Report from Risk Management Committee

Dear Shareholders,

The Board of Directors is aware of the importance of risk management to keep the business running. Pursuant to the meeting of the Board of Directors No. 2/2018 on 31 May 2018, the Board of Directors resolved to appoint the Risk Management Committee, consisting of 4 chief executive officers and high-level executives. The scope of their work is under the Risk Management Committee Charter to ensure that the company has an adequate risk management framework within the organization. There are sufficient tools to support the effective implementation to achieve the goals of risk management.

In the year 2019, the Risk Management Committee held two risk management meetings in order to consider important issues which can be summarized as follows:

- 1) Reviewed the Risk Management Committee Charter to ensure the consistency, appropriateness, and support for the administrative division to be able to manage risks efficiently and effectively
- 2) Assessed the impact on new risk factors of the company as the risk management committee of the subsidiaries presented together with recommendations and guidelines for establishing effective risk control measures in order to reduce damage to an acceptable level
- 3) Followed up and reviewed the operations in accordance with the risk management plan of the company and subsidiaries under the risk management policy and framework
- 4) Reported the risk management results of the Risk Management Committee of the company and its subsidiaries to the Board of Directors on a regular basis.

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 including investment in machinery that can increase production instead labour.

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. Treated water has been reused and recycled in the factory. The Zero Discharge project has also been launched to prevent natural resources from pollution. The regular quality monitoring assessment of surface water and groundwater and soil contamination for the factory and surrounding environments at least annually. The measurement results have met the standards.

In terms of waste management, the company has set the 3Rs (Reduce, Reuse, Recycle) principle, giving priority to minimizing the generation of waste and reducing the use of resources. The company has improved the manufacturing process and supported the reduction of wool fibers which are the main raw materials for the production by reusing wool remains. Meanwhile, the company has transformed carpet remnants or non-reusable wool remains into alternative fuels for electricity generation and secondary raw materials for cement manufacturing process. The sludge disposal from wastewater treatment has been utilized as a component for bio-organic fertilizer. This process has been performed to ensure that the company has disposed the least amount of waste for elimination. As a consequence, the industrial sector and the community can live happily together.

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 and to prevent a risk of production, the company has already established joint venture company in China as a back-up factory for any event affecting in production process in Thailand factory.

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 have 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.



Alstons
Sofas for Living

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

General Information / Other Reference

Company Profile

Company Name	TCM Corporation Public Company Limited ("TCMC")
Location	238 Vipavadee Rangsit Road, Sanambin, Donmuang, Bangkok 10210 Tel. +66 (0) 2 533 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	THB 1,119,343,830.00
Paid-up Share Capital	THB 839,507,872.50
Per Value per Share	THB 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	THB 20,000,000
Par Value Per Share	THB 100
Paid-up Share Capital	THB 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. +66 (0)2 533 6393 to 400 Fax. 02-533 6850
Type of Business	Distributor of carpets and floor coverings
Registered Share Capital	THB 1,000,000
Par Value Per Share	THB 100
Paid-up Share Capital	THB 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	THB 250,000,000
Par Value Per Share	THB 10
Paid-up Share Capital	THB 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	THB 1,000,000
Par Value Per Share	THB 10
Paid-up Share Capital	THB 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., Bangkok, Huaikwang Bangkok 10310
Type of Business	Manufacturer and distributor of carpets and floor coverings
Registered Share Capital	THB 100,000,000
Par Value Per Share	THB 10
Paid-up Share Capital	THB 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. 14th Floor, The Stock Exchange of Thailand Building, 93 Ratchadapisek Road, DinDang, Bangkok 10400 Tel: +66 (0) 2 009 9999
Auditor	Mr. Sathien Vongsnan - Certified Public Accountant Registration No. 3495 ANS Audit Co., Ltd. 100/72, 22nd Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang, Bangkok, 10320 Thailand Tel: +66 (0) 2 645 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: +66 (0) 2 233 1666 CMT Counsellor Company Limited 75 Soi Puengmee11, Sukhumvit Rd., Bangchak, Prakanong Bangkok 10260 Tel: +66 (0) 81 836 7236
Financial Advisory:	None



ASHLEYMANOR
a new design language


TCM LIVING
A MEMBER OF TCM CORP. PLC.

Information of Securities and Shareholders

Company's Securities

As of 31 December 2019, 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 in the past 3 years 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 THB 1.10 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 THB 1.10.
11 December 2019	1,119.34	0.01	839.52	From exercising the right of TCMC-2 Warrants for 12,150 shares at a par value of THB 1.10.

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 THB 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	THB 4 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	<p>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).</p> <p>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.</p> <p>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.</p>



Carpets Inter®



Shareholding Structure

Name list of 10 major shareholders when closing the book of shareholder's registration at the date of general shareholders' meeting on 26 April 2019 is as follows:

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
1	Srivikorn Family		
	Mr. Pimol Srivikorn	88,750,000.00	11.63%
	Mr. Vikorn Srivikorn	53,500,000.00	7.01%
	Mr. Chaiyut Srivikorn	50,018,514.00	6.55%
	Khun Ying Sasima Srivikorn	31,183,903.00	4.09%
	Mrs. April Srivikorn	1,100,000.00	0.14%
	Total of Srivikorn Family	224,552,417.00	29.42%
2	Mrs. Taya Teepsuwan	50,242,939.00	6.58%
3	Thai NVDR Co., Ltd.	32,088,163.00	4.20%
4	Dr. Pongsak Thammatucharee	29,863,100.00	3.91%
5	Chiawsakul Family		
	Miss Piraya Chiawsakul	21,425,400.00	2.81%
	Mr. Suchart Chiawsakul	5,482,500.00	0.72%
	Total of Chiawsakul Family	26,907,900.00	3.53%
6	Mr. Kiattinan Denpaisan	19,761,569.00	2.59%
7	Cholsaipan Family		
	Mrs. Nipa Cholsaipan	13,117,400.00	1.72%
	Mr. Nam Cholsaipan	3,043,900.00	0.40%
	Miss Nonthip Cholsaipan	553,850.00	0.07%
	Mr. Arthapon Cholsaipan	471,000.00	0.06%
	Mr. Akarin Cholsaipan	471,000.00	0.06%
	Miss Namthip Cholsaipan	413,850.00	0.05%
	Total of Cholsaipan Family	18,071,000.00	2.36%

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
8	Udompornpruet Family		
	Mr. Jirayu Udompornpruet	13,425,000.00	1.76%
	Miss Jurairat Udompornpruet	1,600,000.00	0.21%
	Mr. Jetrin Udompornpruet	1,000,600.00	0.13%
	Mr. Somchai Udompornpruet	500,000.00	0.07%
	Total of Udompornpruet	16,525,600.00	2.17%
9	Limatibul Family		
	Mrs. Parada Limatibul	5,900,000.00	0.77%
	Miss Daranee Limatibul	4,080,000.00	0.53%
	Mr. Boonchu Limatibul	2,101,250.00	0.28%
	Mr. Suthee Limatibul	260,000.00	0.03%
	Mr. Suraparp Limatibul	190,000.00	0.02%
	Total of Limatibul Family	12,531,250.00	1.63%
10	Boonsawang Family		
	Mr. Anurak Boonsawang	5,337,000.00	0.70%
	Mrs. Piyarat Boonsawang	3,148,000.00	0.41%
	Mrs. Yaowapa Boonsawang	110,000.00	0.01%
	Mr. Khunnawut Boonsawang	100,000.00	0.01%
	Mr. Rungroj Boonsawang	80,000.00	0.01%
	Mrs. Jongdee Boonsawang	19,500.00	0.00%
	Total of Boonsawang	8,794,500.00	1.14%

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)

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.

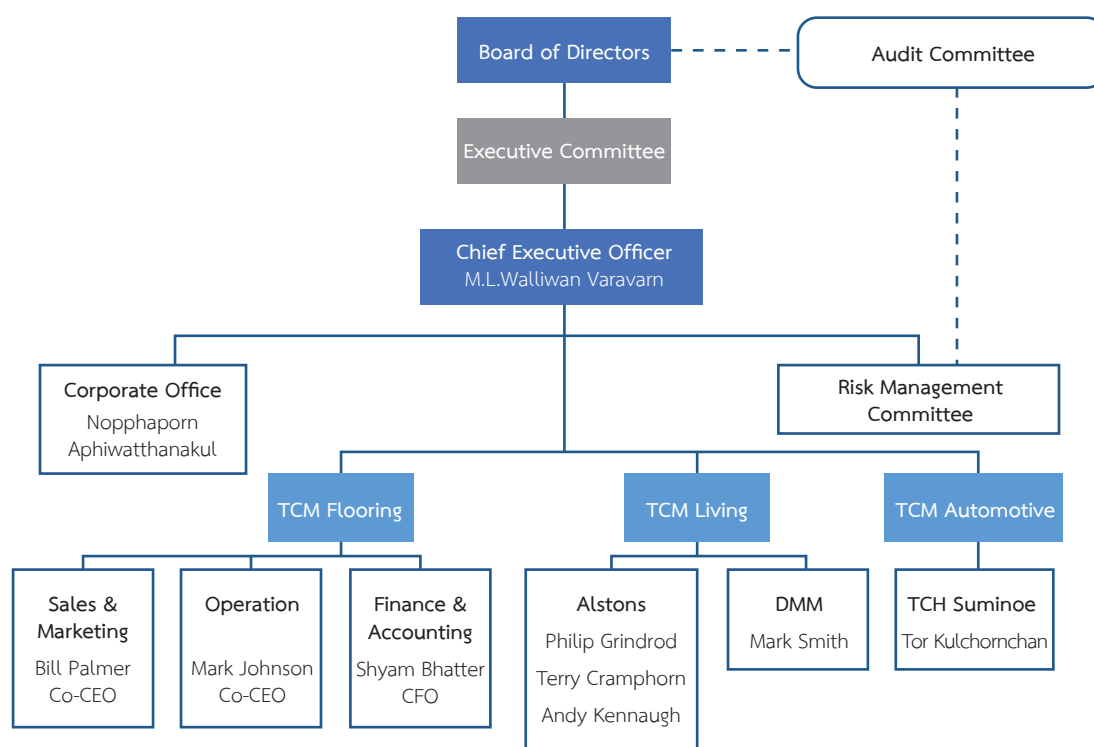
2018

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

2019

Due to company incurred loss from its operating results in respect of 2019, therefore the company omits to pay dividends to shareholders.

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 2019, 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

The Company's 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 four 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. Arthorn Wongsunthorn | Member of Risk Management Committee |

Management Committee

At 31 December 2019, 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. Shyam Bhatte | CFO, TCM Flooring |
| 6. Mr. Philip Grindrod | Managing Director, TCM Furniture |
| 7. Mr. Terence Henry Cramphorn | Finance Director, TCM Furniture |
| 8. Mr. Andrew Kennaugh | Commercial Director, TCM Furniture |
| 9. Mr. Mark Alexander Smith | Chief Executive Officer, DM Midlands Group |
| 10. 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 follows:

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			
		As at 01/01/19	As at 31/12/19	As at 01/01/19	As at 31/12/19	Increase / Decrease	%
1	Mr. Pimol Srivikorn	88,750,000	98,347,700	-	-	9,597,700	10.81
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

The shareholders' ordinary meeting of 2019 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 THB 25,000 per person per meeting
- Directors not receiving salary received meeting allowance amounting to THB 20,000 per person per meeting.

In 2019, the Company convened Board of Directors' meetings 5 times and paid meeting allowance and bonus 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	325,000
2. M.L. Walliwan Varavarn	Chief Executive Officer	5/5	-
3. Mr. Soravis Krairiksh	Chairman of Audit Committee and Independent Director	5/5	300,000
4. Mr. Suvitcha Nativivat	Member of Audit Committee and Independent Director	4/5	230,000
5. Mrs. Duangjai Lorlertwit	Member of Audit Committee and Independent Director	5/5	250,000
6. Mr. Uthayan Uthayanaka	Independent Director	5/5	200,000
7. Mr. Isareit Chirathivat	Independent Director	4/5	180,000
8. Mr. Sumate Suwanvongkij	Director	5/5	200,000
9. Mrs. Noppaporn Aphiwatthanakul	Finance Director	5/5	-

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 2019 therefore resolved to approve the payment of Audit Committee's remuneration according to the following rate.

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

In 2019, meeting of Audit Committee has been convened 4 times and remuneration has been paid as follows:

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

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

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

1. Self-evaluation of the Board of Directors 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 2019 in which 9 members were assessed accounted for 93.09 percent.

2. 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 individual Board of Directors' evaluation in 2019 in which 9 members were assessed accounted for 93.43 percent.

3. 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 2019 in which 3 members were assessed accounted for 90.12 percent.

4. 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 2019 in which 3 members were assessed accounted for 85.71 percent.

Knowledge enhancement of the Board of Directors

In 2019, the directors attended the following seminars and training:

Names of Directors	Position	Training
1. M.L. Walliwan Varavarn	Chief Executive Office	Corporate Governance for Executives Program (CGE) Batch 14/2019

Remuneration of Management and Employees

Remuneration of Management

As of 31 December 2019, the Company has management team comprising of 4 members, and the Company has paid salary and bonus for year 2019 amounting to THB 13.57 million and provided vehicles for 1 members of the management team.

Remuneration of Employees

As of 31 December 2019, the Company has employees 71 people, and the Company has paid salary, wage, overtime, living expenses and bonus for year 2019 amounting to Baht 51.84 million.

Human Resources Development

In 2019, there were 44 training courses with 48 batches to allow employees to develop their knowledge and skills. The curriculum was divided into 3 main courses as follows: 1. training courses in compliance with mandatory training laws 2. productivity enhancement training programs, and 3. knowledge development courses based on job positions, health, and well-being.

Remuneration of the Company and Subsidiaries' s Auditor

The auditor of the company and subsidiaries for the year ended 31 December 2019 is Mr. Sathien Vongsnan, Certified Public Accountant Registration No. 3495 of ANS Audit Co., Ltd., The Company has paid auditor's remuneration for year 2019 amounting to THB 3.23 million

1

Mr. Pimol Srivikorn*Chairman of the Board*

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.



2

**Mr. Soravis Krairikh***Chairman of Audit Committee and
Independent Director*

3

**Mr. Suvitcha Nativivat***Member of Audit Committee and
Independent Director*

4

**Mrs. Duangjai Lorlertwit***Member of Audit Committee and
Independent Director*

5

**Mr. Uthayan Uthayanaka***Independent Director*

6

**Mr. Isareit Chirathivat***Independent Director*

7

**M.L. Walliwan Varavarn***Chief Executive Officer*

8

**Mr. Sumate Suwanvongkij***Director*

9

**Mrs. Noppaporn Aphiwatthanakul***Executive Director*

Board of Directors

The Board of Directors consists of 9 members as follows:

1. Mr. Pimol Srivikorn

Current Position	: Chairman of the Board
Nationality	: Thai
Age	: 55 years
Address	: 132/4 Soi Jarern Mit, North Prakanong, 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 2019 for total 26 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2019, 98,347,700 shares
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	Member of Investment Committee - Zmico Securities PLC.	9 Companies	None

Work Experiences

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
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

2. Mr. Soravis Krairiksh

Current Position	: Chairman of Audit Committee and Independent Director
Nationality	: Thai
Age	: 47 years
Address	: 11/6 Narasiri Bangna Moo14, Bangna Trad Rd., Bangpleeyai, Bangplee, Samutprakan Thailand 10540
Education	: - Master's 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 2019 for total 15 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings Attended 4 of 4 of Audit Committee's Meetings
Shareholding in the Company	: 31 December 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	Deputy Managing Director, Investment Banking Group - Bualuang Securities PCL.	None	1 Companies

Work Experiences

2015 – Present	: Deputy Managing Director, Investment Banking Group - 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.

3. Mr. Suvitcha Nativivat

Current Position	: Member of Audit Committee and Independent Director
Nationality	: Thai
Age	: 38 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 2019 for total 7 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 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.	5 Companies	None

Work Experiences

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 - Timblick and Partners Co., Ltd.
2009 – Present	: Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.
2008 – 2010	: Associate - Linklaters (Thailand) Co., Ltd.

4. Mrs. Duangjai Lorlertwit

Current Position	: Member of Audit Committee and Independent Director
Nationality	: Thai
Age	: 58 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 2018 until 2019 for total 2 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings Attended 3 of 4 of Audit Committee's Meetings
Shareholding in the Company	: 31 December 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	-	2 Companies	None

Work Experiences

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 – 2019	: Director – C Panel Co., Ltd.
2006 – 2017	: Partner – JD Partner Co., Ltd.
2003 – 2005	: Executive Vice President – MCOT PCL.
2001 – 2003	: Chief Operation Officer – 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.

5. Mr. Uthayan Uthayanaka

Current Position	: Independent Director
Nationality	: Thai
Age	: 84 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 2019 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 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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 Experiences

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

6. Mr. Isareit Chirathivat

Current Position	: Independent Director
Nationality	: Thai
Age	: 41 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 2019 for total 7 years
Meeting Attendance of the Past Year	: Attended 4 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	Senior Vice President - Leasing - Central Pattana PCL.	None	None

Work Experiences

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

7. M.L. Walliwan Varavarn

Current Position	: Chief Executive Officer
Nationality	: Thai
Age	: 62 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 Corporate Governance Executive Program (CGE) Class 14/2019
Period of Directorship	: Holding Positions since 2000 until 2019 for total 20 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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	-	10 Companies	None

Work Experiences

2019 - Present	: Director – Rugby School Thailand
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.

8. Mr. Sumate Suwanvongkij

Current Position	: Director
Nationality	: Thai
Age	: 60 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 2019 for total 7 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2019, 270 shares
Shareholding for spouse and child in the Company	: 31 December 2019 - 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 Experiences

2012 – 2018	: Managing Director - Royal Thai International Co., Ltd.
1983 – 2018	: Domestic Sales Manager – TCM Corporation Plc. (Formerly Thailand Carpet Manufacturing Plc.)

9. Mrs. Noppaporn Aphiwatthanakul

Current Position	: Executive Director
Nationality	: Thai
Age	: 60 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 2018 until 2019 for total 2 years
Meeting Attendance of the Past Year	: Attended 5 of 5 of Board of Directors' Meetings
Shareholding in the Company	: 31 December 2019 - None
Shareholding for spouse and child in the Company	: 31 December 2019 - 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 Experiences

2018 – Present	: Director of the Corporate office – TCM Corporation PLC.
1981 – Present	: Accounting and Finance Manager - TCM Corporation PLC.

Management Team

1. Name and Surname : M.L. Walliwan Varavarn
 Age : 62 Years
 Nationality : Thai
 Position : Chief Executive Officer
 Education : Master's Degree, Massachusetts Institute of Technology, USA
 Experience : Director – Rugby School Thailand
 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 - 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 2019 - None
 Shareholding for spouse and child in the Company : 31 December 2019 - None
 Relationship between the board and the management : None

2. Name and Surname : Mrs. Noppaporn Aphiwatthanakul
 Age : 60 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 2019 - None
 Shareholding for spouse and child in the Company : 31 December 2019 - None
 Relationship between the board and the management : None

3. Name and Surname : William Palmer
 Age : 58 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 2019 - None
 Shareholding for spouse and child in the Company : 31 December 2019 - None
 Relationship between the board and the management : None
4. Name and Surname : Mark Robert Johnson
 Age : 59 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 2019 - None
 Shareholding for spouse and child in the Company : as at 31 December 2019 - None
 Relationship between the board and the management : None
5. Name and Surname : Shyam Bhattar
 Age : 53 Year
 Nationality : American
 Position : CFO, TCM Flooring
 Education : Chartered Accountants (India)
 : CPA (USA), LIFA (USA)
 : MBA from Goizueta Business School (USA)
 Work Experience : Practice as Chartered Accounts in India – over 3 years.
 : Co Established and Co managed carpet operations in the US - 6 years
 : CFO in floor covering industry - over 20 years.
 Shareholding : as at 31 December 2019 - None
 Shareholding for spouse and child in the Company : as at 31 December 2019 - None
 Relationship between the board and the management : None

6. Name and Surname : Philip Grindrod
 Age : 66 Years
 Nationality : British
 Position : Managing Director, TCM Furniture
 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 2019 - 8% share in TCMC Furniture Limited, UK
 Shareholding for spouse and child in the Company : as at 31 December 2019 - None
 Relationship between the board and the management : None
7. Name and Surname : Terence Henry Cramphorn
 Age : 63 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 2019 - 8% share in TCMC Furniture Limited, UK
 Shareholding for spouse and child in the Company : as at 31 December 2019 - None
 Relationship between the board and the management : None
8. Name and Surname : Andrew Kennaugh
 Age : 50 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 2019 - 8% share in TCMC Furniture Limited, UK
 Shareholding for spouse and child in the Company : as at 31 December 2019 - None
 Relationship between the board and the management : None

9. Name and Surname	: Mark Alexander Smith
Age	: 48 Years
Nationality	: British
Position	: Chief Executive Officer, DM Midlands Group
Education	: BA Honours Interior Architecture and Design, Royal Society of the Arts
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 2019 - 12.5% share in DM Midlands Holdings Limited,UK
Shareholding for spouse and child in the Company	: as at 31 December 2019 - None
Relationship between the board and the management	: None
10. Name and Surname	: Tor Kulchornchan
Age	: 58 Years
Nationality	: Thai
Position	: Managing Director, T.C.H.Suminoe Co., Ltd
Education	: Master’s Degree
Work Experience	: - Managing Director (9 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 2019 - None
Shareholding for spouse and child in the Company	: as at 31 December 2019 - None
Relationship between the board and the management	: None

Corporate Governance

Corporate Governance Policy

The Board of Directors has determined to perform corporate efficient operations with competitive potential and high profits. Furthermore, the company prioritizes accountability, prudence, integrity, transparency, and business ethics to treat shareholders and stakeholders with fairness and equality. In addition, the company emphasizes corporate social and environmental responsibility along with respect for human beings, political neutrality, and anti-corruption for sustainable values. Therefore, the company has imposed corporate governance policies to act as a guideline for directors, executives, and employees at all levels. Corporate governance is a responsibility of directors, executives, and employees at all levels to perform their duties with accountability, prudence, integrity, transparency, and business ethics for efficient business management with competitive potential and high profits. The company shall treat all shareholders and stakeholders with fairness and equality and prevent the use of internal information for personal interests. In addition, business information shall be transparently exposed. The company shall provide respect for human beings, political neutrality, and anti-corruption for sustainable values.

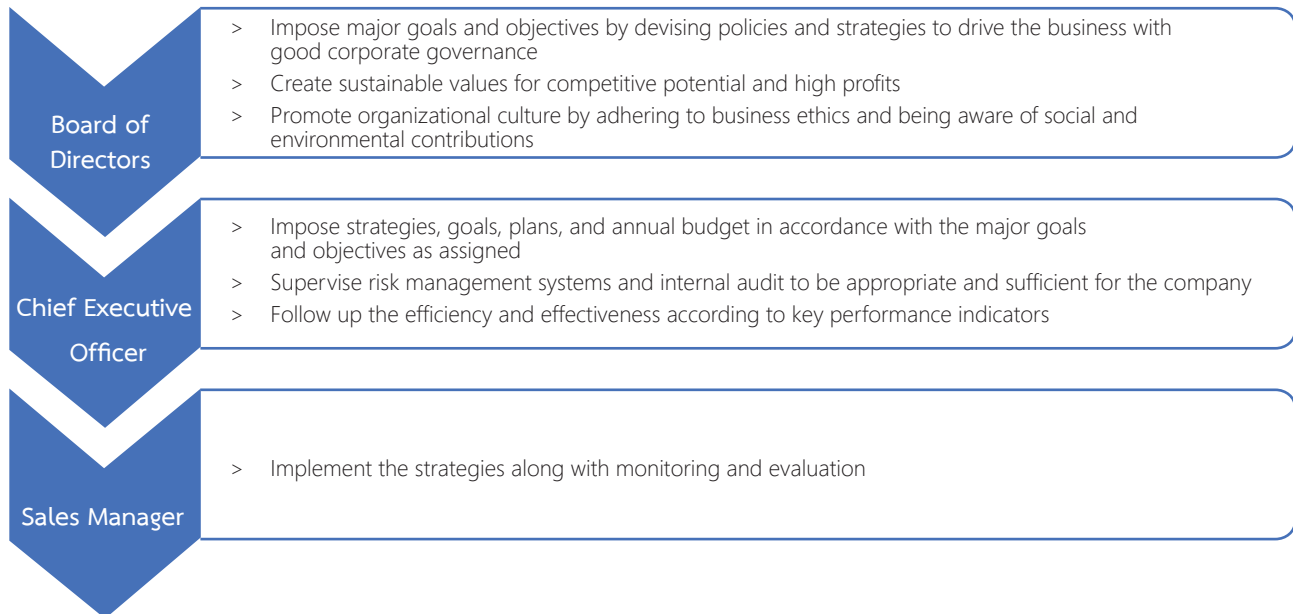
The Company has communicated and published this guideline on the corporate website in order for directors, executive, and employees at all levels to comply with the principles of good corporate governance. Furthermore, the guideline has been published to all stakeholders to acknowledge operational practices of the company. The details are in the company's website; www.tcm-corporation.com under the heading of "Corporate Governance"

Corporate Governance Structure



The Board of Directors is responsible for corporate governance at the policy level and the determination of organizational direction by imposing the goals and objectives of the company together with corporate vision, missions, and organizational culture. The review of the guideline shall be conducted at least once a year for directors, executives, and employees at all levels to effectively revise and implement plans to achieve the goals and objectives for sustainable business drive.

The Roles of Leaders in Corporate Governance and Sustainable Business Drive



Corporate Governance Report

According to our determination to realize the importance of corporate governance principles to develop the operational guidelines, the company has managed to improve the level of corporate governance score. The improvement was evident in the Corporate Governance Report of Thai Listed Companies (CGR) 2019, issued by the Thai Institute of Directors Association (IOD). In 2018, the company received a score of 78, classified as “Good” recognition level (3 stars). In 2019, the company received a score of 83, classified as “Very Good” recognition level (4 stars). It was clear that the success stemmed from the ambition from relevant departments to achieve sustainable goals of the company along with the good corporate governance principles for business sustainability in the future.

Compliance with the Principles of Good Corporate Governance

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

The full contents of the Company’s Good Corporate Governance Guidelines are available at www.tcm-corporation.com under the heading of “Corporate Governance”.

Principle 1

Establish Clear Leadership Role and Responsibilities of the Board

The company adheres to the Code of Practice as follows:

1. The company defines roles, duties, and responsibilities of the Board of Directors. The directors shall be responsible for defining objectives, goals, vision, mission, strategy, and organizational values. In addition, they are required to propose operating policy, annual operation plan, and financial policy to enable executives and employees to work in the same direction.
2. There exist a code of business ethics, Charter of the Board of Directors and Committees, corporate social responsibility policy, and anti-corruption policy. These have been formally written in order for the Board of Directors to behave as a role model and the leader in corporate governance. Further details are available at www.tcm-corporation.com under the heading of corporate governance.
3. Appropriate and sufficient internal audit systems have been established throughout the organization. The audit department is responsible for evaluating and reporting results to the Audit Committee at least once a quarter year. The assessment of the audit systems efficiency shall be conducted at least annually.
4. Risk management committees have been established in the subsidiary group to compile and submit proposals to the risk management committee of the parent company to consider the suitability of the guidelines for risk prevention and resolution. Risk management meetings shall be organized at least twice a year.
5. The internal audit department collaborates with the risk management committee to follow up and evaluate business performance. The assessment results and other relevant issues shall be directly reported to the Audit Committee at least once a quarter year.
6. It is required to supervise communications in the company in order to enable directors, executives, and employees at all level to gain a better understanding and implement the abovementioned policies.

Principle 2

Define Objectives that Promote Sustainable Value Creation

The company adheres to the Code of Practice as follows:

1. 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.
2. Creating 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 risks which may affect related stakeholders along the value chain as well as those which may affect the Company's achievement. Manage acceptable risks, 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.

Principle 3

Strengthen Board Effectiveness

The company adheres to the Code of Practice as follows:

1. Determine that the composition of the Board of Directors shall be comprised of at least 5 directors but not exceeding 12 directors according to company's articles of association 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. In 2019, the company has a total of 9 directors (The details of the Board of Directors are in page 39)
2. 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 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. The independent directors who are members of audit committee must be outsiders and have accounting and financial knowledge.
3. The Board of Directors have determined that the Chairman and Chief Executive Officer shall be different persons. The Chairman shall monitor the management's operation and provide suggestions and assistance without participation or interference in the normal daily management of Chief Executive Officer within the authority granted by the Board of Directors.
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. 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. (The details of the Company Secretary are in page 41)
7. The Board of Directors is responsible for the selection of the Board of Directors and sub-committees by considering qualifications, knowledge, and expertise for the given positions. Furthermore, shareholders are allowed to propose the appointment of new directors in advance by setting the criteria and conditions for nominations, published in the company's website www.tcm-corporation.com

8. The company determined of remuneration of the Board of Directors and sub – committees 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. (The details of remuneration of the Board of Directors are in page 41)
9. The company has Self-evaluation of the Board of Directors and Sub-committees. 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. (The details of assessment are in page 43)
10. 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. (The details of attending seminars and training of directors are in page 44)
11. Good corporate governance is specified in compliance with the law on securities and stock exchange, relevant requirements, and the best practices of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the laws related to the company's business. The principles of good corporate governance shall be reviewed at least annually

Principle 4

Ensure Effective CEO and Top Management

The company adheres to the Code of Practice as follows:

1. 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.
2. The Executive Committee 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)

The company has a short-term compensation policy which shall reflect the company performance and achieve the annual budget goals. In addition, there are criteria for performance evaluation of executives and employees. The criteria shall be fair, transparent, auditable, and suitable for the knowledge and ability of the executives and employees. There is a code of practice 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

The company has a long-term compensation policy to encourage employees to preserve savings and conduct financial planning for their retirement. Incentives are provided to motivate employees to work hard with love and loyalty to the organization. There is a code of practice 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. The company also offers prestigious awards for employees who have worked for the company for over 15 years in order to motivate employees to be dedicated to the organization. (The details of remuneration of the top management and employees are in page 44)

3. Performance assessment of the top management 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.
4. Performance assessment of the employee, 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.

5. The company encourage personnel development to Management and employee as follows:
 - 5.1. Determination 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.
 - 5.2. Encouragement 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.
 - 5.3. Determination 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. (The details of Personnel development are in page 44)
- (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

The company adheres to the Code of Practice as follows:

1. Create corporate culture and promote innovative creation by 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.

2. The company puts an emphasis on responsibility for all business operations. The Board of Directors is committed to developing good corporate governance principles, and therefore establishes the Code of Conduct and guidelines for accountability for stakeholders. These regulations are enacted as the efficient and transparent guidelines for the Board of Directors, executives, and employees at all levels. The guidelines also pave the way for building trust and gaining acceptance from stakeholders in every party in order to create sustainable values for the business, consisting of responsibilities to shareholders, customers, business partners, business competitors, creditors, employees, society, and environment.
3. The company requires efficient resources management in various areas as follows:
 - 3.1 Value chain management (VCM) requires a procurement policy to be in accordance with the ISO9001 standards system. An improvement in the production process is required to increase productivity, reduce costs, and mitigate environmental impact. Transportation and storage systems should be managed to be safe and quality. Furthermore, it is vital to build good relationships with business partners and conduct operations with transparency and fairness to satisfy all customers and stakeholders
 - 3.2 Energy Management, 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.
 - 3.3 Information Technology Management, 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. Created the data security standard manual and assessed the information technology risks accordance with ISO9001 standards. Risk assessment shall be performed at least once a year.
 - 3.4 Social, community and environmental management, the company issues Corporate Social Responsible policy 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:
 - a. 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.

b. 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

The company adheres to the Code of Practice as follows:

1. Determines 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".
2. 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 executives for each division are established to manage risks in each division with regular monitoring process.
3. Internal audit system has been appropriate and sufficient, including evaluating and following up on various matters on a regular basis. An independent internal audit department is responsible for reporting the audit results to the Audit Committee by adhering to the International Standards on Auditing (ISA) to maximize the benefits for the company and gain acceptance from all stakeholders.
4. The Company determines 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, it is mandatory that all relevant parties including directors, executives, and employees understand and accept the regulations and guidelines in writing. These include the determination of sanctions in case of violation of the rules.
5. The company determines The Board of Directors, Executives or employee shall keep confidentiality of information and documents which cannot be disclosed and/or trade secret, invented formulae and other which belong to the Company and information that may affect the price of securities, there are staff and departments responsible for providing information for external parties, including the Chief Executive Officer, Accounting and Finance Committee, and Investor Relations Department.
6. 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.
7. 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.

8. 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
9. 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. For this reason, Anti-corruption policy is issued as follow; "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." In addition, the guidelines have been publicly published to allow executives and employees to be thoroughly informed. (Further details are available at www.tcm-corporation.com under the heading of Corporate Governance.)
10. 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:

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 company adheres to the Code of Practice as follows:

1. Determine 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 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
2. 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 investor relations.

3. 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 report in the Stock Exchange of Thailand's website and the Company's website which is easily accessible, fair and reliable. Information Disclosure Policy and guidelines have been launched to ensure that the employees comply with the policy.
4. 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 on the basis of ethics of Investor Relations Officer. Shareholders can contact Investor Relations Officer, please email to ir@tcm-corporation.com.

Principle 8

Ensure Engagement and Communication with Shareholders

The company adheres to the Code of Practice as follows:

1. Ordinary shareholders' meeting which shall be held within 4 months from the end date of the Company's accounting period. Giving 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 each year.
2. When considering urgent matters that require approval from shareholders, the company shall arrange an extraordinary general meeting of shareholders by sending an invitation letter at least 30 days in advance and publishing the invitation on the website. Documents stating the meeting agenda and details shall be attached to the letter.
3. After the general meeting of shareholders, the company shall report the resolution of the meeting within the following day and present the meeting minutes to the Stock Exchange of Thailand along with the disclosure on the company website within 14 days from the date of the shareholders' meeting
4. The Company comply with the AGM Checklist made by Thai Investors Association.
5. 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.
6. The Company arranges factory visit at least once a year to provide shareholders or analysts with opportunities to visit the Company's business.

Corporate Governance Assessment by the Thai Institute of Directors Association

Pursuant to good corporate governance principles for listed companies, revised by the Securities and Exchange Commission in 2017, the company has revised the corporate governance guidelines to comply with the abovementioned principles. Regular reviews shall be conducted at least once a year. In 2018, there were issues that the company had not implemented as follows:

1. The company should establish recruitment committee, compensation committee, and corporate governance committee.

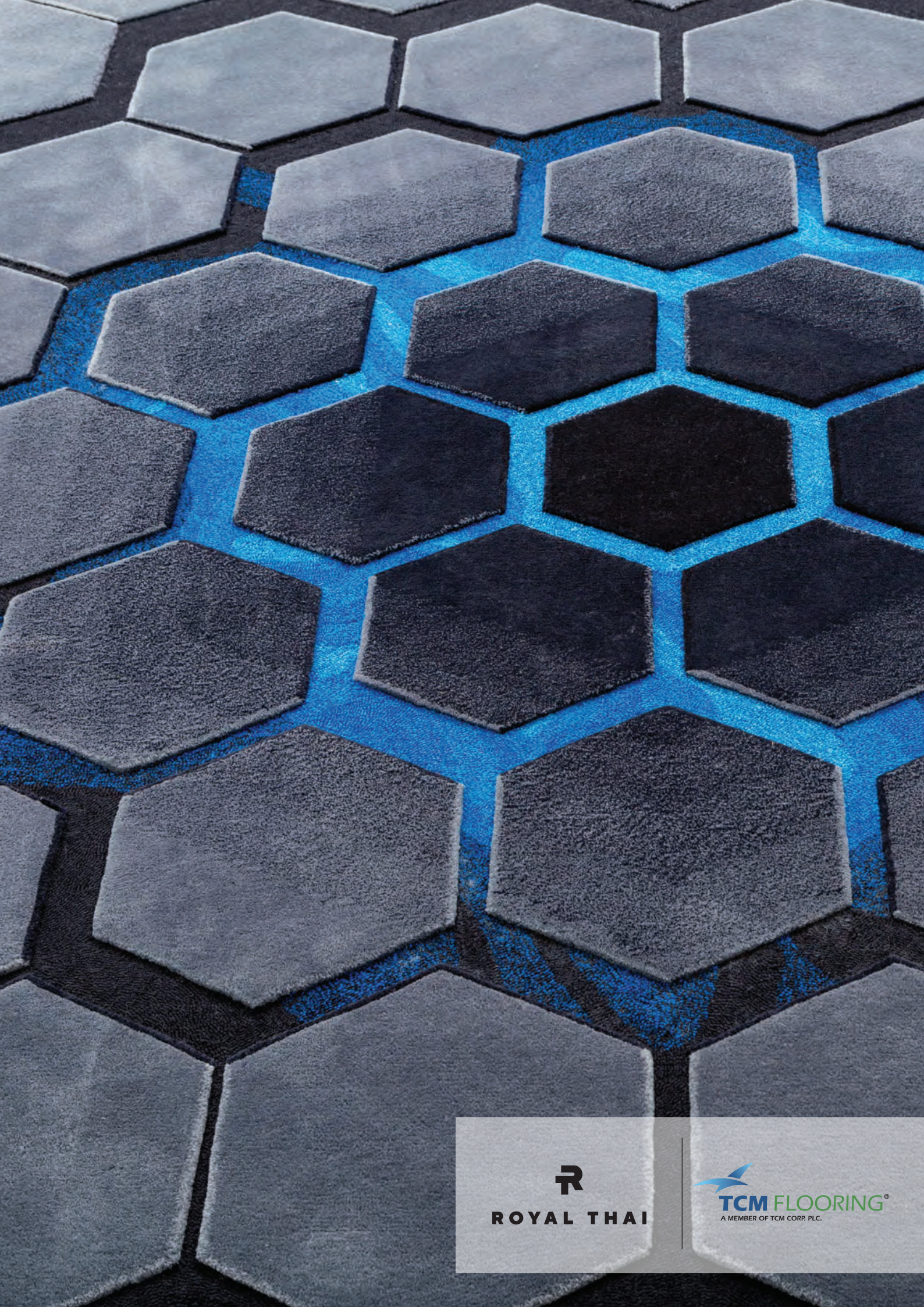
The company has 9 members in the Board of Directors, which still meet the requirements of the Securities and Exchange Commission and comply with the regulations of the company. The Board of Directors has sufficient knowledge and skills to oversee the company's business in compliance with the principles of corporate governance. Therefore, there is no need to recruit additional directors. Regarding consideration for compensation, the Board of Directors jointly considered compensation with transparency and fairness, including the review of corporate governance principles. The Board of Directors and the Audit Committee has consistently considered, reviewed, and evaluated the results.

2. The company should specify that the independent directors be appointed to a position not to exceed 9 years.

The carpet manufacturing industry is a business that the Board of Directors and executives should have knowledge, ability, and familiarity with the type of business. Therefore, the directors with professional experience and familiarity with the nature of the business are able to propose practical recommendations. Even though the independent directors have held the position for more than 9 years, they can still provide independent opinions and meet all the requirements of the company.

3. The Chairman of the Board should be an independent director.

The Chairman of the Board plays a role in conducting the general meeting in an orderly manner. In addition, the Chairman shall support and encourage the joint committee to independently express their opinions on various issues. The Chairman can participate in expressing opinions as a member of the Board of Directors, but cannot interfere with the management in order to give benefit to a specific person.



ROYAL THAI



TCM FLOORING®
A MEMBER OF TCM CORP. PLC.



Global Presence

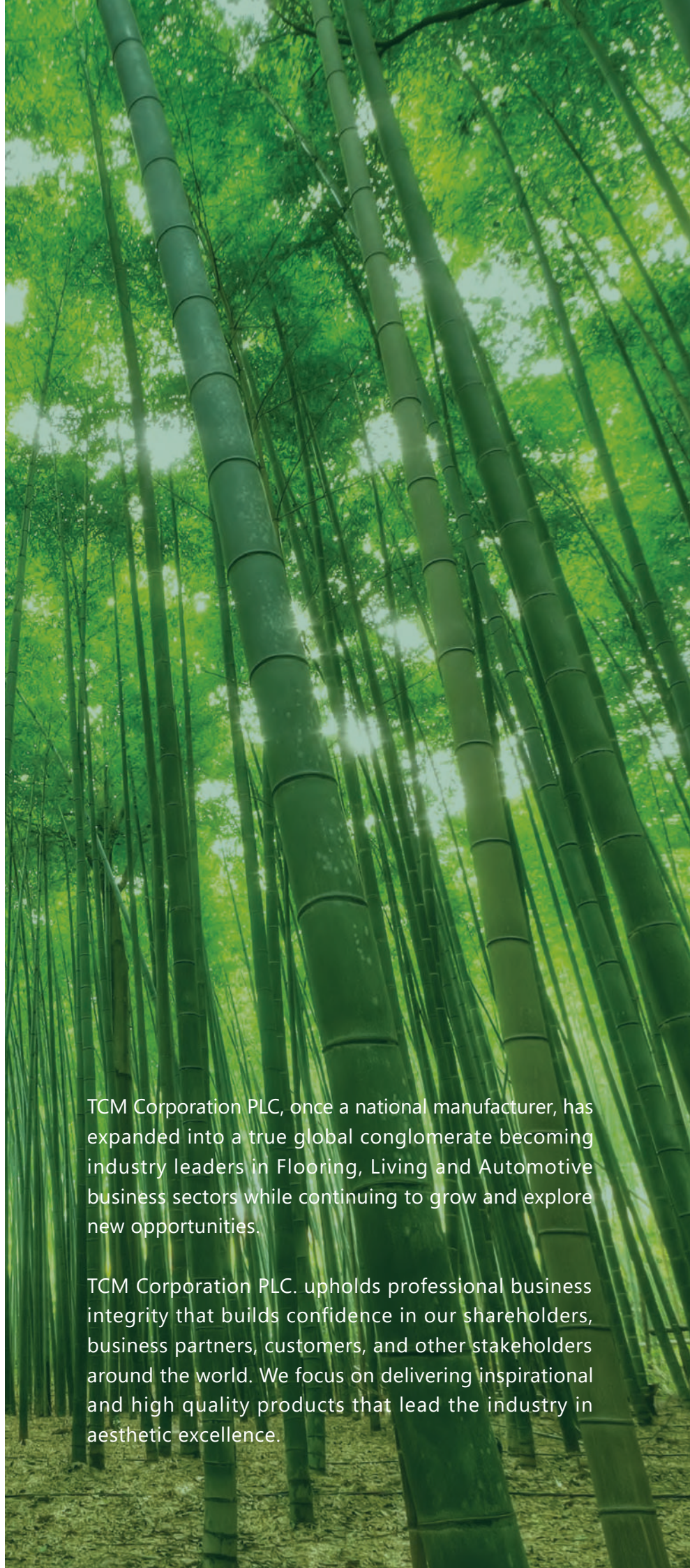
**Aesthetic Excellence
Business Integrity**

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

Integrity Excellence

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.



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 9 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 company'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 company has attended the Collective Action Coalition Against Corruption (CAC), with the declaration of intent to combat corruption since 3 September 2014. In order to obtain membership approval, the company proceeded to comply with CAC's regulations and then met the requirements and received membership approval in 2016, which lasted for three years. In August 2019, the company applied for CAC re-certification and obtained a re-certificate from the Private Sector Collective Action Coalition Against Corruption Council on 18 October 2019.

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.

For more information about Anti – Corruption Policy and guideline in completely version, please visit the company's website; www.tcm-corporation.com

3. Respect for Human Rights

The company proposes a resolution that “our business is conducted with respect to the law and human rights principles without the discrimination against ethnicity, nationality, religion, and culture along with the promotion of sustainable development”. The company does not support any activities that may violate human rights principles by implementing the Thai Labor Standards (TLS 8001) that have been certified by the Ministry of Labor and Social Welfare for 14 consecutive years. Corporate ethics used as guidelines for operations are as follows:

- (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. They 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 considered the most valuable asset of the company. The company therefore recognizes and gives great importance to fair treatment for labor and respect for human dignity, based on equality. The fair treatment for labor aims for sustainable peace in both the company and society. The company applies distributive justice in human resources management. All employees are treated with equality and fairness, as well as dignity as part of an organization that drives the success of the company. The corporate activities adhere to the principles of compliance with the Labor Protection Act, Labor Relations Act, and other relevant laws, rules and regulations which involve recruitment, employment, personnel development,

care, wages, compensation, benefits and welfare management, the right to complaint, and equal opportunities. Thai Labor Standards (TLS 8001) have been implemented in the corporate operation since 2006 and consistently inspected and certified by the Ministry of Labor and Social Welfare. The fair treatment for labor aims for sustainable peace in both the company and society with the following guidelines:

- (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, uniforms for production and installation staff, shuttle bus, 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 and the company has set up a savings and credit cooperative to encourage employees to know saving and financial management properly.

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.

Responsibilities to Employees

The primary mission of the company is to create an organization in which employees are happy to work. The company provides activities in various festivals in order to encourage employees to strengthen love and generosity towards each other along with consciousness to help others, including the employee's family members by promoting the balance of life and work as a "Happy Workplace". Examples of activities are as follows:

(1) Happy Body (Healthy): Activities are as follows:

- 1.1 The activity "Healthy and Firm" - >> is an activity that encourages employees to turn their attention to their health. There are various activities within the project, such as training for health care (in terms of dietary options and exercise), and continuous health monitoring of project participants.
- 1.2 The activity "Yoga for Health" - >> Every Monday and Wednesday, external teachers are invited to teach yoga to employees in order for them to have the opportunity to exercise, practice meditation, or solve their health problems. Particularly, employees working in the office who mostly suffer from Office Syndrome or employees who are quite overweight can be treated by yoga. The primary objective of this activity is to provide employees with good health and happiness at work.



- 1.3 The activity "Quadrivalent Influenza Vaccination" - >> is a campaign that promotes health care to prevent epidemic disease in employees and their families. The company offers a medical service from PatRangsit Hospital to employees at workplace with special prices.

(2) Happy Heart (Activities): Activities are as follows:

- 2.1 Blood Donation Activities - >> encourage employees to donate blood to help patients in hospitals. The company invites staff from Siriraj Hospital to organize blood donation camps at our workplace twice a year. These activities have been carried out for more than 30 years, and the company has received a plaque of honor from Siriraj Hospital.



- 2.2 The Third Page Paper for the Blind Activity - >> is a campaign that encourages staff to collect used paper that were printed on both sides with good condition and give them to the Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen. These papers can be recycled to make the third page paper and teaching media (Braille) for the visually impaired. This activity has been ongoing for more than ten years.



- 2.3 Employee Retirement Activities - >> All personnel are important to the company. When the employees work until reaching retirement age, the company holds a farewell party to say goodbye and express our appreciation for their work cooperation for the company throughout the working period along with giving them souvenirs.



(3) Happy Soul (Peace Way): Activities are as follows:

- 3.1 Paying Homage to Nine Temples Activity - >> is an activity in association with the Ang Thong Association to organize merit making ceremony, such as robes offering, and paying homage to nine temples in Ang Thong Province. This activity is held annually with the aims to promote Buddhism and bring about the good fortune for employees and their families.



- 3.2 Makha Bucha Day Activity - >> The company organizes merit making ceremony and invites nine monks to the company. The executives and employees make merit and give alms to the monks by offering rice and dry food. This activity aims to promote Buddhism on the important Buddhist day.



- 3.3 Buddhist Lent Day Activity - >> The company organizes a ritual ceremony to make merit and give alms to the monks by offering rice and dry food on every Buddhist Holy Day throughout the Buddhist Lent season. In addition, there is also a candle procession for the Buddhist Lent Day, cooperated with the Bang Khu Wat Municipality and other nearby document companies. The candle procession is held to offer candles to Bang Khu Wat Nai Temple to promote and support the preservation of Thai cultural traditions that have been passed down for a long time and to promote Buddhism.



(4) Happy Relax (Relaxing Activities): Activities are as follows:

4.1 Valentine's Day Activity - >> The company places a photo booth for the festival of love to allow employees to have fun with photography and to promote love to colleagues in order to build strong working relationships.



4.2 New Year's Party Activity - >> intends to provide happiness and fun for the staff, including enhancing relationships to foster the unity by allowing employees to participate in singing, playing, and dancing contests. Additionally, there are also many lucky draws for employees.



4.3 The activity "All You Can Get If You're Fresh Year 7" - >> is an annual project that the company gives away cold snowflake juices to employees during April – May, which is the hottest season. This activity aims to mitigate the effects of hot weather and provide refreshment along with moral support for employees.



(5) Happy Brain (Knowledge): Activities are as follows:

- 5.1 Morning Shift Talks Activity - >> Shift talks allow knowledge exchange and communication among employees in various fields, such as social security news, welfare news, or relations activities. This activity aims to enable employees to be informed of various news, including both corporate news and news from government agencies.
- 5.2 Training and Promotion Activity - >> The company supports and promotes knowledge for employees and contractors with regular training, such as the training for strengthening working disciplines in the workplace, training for health insurance rights, and training for health promotion by inviting nurses to provide knowledge about sustainable health care for employees.



(6) Happy Money (Spending Money Wisely): Activities are as follows:

- 6.1 Money Saving Activity - >> The activity encourages employees to save money with the Government Savings Bank on a monthly basis to promote awareness of financial savings and investments.
- 6.2 "Things You Must Know About Tax" Activity - >> The activity provides legal knowledge about taxes to employees, particularly tax updates and new tax laws. This activity is continuously held every year to allow employees to make financial plans to reduce tax payments for their benefits.

(7) Happy Family (Good Family): The activities are as follows:

- 7.1 "Scholarships and Grants" Activity in 2019 - >> The company offers 80 scholarships per year to employees' children (50 scholarships for primary school students and 30 scholarships for secondary school students) to support education and well-being of the family institution. This activity is constantly held every year.
- 7.2 Mother's Day Activity - >> The company organizes "Mother's Day" ceremony at the cafeteria and launches a campaign about love between mothers and children along with the royal duties of H.M. Queen Sirikit the Queen Mother. This activity aims to raise awareness and cultivate family love among employees. In addition, beautiful music is played in order to raise donations for AIDS patients at Phra Bat Namphu Temple.



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.

Assessment of Customer Satisfaction with Products and Services

The company conducted the assessment of customer satisfaction after purchasing products and services to assure customers of good quality products and services with the highest satisfaction. The survey measured three key success factors, namely products, installation, and services. Customer satisfaction surveys were conducted with the three key customer groups, including domestic customers, international customers, and auto carpets customers in the automotive industry as shown in the graph below:



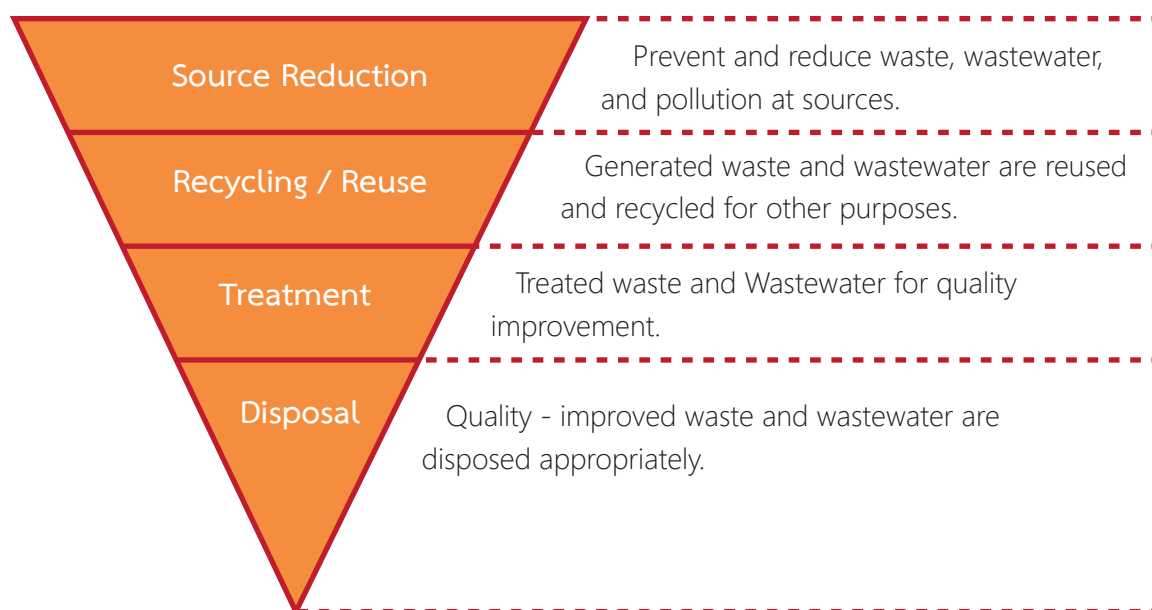
The graph illustrates the sum of the customer satisfaction scores from 2007 to 2019, showing an improving trend where customer satisfaction scores are likely to increase. It is evident that the company has been continuously developing for better products and services.

6. Environmental Care and Management

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 which operates as an industrial factory has the process of yarn dyeing, requiring a large amount of wastewater discharging. The company has therefore implemented standardized wastewater treatment systems by improving the production process and applying the principles of clean technology to reduce the use of natural resources that may affects the environment and surrounding communities.



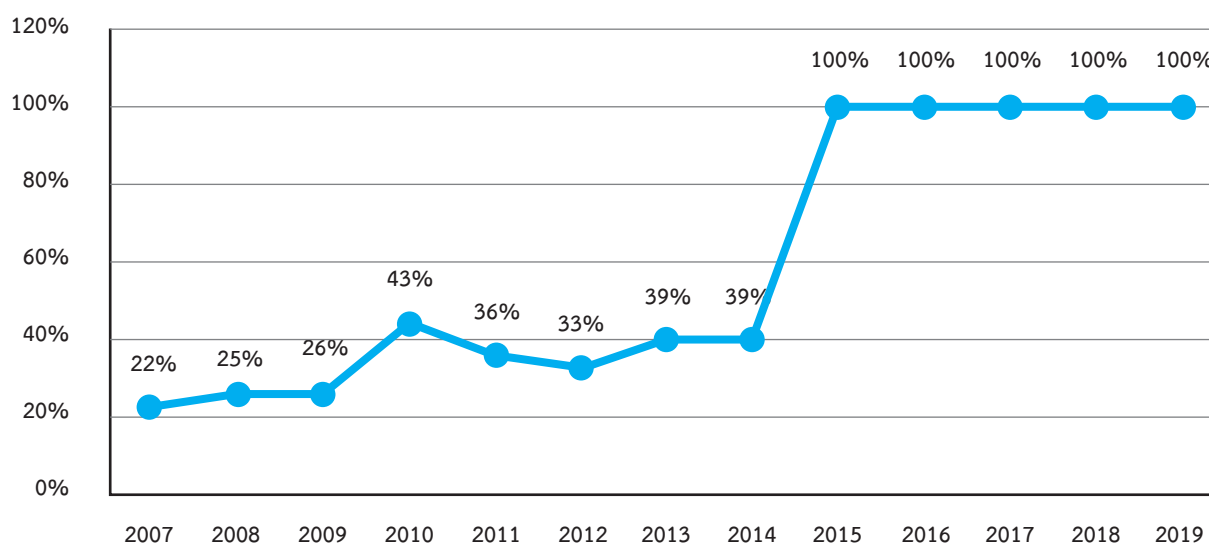
From 2004 to 2019, the company has consistently implemented the environmental management system along with regular monitoring, evaluation, and development review with the following actions:

1) Water Resources Management

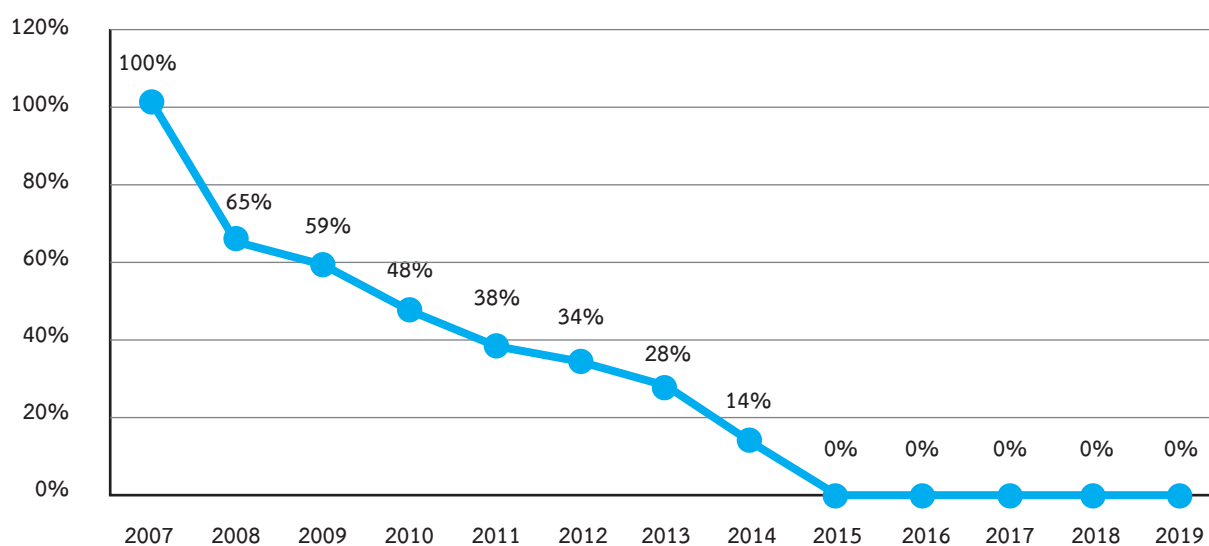
Water is considered an important resource that is vital to all human beings and other living creatures. The company is aware of the significance of water resources and therefore imposes the regulations for sustainable water resources management to maximize the effectiveness of water resources utilization. Meanwhile, the company monitors and mitigates the negative effects that may deteriorate water resources by not discharging environmental pollution from corporate operations to natural water resources. The ongoing operation results from 2004 to 2019 are as follows:

- 2004 > Water Recycle System Phase I (For dyehouse)
- 2005 > Water Recycle System Phase II
- 2006 > Water Conservation Participation Program
- 2007 > Process Water Metering
- 2008 > Improve Water Supply System & Equipment in Toilet
- 2009 > Small group Activity for Water Conservation
- 2010 > Recycled Water used in Toilet
- 2011 > Water injection Controlled by Computer
- 2012 > Waste Water Discharge Control
- 2013 > Dyehouse Water, Recycled Water and Waste Water Control
- 2014 - 2015 > Zero discharge project
- 2016 > Auto softener System
- 2017 > Ultrasonic for Algae Control
- 2018 > Recycled Water used for green area
- 2019 > Operation are as follows:
 - (1) Reduce industrial water consumption per unit by 1.5% of the amount of water from natural resources.
 - (2) Reduce water consumption in the manufacturing process by initializing eco-friendly dyeing technology to replace the traditional technology, which can reduce the use of water for yarn dyeing by 40%.
 - (3) Improve the effectiveness of the sedimentation system of the sewerage system and soft water system to enhance the quality of treated wastewater for reuse by an increase of 20%.
 - (4) Surveil the pollution of natural resources. Although the company has consistently implemented the Zero Discharge Policy, it still has an environmental surveillance plan to monitor the contamination of water pollution, such as surface water and groundwater quality monitoring, and soil contamination monitoring both within and around the factory on a regular basis at least once a year. The measurement results are acceptable in the standard criteria.
 - (5) Promote employees to be aware of water resources preservation by various approaches, such as training, the provision of environmental knowledge, and campaigns namely activities on the World Environment Day, forest planting activities, reduce-reuse-recycle activities, and shift talks activities.
 - (6) In terms of water crisis management, the company has set the flood emergency response plan to prevent flooding in the factory as well as to control pollution and chemically contaminated water that may leak and disperse to the community.

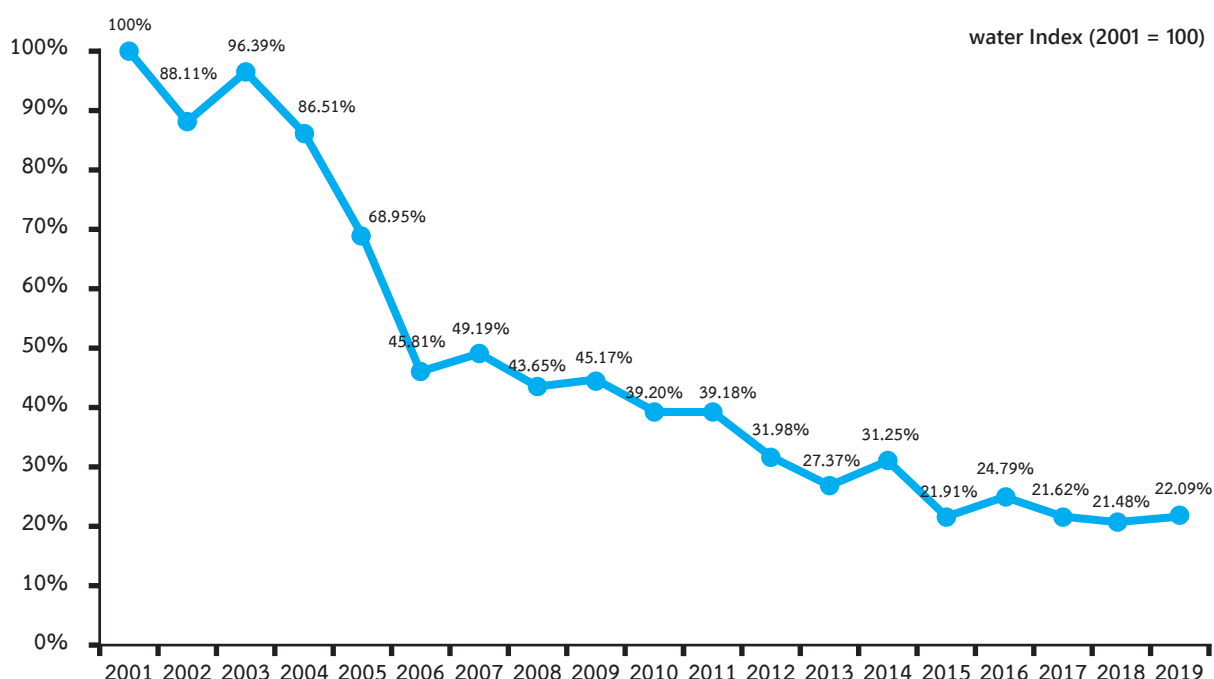
% Recycled water



% Water Effluent



Water Conservation



2) Waste Management

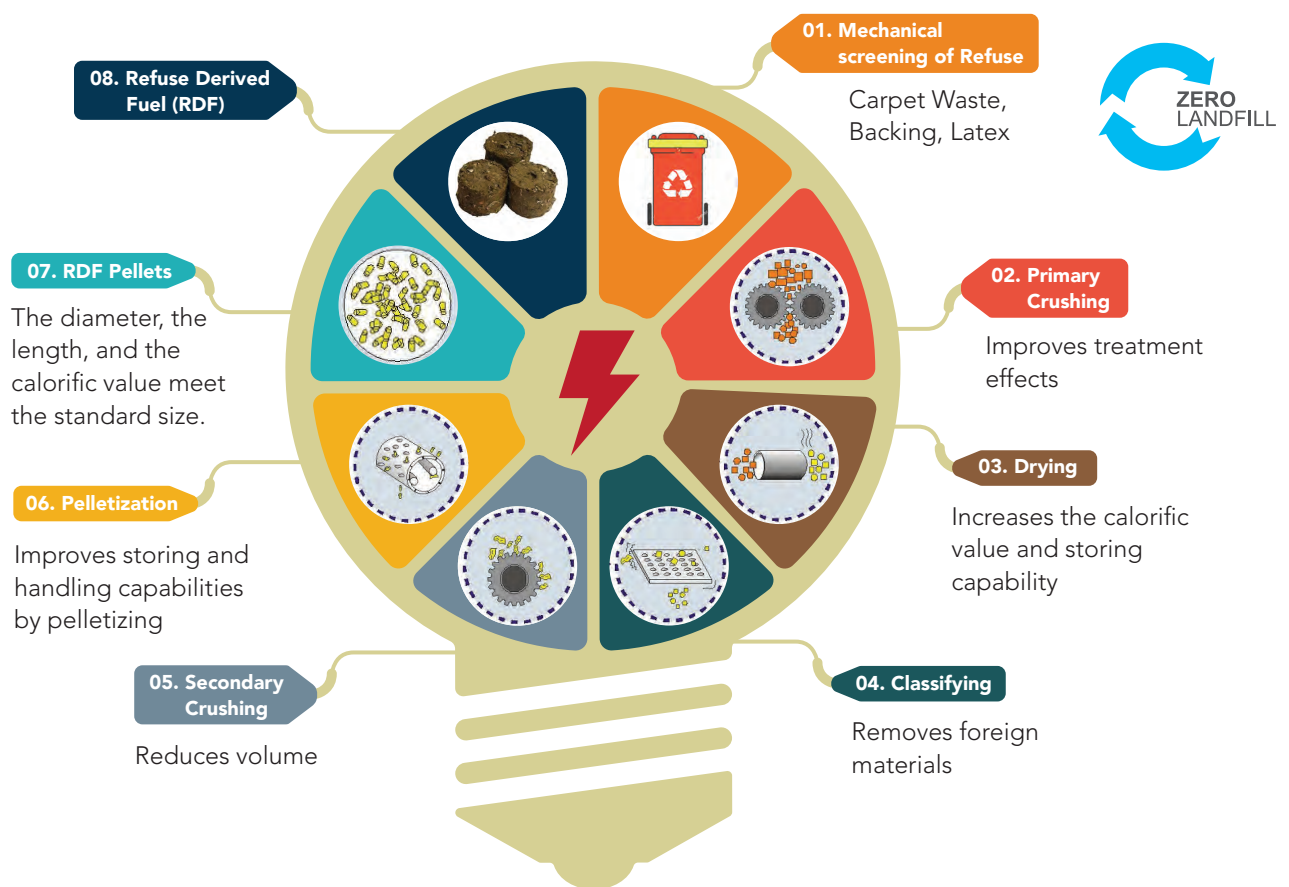
The problem of waste management has become more and more intense due to the economic growth, rapid technological changes, and industrial competition. The company is aware of the importance of the problem. Therefore, it has established a concrete and sustainable waste management approach in accordance with the policy of the Ministry of Industry that promotes the development of eco-industry by promoting the recycling of waste and reducing the amount of waste that must be disposed. This will lead to sustainable development, allowing industrial sectors and communities to be able to live happily together.

The company has set the guidelines for waste management within the factory according to the 3Rs (Reduce, Reuse, Recycle) principle, which is to manage waste by giving priority to minimizing the generation of waste and reducing the use of resources first. It is required to focus on the efficient use of raw materials or production resources. When waste has been generated, it is essential to try to find ways to reuse or recycle them as much as possible by considering the potential utilization of each type of waste and relevant laws in order to have the least amount of waste that must be treated or disposed. Waste disposal will be the last resort to deal with waste management.

In 2019, the company has implemented waste management plan, covering from resources utilization to waste disposal in order to achieve the highest efficiency as follows:

- 1) Process development and improvement both in production and support to reduce the use of resources and minimize waste generation

- Quality improvement of raw materials for carpet production to reduce the excessive length, which can reduce the use of raw materials for weaving carpets by approximately 2%
- Storing and recycling of silk remaining from weaving to reduce the generation of waste and the dyeing of new silk, which can reduce the amount of new silk dyeing by about 15%
- 2) Waste management and classification according to the potential utilization in order to dispose the least amount of waste for elimination
 - The use of waste as a renewable fuel (Refuse Derived Fuel (RDF)) in the production of electricity about 450 tons per year



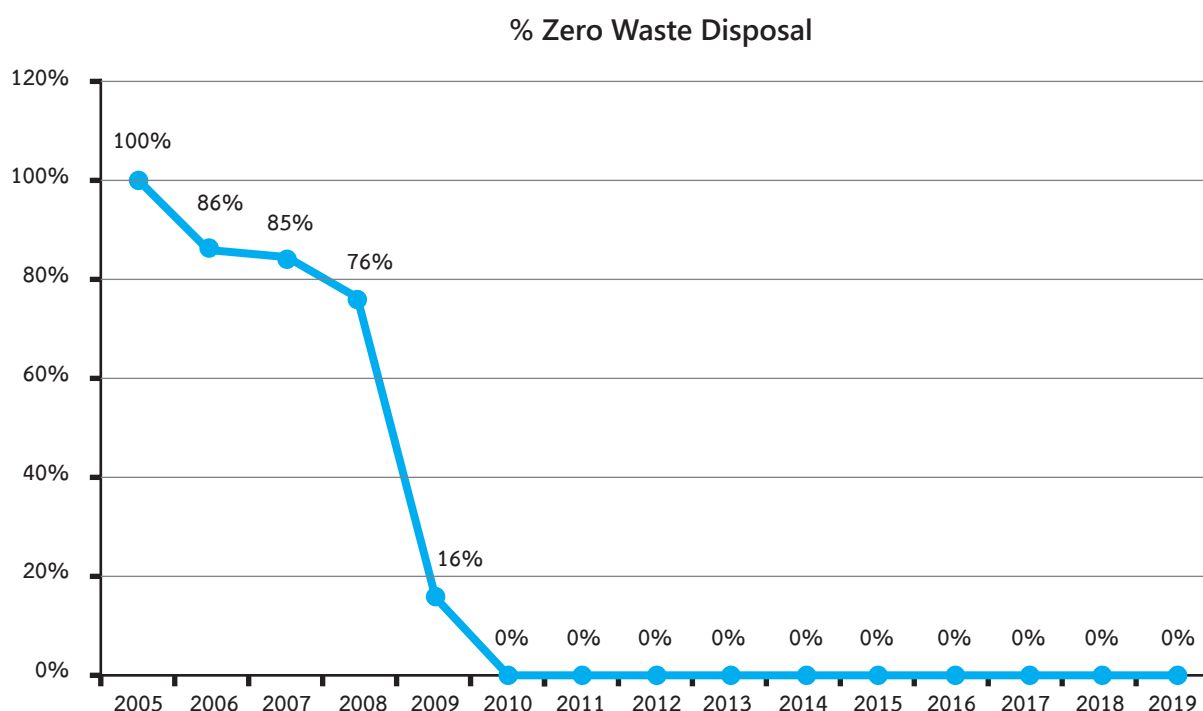
- The use of waste as a raw material in cement kilns as a co-material in the production of Cement Kiln, which has been utilized about 430 tons per year



- The use of bio-sludge from a wastewater treatment system as a component of biological compost, approximately 300 tons per year



- 3) Zero Waste Disposal - The company has managed to conduct zero waste landfill since 2010 through waste management measures from the sources, reuse, and the use of waste as alternative fuels to minimize the generation of waste.



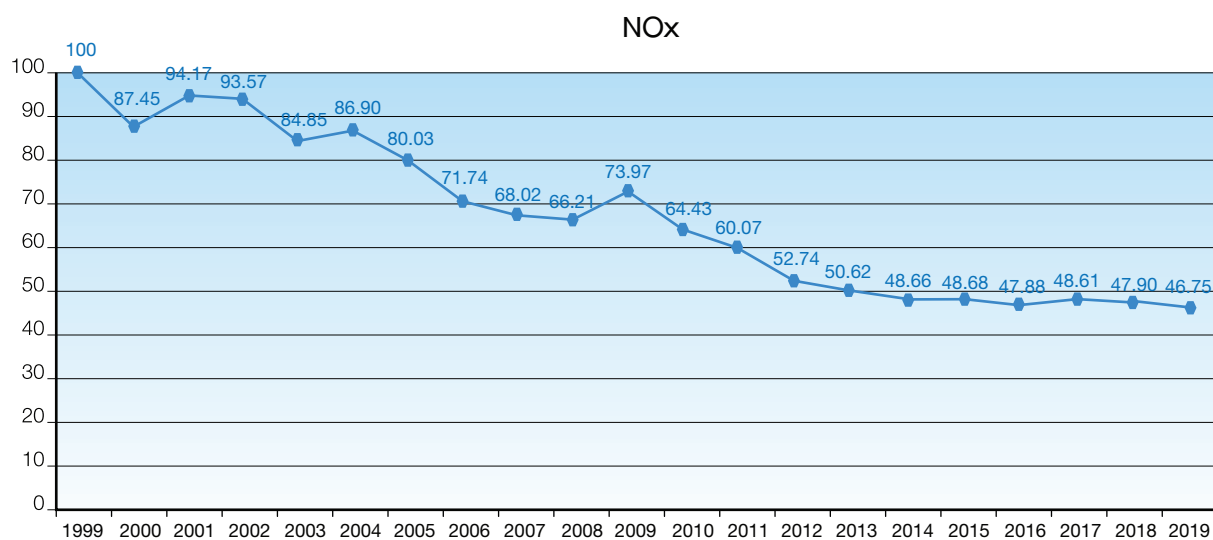
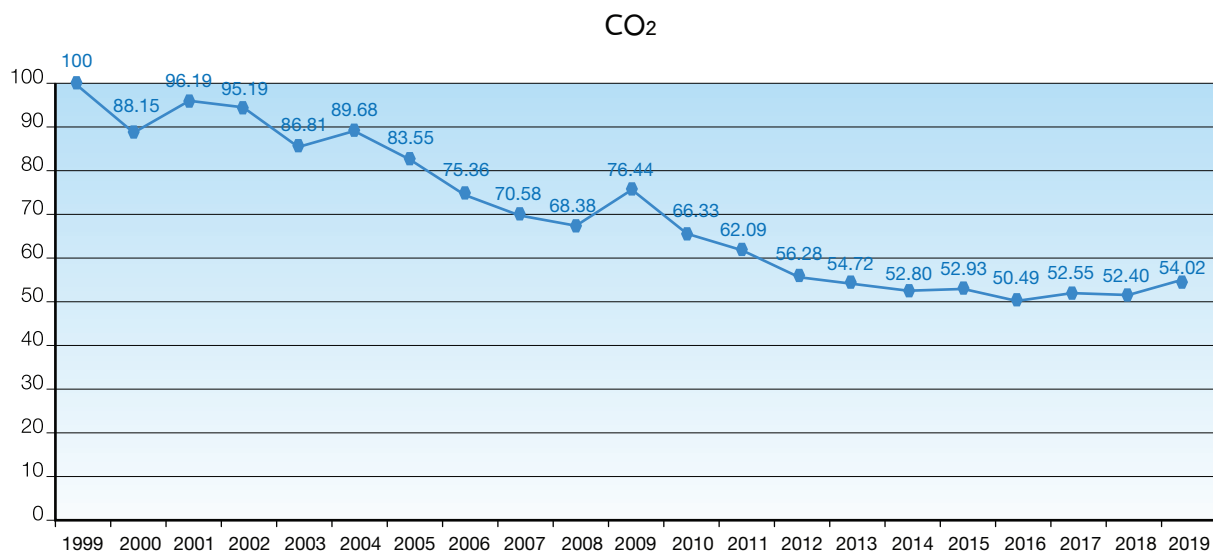
3) Air Pollution Management

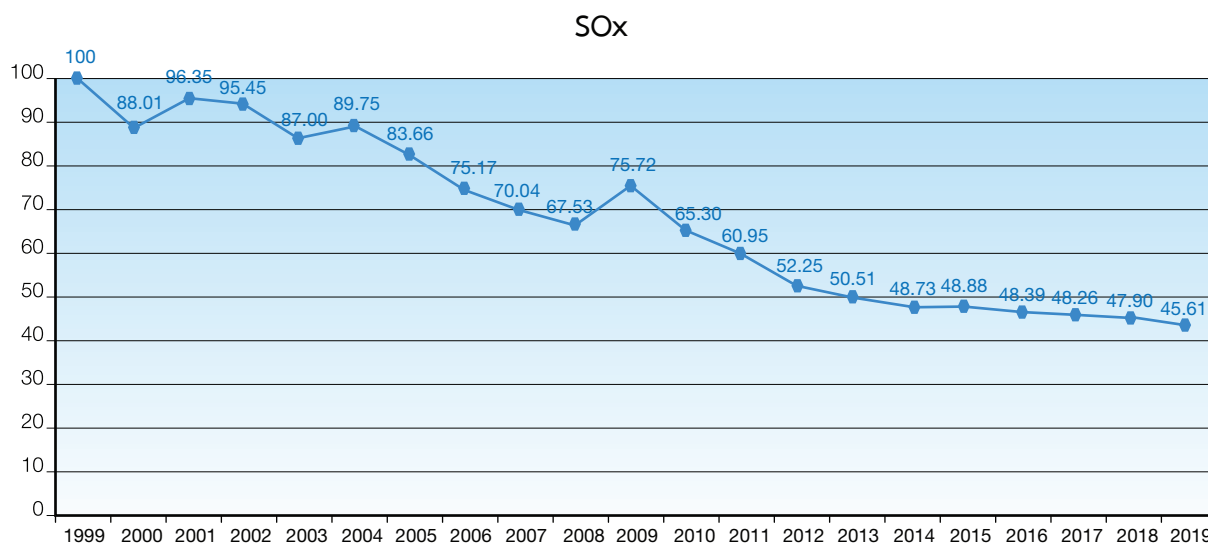
The company continually improves the air quality control and management system to reduce air pollution to the environment. Furthermore, the company has been monitoring and surveilling air pollution emissions from various sources in the company's operating area and surrounding community areas that may be affected by corporate activities in order to ensure that the emissions comply with the standards.

There are various air pollution reduction projects that the company has operated, such as the change of fuel usage from heavy fuel oil to gas to help reduce the amount of air pollution by combustion processes, the reduction of energy consumption by improving machine efficiency, and the installation of air pollution treatment systems. In addition, the company controls the emission of nitrogen oxides (NOx) and sulfur oxides (SOx) from the production process and fuel combustion by regular monitoring and surveillance as follows:

- The monitoring of air pollution in communities around the factory on all four sides by measuring each station four times per year with an external laboratory that has been registered with the Department of Industrial Works
- The installation of the fuel combustion control system in the boiler to control the complete combustion and release the least amount of pollution

- The policies for the selection of raw materials and fuels that have the least detrimental impact on health, safety, and the environment
- The installation of air pollution treatment systems to reduce and control the amount of air pollution exposed to the environment, such as Bag Filter, Dust Collector, and Wet Scrubber.





7. Energy Management

The company has a strong determination to produce and deliver quality products and services by considering the importance of energy. The policies are defined as a framework and guidelines for the corporate operations as follows:

1. Strictly comply with the law and other requirements relating to energy-related operations.
2. Be meticulous and sophisticated in the production of quality goods along with on-time delivery according to customer needs by controlling energy losses which may occur from operations to the lowest acceptable level.
3. Be committed to the efficient resources and energy utilization, including the treatment of climate change.
4. Review objectives, plans, and operational results on a regular basis to achieve improvements in sustainable energy management.
5. Encourage employees at all levels to recognize the importance of quality products under the rules of energy efficiency.
6. Executives should communicate to employees and staff at all levels as well as operators on behalf of the company to understand the objectives, goals, and policies in order to participate in energy conservation in the same direction.
7. Managers should be ready to support relevant resources, including the elevation of knowledge and skills by encouraging all employees to seriously attach to the practices of effective energy conservation.

The company has carried out energy conservation projects that everyone has participated continuously every year. The objective is to enable energy conservation teams and all staff to participate in energy conservation through regular education and training, such as the energy conservation program for new employees, simple energy awareness and energy laws program, energy conservation program for

compressed air system, power factor improvement course, the course to improve the efficiency of fuels in carpet cabinets, and the course on measuring, analyzing, and improving energy efficiency in primary equipment for energy conservation. The provision of education and training paves the way for various departments to apply the training concepts for the implementation of sub-projects related to energy in each department, which can increase the productivity.

Therefore, in the last year the company was able to reduce the total energy consumption per unit of the company's production by 8,497,818 MJ / year, as compared to the previous year. It could represent a saving of 3,709,166 baht or the amount of greenhouse gas reduction of 661 tons of CO₂. The greenhouse gas is the main cause of global warming or climate change that imposes a major problem in the world. The important projects can be summarized as follows:

Electric Power Usage Reduction Project

The Energy Management Board has set up a project for energy conservation in the extrusion section and the utility section in engineering department with three projects as follows:

Projects	Department	Volume Reduction		
		Energy (MJ/years)	Greenhouse Gas (Ton CO ₂ /years)	Saving* (THB/years)
Changing to use LED Lighting lamp	Every Department	452,372	87.09	334,190
Power factor improvement in Air compressor in Building 5	UTS	21,816	4.20	19,694
Installation system of temperature control in Chiller line PET	EXT	125,659	24.19	116,873

Improvement of Energy Efficiency Using SCADA System Project

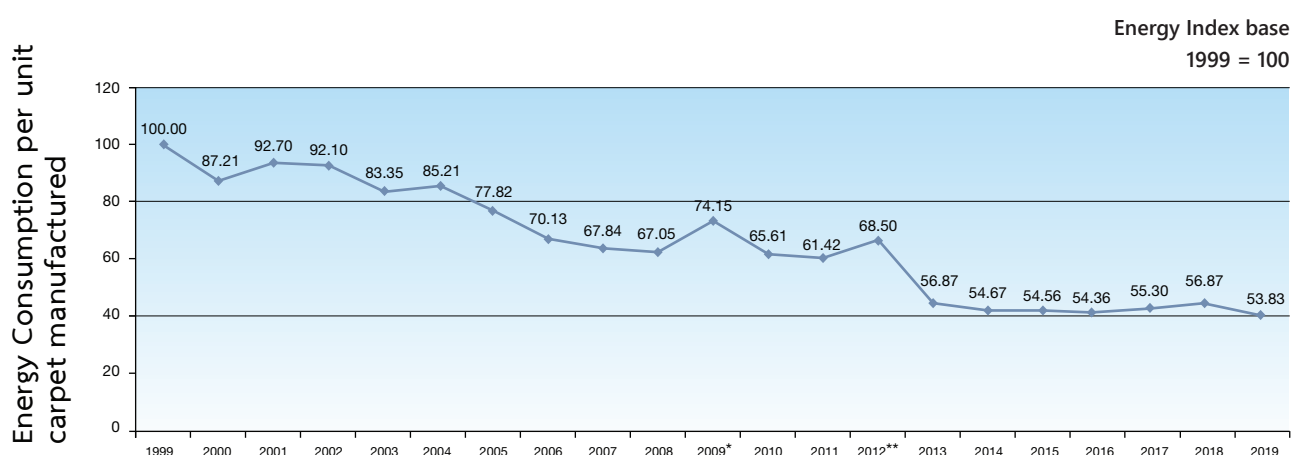
The control of energy usage of equipment in the factory utilities is conducted for maximum efficiency. The energy conservation team has applied technologies in the 4.0 industry to control the utility system by launching a SCADA system, starting from the network based on the concept of Sensor of Things and Internet of Things as a basis for monitoring, storing data, inspect, and analyze energy consumption. This includes the changes in various variables of utility system equipment to be suitable for the usage load that has changed. The continuous operations are as follows:

- Energy Usage Monitoring System: The company has continuously invested in energy usage monitoring systems so that all energy usage can be efficiently measured. At present, there are 98 electric meters installed together with eight steam meters and seven LPG meters, all of which have been connected to the SCADA system.
- Compressed Air System: The company proceeds to install PLC and sensors to measure air pressure at various points in order to control the pressure in the loop to be used properly. The system is also connected to the network of the SCADA system in order to control work from the center.

- Steam Production and Distribution System: The company installs the combustion control system (O₂ / CO), energy efficiency measurement system, and sensors to measure temperature and pressure in the steam generator. The system is connected to the network of the SCADA system in order to monitor for abnormal operations, such as temperature, pressure, and remaining oxygen content for the combustion chamber.
- LPG Fuel Supply System: The company installs LPG pressure sensors at the operation points to control and monitor the usage to maximize efficiency.
- Raw Water Supply System: The company installs sensors to measure the water level and pressure with an inverter to control the speed and water supply to suit the amount of usage in each period.
- Wastewater Treatment System and Water Recycling System: The company installs sensors to measure the level and rate of wastewater and chemicals used in water treatment with dissolved oxygen meters in the aeration pond to control the energy usage in the aerator.
- Automatic Soft Water Treatment System: The company installs the controller into the network of the SCADA system in order to monitor abnormal operations and control the water distribution to suit the energy usage.
- Sprinkler System for Watering the Plants: The company installs the controller into the network of the SCADA system in order to control the water supply rate to water the plants to suit the amount of wastewater after treatment.

From the corporate operations, electricity consumption can be reduced by 53,406 MJ / Year, which is equivalent to the reduction of greenhouse gas emissions by 10.28 tons of CO₂ / Year.

The company has been continuously managing energy since 1999 until the present, leading to the constantly decreasing trends of corporate energy consumption as illustrated below:



8. 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.

Corporate Social Responsibility

It is the company's primary mission to build relationships with communities and societies in order to live happily and sustainably. The company has implemented various projects, such as employment creation, income generation which will improve the quality of life for people in the community, and learning support activities to raise awareness of responsibility to youths in the community. Examples of activities are as follows:

- (1) "Scholarships and Grants" Project for the year 2019 ->> The company granted scholarships to students at Wat Prai Fa School to give the opportunity to poor children to have continuing education and ease the financial burden on their parents.



- (2) "Drawing a Dream" Project - >> The project is initialized to educate students of Wat Prai Fa School in making inventions from waste materials, such as dolls, bags, and clothes to fight global warming, all of which can be further used for earning additional income from the invention.



- (3) "Community Product Support" Project Year 12 - >> The company supports local products by providing "Selling OTOP products of Pathum Thani and nearby provinces" every month as a career promotion, supporting local wisdom and increasing ways to generate income for families and communities.



- (4) "Garbage Bank" Project - >> The campaign aims to promote waste classification in schools and companies by classifying waste used in everyday life and selling it to raise funds for expenses for lunches for students at Ban Khlong Chao Muang School. In addition, the project has also continually raised awareness of environmental protection since 2008.



- (5) "Computer Donation" Project - >> The company donates unused computers to the Association of Persons with Physical Disability International in order to transform them into donations for organizing activities for the disabled.



- (6) "Carpet Donation" Project - > > The company donates carpets to 40 schools in Pathum Thani Province for the use in educational support, accounted for 7,942,452.62 baht.



9. 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.

The company focuses on the development of carpet production processes, such as the water recycling in the process of fabric dyeing, the selection of raw materials, and the development of machines to reduce environmental impact. These processes are certified by Eco Labelling and international product standards from various leading domestic and international institutions, including CRI: Green Label Plus, NSF140, CE-Mark, IMO FTPC, Singapore Green Label, Carbon Footprint, ECS, and Singapore Green Building Product.

Apart from receiving product certifications, the company is also the first carpet business in Thailand that has received ISO certification in terms of quality, environment and energy (ISO 9001 & ISO 14001 & ISO 50001), occupational health and safety standards (OHSAS 18001), labor standards (TLS 8001), and CSR-DIW (Corporate Social Responsibility: Department of Industrial Works). The corporate activities focus on supporting and maintaining various standards and sustainability, such as waste reduction, energy and water conservation, community water resources preservation, green procurement reclamation program, computer donation project, the third page papers for making books for the blind project, recycle bank project, local cultural heritage project, and many other projects for communities and society.

Regarding the innovations for environmental management, the company has a Life Cycle Assessment (LCA) system, which is an important tool to develop understanding of the relationship between human activities and environmental impacts throughout the product life cycle. This is very beneficial to the overall development. In addition, the company can manage to conduct zero landfill waste that converts waste from the production process to zero by recycling, such as:

- The project that uses sludge from wastewater treatment process to produce fertilizer for pineapple farms, sugarcane farms, and cassava farms, which can generate the amount of recycling of more than 200,000 kilograms per year
- The project that utilize used carpets and industrial waste from the production process as fuels in cement kilns production, which can generate the amount of recycling of more than 500,000 kilograms per year

In addition, there is a project that transforms used silk scraps, nets, carpets, and woven fabrics into RDF or fuel for electricity generation. Each year, the project can generate electricity at several hundred kilowatts per hour.

Regarding product innovations, the company aims to be a leader in the production and distribution of carpet sheets for environmental protection. At the beginning 14 years ago, the company invented and introduced a carpet backing called EcoSoft®, which is made from used and wasted plastic drinking bottles, discarded without proper management. It is globally known that these waste and plastic scraps are a causal factor in the killing of millions of marine lives each year. In each minute, the overall global trading volume of plastic bottles is nearly a million pieces. The company has then announced its intention to help recycle one billion of these plastic bottles by 2025. According to corporate operations in 2019, the company has helped recycle more than seven hundred million wasted plastic bottles.

Most recently, on 7 November 2019, Carpets Inter won the 2019 Sustainability Awards in Australia from EcoSoft® carpet products, which have been selected and voted by more than 350 architects, designers, scholars, and environmental experts. The company won the first prize winner from a total of 35 different types of products. It can be viewed as a great pride of Thai companies that received this prestigious award from Australia, which is a country that places importance on the environment and a world leader in environmental conservation.

In terms of sales and marketing innovations, the company has seen the importance of technology development and application to make business operations in line with today's society that is driven by digital systems and the changing lifestyle of consumers. Therefore, the company has developed the Carpet Simulation program to simulate the installation of carpets in 3D Virtual Simulation. In addition, the company has focused on digital marketing communications, such as LINE, Workplace, E-Mailer, YouTube, and LinkedIn in order to communicate widely to target groups and general public.

Pride Awards

1. Industry Standard Certifications

The company has received industry standard certifications from internationally renowned system auditors. It is therefore a guarantee that the corporate production process has carried out with a good management system with six standards certified as follows:

- ISO 9002 : 1994 : Quality Management System in Plant and Head office in 1997 - 2004
- ISO 9001 : 2000 : Quality Management System in Plant and Head office in 2004 - 2008
- ISO 9001 : 2008 : Quality Management System in Plant and Head office in 2008 - 2016
- ISO 9001 : 2015 : Quality Management System in Plant and Head office in 2016 - 2018
- ISO 9001 : 2015 : Certified by British Standard Institution (BSI) in 2018 – Now
- OHSAS 18001 : 1999 : Occupational Health and Safety Management System in Plant and Head office in 2007 - 2008
- OHSAS 18001 : 2007 : Occupational Health and Safety Management System in Plant and Head office in 2008 - 2018
- OHSAS 18001 : 2007 : Certified by British Standard Institution (BSI) in 2018 – Now, in between proceed to adjust to ISO 45001 : 2018
- ISO 14001 : 1996 : Environmental Management System in Plant and Head office in 2004 - 2006
- ISO 14001 : 2004 : Environmental Management System in Plant and Head office in 2006 - 2007
- ISO 14001 : 2015 : Environmental Management System in Plant and Head office in 2017 - 2018
- ISO 14001 : 2015 : Certified by British Standard Institution (BSI) in 2018 – Now
- ISO 50001 : 2011 : Energy Management System in Plant and Head office in 2014 – 2018
- ISO 50001 : 2011 : Certified by British Standard Institution (BSI) in 2018 – Now, in between proceed to renew to ISO 50001 : 2018 in 2021
- TLS 8001 : 2003 : Thai Labour Management System in Plant in 2006 - 2012
- TLS 8001 : 2010 : Thai Labour Management System in Plant in 2012 - Now
- AEO (Authorize Economic Operator) Importer/Exporter : in 2014 – Now

2. Other Industry Standard Certifications and Awards

- In 2006, the company received a certificate of honor for “Adjusting the Factory Landscape to be Liveable and Environmentally Friendly” in honor of His Majesty the King on the occasion of the 60th anniversary celebration from the Ministry of Industry.
- In 2006, the company received a plaque of standard award for the management of AIDS and tuberculosis in the workplace at “Gold” level from the Department of Labor Protection and Welfare, Social Security Office, Department of Disease Control, and Thailand Business Coalition on AIDS.
- In 2007, the company received a certificate of “Health Promotion for Workers Project at the Provincial Level” Year 2006 from the Social Security Office, Pathum Thani Province.
- From 2008 to 2017, the company received the awards and plaques of the “Corporate Social Responsibility Standard (CSR)” from the Department of Industrial Works, Ministry of Industry.
- In 2009, the company received the award “CCCF Level A” in the field of safety activities from the auto carpet company “Hayashi Telempu”.

- In 2009, the company received the award and plaque of "Social Security Standards" of the year 2009 from the Social Security Office, Pathum Thani Province.
- In 2009, the company received a plaque for the standards of AIDS and TB management at the "Platinum" level from the Department of Labor Protection and Welfare, Social Security Office, Department of Disease Control, and Thailand Business Coalition on AIDS.
- In 2009, the company received a trophy of "Cooperation and Mutual Success in the Implementation of the Factory Opens the Fence ... to Coordinate Community Project" from the Department of Industrial Promotion and Thai Environment Institute.
- In 2009, the company received a trophy of "Outstanding Company in Safety, Occupational Health, and Working Environment at the Provincial Level" from Pathum Thani Provincial Labor Office.
- In 2011, the company was honored to join the project to develop the model of occupational health services in order to strengthen risk management and occupational health services for the year 2011.
- In 2011, the company received a certificate of honor for a good role model for labor management which was responsible for society and employees after flooding situations from the Ministry of Labor.
- In 2011, the company was certified as a "Green industry" Level 3 (Green System Level 3) from the Department of Industrial Works.
- In 2012, the company was honored as an industrial company that operated in accordance with "Environmental Governance Principles" from the Ministry of Industry.
- In 2014, the company received a plaque of "Good Cooperation in the Conservation and Restoration of Rivers" from the Ministry of Industry.
- In 2014, the company received a trophy for maintaining "Thai Labor Standard System and Corporate Social Responsibility of Thai Business for Five Consecutive Year" from the Department of Labor Protection and Welfare, Ministry of Labor.
- In 2014, the company received a plaque of "Knowledge Management Project on Increasing Productivity in an Organization for Sustainable Growth" from the Thailand Productivity Institute.
- In 2015, the company was awarded a certificate for the participation in the study of the efficient utilization of groundwater in the industrial sector for groundwater development and conservation: a case study of the dyeing and pulp and paper industry that has achieved its goals, from the Department of Groundwater Resources and the Federation of Thai Industries.
- In 2016, the company received a plaque and honor for the role model company for efficient water resources management in accordance with the rules of the Modeling Project and the expansion of the network for effective groundwater resources management in the industrial sector by social hands from the Department of Groundwater Resources and the Federation of Thai Industries.
- In 2016, the company was certified as a "Green industry" Level 4 (Green System Level 4) from the Department of Industrial Works to confirm that it is a factory with systematic environmental management, including regular monitoring, evaluation, and development review.
- In 2017, the company received the certificate of honor for "Disease-Free Workplace, Safe, and Happy Mind" at the "Excellent" level of the fiscal year 2017 from the Department of Disease Control, Ministry of Public Health.

- In 2017, the company received a trophy for maintaining “Thai Labor Standard System and Corporate Social Responsibility of Thai Business for Ten Consecutive Year” from the Department of Labor Protection and Welfare, Ministry of Labor.
- In 2018, the company received the “Asia Pacific Entrepreneurship Award 2018” in the category of Corporate Excellence in Manufacturing as an organization that continuously creates business growth with excellence in management and business leadership under the consideration of good corporate governance and responsibility to the environment and society from the Ministry of Commerce.
- From 2006 to present, the company has been honored for “Food Sanitation Standards” at the “Very Good” level from the Department of Health, Pathum Thani Provincial Public Health Office.
- From 2013 to present, the company has received the standard honor certificate of “Prevention and Resolution to Drug-Related Problems” in the workplace from Pathum Thani Province.

Transaction with related parties

In 2019, the company has transaction with related parties as follows; -

1. Purchasing-Selling: Carpets

No.	Company	Relationship Related	Nature of transaction	Amount (THB)		Reasons and necessity
				The value of carpets and materials for installation in year 2019	Outstanding as of December 31, 2019	
1	Royal Thai International Company Limited (RTI) – (Buyer)	- TCMC (Seller) hold 99.99% of issued and fully paid-up share capital of RTI - There are the same director 3 persons are Mr. Pimol Srivikorn, M.L. Walliwan Varavarn and Mrs. Noppaporn Aphiwatthanakul		3,859,750	30,063,059	The normal business operation and general trading condition
2	TCM Corporation Public Company Limited (TCMC) - (Buyer)	- Carpet International Public Company Limited (CI) - (Seller) - TCMC hold 100% of issued and fully paid-up share capital of Vechachai	Purchase and sell carpets	716,973,282	359,172,019	The normal business operation and general trading condition
3	Carpet International Public Company Limited (CI) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of Vechachai	Purchase and sell carpets	131,271,442	12,906,797	The normal business operation and general trading condition
4	Royal Thai HK Limited (RTHK) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTHK' share	Purchase and sell carpets	62,405,569	30,324,572	The normal business operation and general trading condition
5	Royal Thai America Inc. (RTUS) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUS' share	Purchase and sell carpets	417,321,023	232,040,974	The normal business operation and general trading condition
6	Royal Thai Singapore Limited (RTSG) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTSG' share	Purchase and sell carpets	30,937,223	4,608,798	The normal business operation and general trading condition
7	Royal Thai Macau (2017) Limited (RTMO) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTMO' share	Purchase and sell carpets	49,404,806	26,344,207	The normal business operation and general trading condition
8	Royal Thai China Trading Limited (RTCN) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTCN' share	Purchase and sell carpets	4,195,466	3,592,777	The normal business operation and general trading condition

9	RT UK (2017) Limited (RTUK) – (Buyer)	- TCMC (Seller) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUK' share	Purchase and sell carpets	3,642,557	3,333,284	The normal business operation and general trading condition
10	President Hotel and Tower Ltd.– (Buyer)	- TCMC (Seller) - The major shareholders are the same group.	Purchase and sell carpets	116,708	-	The normal business operation and general trading condition

2. Office Rental

No.	Company	Relationship Related	Nature of transaction	Amount (THB)		Reasons and necessity
				The value of carpets and materials for installation in year 2019	Outstanding as of December 31,2019	
1	Royal Thai International Company Limited (RTI) – (Buyer)	- Carpet International Public Company Limited (CI) (Lessor) - TCMC hold 100% of issued and fully paid-up share capital of Vechachai	Office rental	612,500	-	The normal business operation

3. Support administrative and sale support

No.	Company	Relationship Related	Nature of transaction	Amount (THB)		Reasons and necessity
				The value of carpets and materials for installation in year 2019	Outstanding as of December 31,2019	
1	Royal Thai America Inc. (RTUS) – (Service Provider)	- TCMC (Service Recipient) hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUS's share	Management Fees	68,267,852	68,267,852	The normal business operation
2	TCM Corporation Public Company Limited (TCMC) – (Service Provider)	- Carpet International Public Company Limited (CI) - (Service Recipient) - TCMC hold 100% of issued and fully paid-up share capital of Vechachai	Management Fees	30,199,612	30,199,612	The normal business operation
3	TCM Corporation Public Company Limited (TCMC) – (Service Provider)	- Royal Thai HK Limited (RTHK) - (Service Recipient) - TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTHK' share	Management Fees	6,840,595	6,840,595	The normal business operation
4	TCM Corporation Public Company Limited (TCMC) – (Service Provider)	- Royal Thai America Inc. (RTUS) – (Service Recipient) - TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUS's share	Management Fees	19,858,496	19,858,496	The normal business operation

5	TCM Corporation Public Company Limited (TCMC) – (Service Provider)	<ul style="list-style-type: none"> - Royal Thai Singapore Limited (RTSG) – (Service Recipient) - TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTSG's share 	Purchase and sell carpets and materials for installation	1,244,607	1,244,607	The normal business operation
6	TCM Corporation Public Company Limited (TCMC) – (Service Provider)	<ul style="list-style-type: none"> RT UK (2017) Limited (RTUK) – (Service Recipient) - TCMC hold 100% of issued and fully paid-up share capital of TCMC HK and TCMC HK hold 100% of RTUK's share 	Purchase and sell carpets	572,974	572,974	The normal business operation

4. Support in finance

No.	Company	Relationship Related	Nature of transaction	Amount (THB)			Reasons and necessity
				Loan in year 2019	Outstanding as of December 31, 2019	Interest	
1	TCMC Furniture Limited (TCMF) – (Borrower)	<ul style="list-style-type: none"> - TCMC (Lender) hold 76% of issued and fully paid-up share capital of TCMC-F - There are the same director 2 persons are Mr. Pimol Srivikorn and M.L. Walliwan Varavarn 	Support in finance	-	219,085,510	5,038,160	For investment
2	Manor (2016) Holding Limited (Recipient)	- TCMC (Provider) hold 100% of issued and fully paid-up share capital of Manor (2016) Holding Limited.	Advance Payment for subsidiary	19,545,500	-	-	Advance Payment for subsidiary



TCH
SUMINOE


TCM AUTOMOTIVE®
A MEMBER OF TCM CORP. PLC.

Financial Highlights

Financial Highlights

FINANCIAL POSITION AT YEARS ENDED

(Unit: Thousand Baht)

	2019	2018	2017
Total Revenues	9,027,059	9,584,562	7,711,908
Sales	9,001,894	9,546,560	7,633,134
Gross Profit	2,626,657	2,859,463	1,990,835
Net Profit (Loss)	98,387	408,880	347,205
Net Profit (Loss) (The Parent)	(8,715)	270,963	218,889
Total Assets	8,375,320	9,455,696	9,015,836
Total Liabilities	5,491,518	6,033,766	6,317,777
Equity	2,883,801	3,421,931	2,698,059
Equity (The Parent)	2,504,978	3,032,216	2,309,481
Weighted Average number of Ordinary shares	763,189,641	763,188,975	527,217,487

FINANCIAL RATIOS

Earning per shares (Baht)	(0.01)	0.36	0.42
Book Value per Share (Baht)	3.28	3.97	4.38

Liquidity Ratios

Current Ratio	(times)	1.35	1.52	0.73
Quick Ratio	(times)	0.92	1.01	0.50
Account receivable turnover	(times)	6.15	6.12	5.97
Average collection period	(days)	59.35	59.64	61.14
Inventory turnover	(times)	6.56	6.57	7.90
Days sales of inventory	(days)	55.64	55.56	46.20
Account payable turnover	(times)	4.73	4.48	4.80
Payment days	(days)	77.17	81.47	76.04

Profitability Ratios

Gross profit margin	(%)	29.18	29.95	26.08
Net profit margin	(%)	1.09	4.28	4.55
Return on equity	(%)	(0.35)	8.94	9.48

Efficiency Ratios

Return on assets	(%)	1.17	4.32	3.85
Assets turnover	(times)	1.07	1.01	0.85

Financial Policy Ratio

Debt to equity ratio	(times)	1.90	1.76	2.34
----------------------	---------	------	------	------

Management Discussion and Analysis

Overview

TCM Corporation Public Company Limited and its subsidiaries (Collectively referred to as the "Corporate Group") announced revenue from sales and services of THB 9,001.89 million for the yearend 2019, decreased from THB 9,546.56 million or by 5.71 percent comparing to 2018, EBITDA was THB 803.47 million, or 18.90 percent decreased from the previous year. Net profit was THB 98.39 million, or 76.43 percent lower than the previous year. Net loss attributable to owners of the parent was THB 8.71 million.

The revenue from sales and services can be divided into incomes from TCM Flooring at 35.20 percent, TCM Automotive 13.02 percent, and TCM living 51.78 percent.

Performance by Group of business

TCM Flooring

Unit THB million

Details	2019	2018	Change	% of sales 2019	% of sales 2018
			% YoY		
Revenue from Sales and Services	3,168.60	3,327.05	-4.76%	100.00%	100.00%
Cost of Sales and Services	(1,990.35)	(2,056.73)	-3.23%	62.81%	61.82%
Gross Margin	1,178.25	1,270.32	-7.25%	37.19%	38.18%
Other incomes	6.77	24.69	-72.60%	-0.21%	0.74%
Selling expenses	(631.58)	(606.81)	4.08%	19.93%	18.24%
Administrative expenses	(462.46)	(503.91)	-8.26%	14.59%	15.15%
Profit (Loss) from exchange rate	0.74	10.29	-92.85%	0.02%	-0.31%
Operating income	91.72	194.58	-52.76%	2.90%	5.85%
Post-employment benefits liabilities	(57.66)	0.00	N/A	-1.82%	0.00%
Corporate expenses (Shared)	(16.34)	(17.71)	-7.77%	0.52%	0.53%
Expenses from ceased operation	(95.16)	0.00	N/A	3.00%	0.00%
Financial cost	(117.06)	(122.30)	-4.28%	3.69%	3.68%
Tax income (expense)	52.16	30.92	68.67%	1.65%	-0.93%
Net profit (loss)	(142.35)	85.49	-266.28%	-4.49%	2.57%
EBITDA	242.60	330.86	-26.67%	7.66%	9.94%

TCM Flooring performance

TCM Flooring had revenue from sales and services of THB 3,168.60 million, decreased by 4.76 percent from the previous year, resulted from the world economic situation which was slowdown due to many factors, including politics in Hong Kong, trade war between America and China, plus the THB appreciation which had a record high. All factors affected to our business in which the main revenues are derived from exports.

Cost of sales and services was 62.81 percent of revenue, increased from 61.82 percent in the previous year, due to the effect from the exchange rate and the increase in sales of the carpets for corporate sector, which has lower margin than the carpets for Hospitality sector.

Selling, Distribution, and Administrative (SD&A) expenses amounted to THB 1,093.84 million. The selling expenses were THB 631.58 million or 19.93 percent of revenue, increased from THB 606.81 million or 18.24 percent of revenue in the previous year. The administrative expenses were THB 462.46 million or 14.60 percent of revenue, decreased from THB 503.91 million or 15.15 percent of revenue in the previous year, as a result of the effort to control the expenses continuously. The operating income was THB 91.72 million.

Apart from the expenses of the TCM Flooring, in the second quarter of 2019, there were the post-employment benefit amendment according to the Labor Protection Act which caused the additional long-term employee benefit liabilities that booked as expenses in 2019 at THB 57.66 million. Including administrative expenses of the Corporate Office allocated to TCM Flooring amounted to THB 16.34 million, and the expenses related to the ceased operation of Don Muang factory since the middle of the year 2019, caused the setting up of provision for non-operating assets and allowance for decline in value of obsoleted inventories, which were classified as administrative expenses at THB 95.16 million.

When combined with financial cost of THB 117.06 million, which was the interest of the loan borrowed by the company during the acquisition of the Commercial Carpet Business, the net loss then amounted to THB 142.35 million, decreased from the net profit of THB 85.49 million in the previous year. The EBITDA was THB 242.60 million, decreased from THB 330.86 million in the previous year.

TCM Automotive

Unit THB million

Details	2019	2018	Change	% of sales 2019	% of sales 2018
			% YoY		
Revenue from Sales and Services	1,172.31	1,431.78	-18.12%	100.00%	100.00%
Cost of Sales and Services	(915.66)	(1,102.33)	-16.93%	78.11%	76.99%
Gross Margin	256.65	329.45	-22.10%	21.89%	23.01%
Other incomes	3.39	3.06	10.79%	0.29%	0.21%
Selling expenses	(39.57)	(45.82)	-13.66%	3.38%	3.20%
Administrative expenses	(63.27)	(65.94)	-4.06%	5.40%	4.61%
Profit (Loss) from exchange rate	3.06	1.51	103.29%	0.26%	0.11%
Operating income	160.27	222.25	-27.89%	-13.67%	-15.52%
Post-employment benefits liabilities	(3.38)	0.00	N/A	0.29%	0.00%
Corporate expenses (Shared)	(5.33)	(4.41)	21.87%	0.46%	0.31%
Financial cost	(0.60)	(0.77)	-22.09%	0.05%	0.05%
Tax income (expense)	(31.27)	(44.61)	-29.910%	2.67%	3.12%
Net profit (loss)	119.69	172.47	-30.62%	10.21%	12.05%
EBITDA	233.10	283.97	-17.91%	19.88%	19.83%

TCM Automotive performance

TCM Automotive had revenue from sales and services of THB 1,172.31 million, decreased from the previous year by 18.12 percent, resulted from the decelerate of automotive industry in Thailand and overseas. Cost of sales and services was at 78.11 percent of revenue, increased from 76.99 percent of revenue in the previous year, resulted from lower sales and the higher proportion of sales from PU and PVC products.

SD&A expenses amounted to THB 102.83 million, divided into selling expenses at THB 39.57 million or 3.38 percent of revenue, compare to THB 45.82 million in the previous year or 3.20 percent of revenue, and administrative expenses at THB 63.27 million or 5.40 percent of revenue, decreased from THB 65.94 million in the previous year, or 4.61 percent of revenue.

Apart from the expenses of the TCM Automotive, in the second quarter of 2019, there was the post-employment benefit amendment according to the Labour Protection Act which caused the additional long-term employee benefit liabilities of THB 3.38 million, and administrative expenses of the Corporate Office allocated to TCM Flooring amounted to THB 5.33 million.

The EBITDA was THB 233.10 million or 19.88 percent of revenue, aligned with the percentage of the previous year. Net profit was THB 119.69 million or 10.21 percent of revenue, compared to THB 172.47 million or 12.05 percent of revenue in the previous year.

TCM Living

Unit THB million

Details	2019	2018	Change	% of sales 2019	% of sales 2018
			% YoY		
Revenue from Sales and Services	4,660.98	4,787.73	-2.65%	100.00%	100.00%
Cost of Sales and Services	(3,469.23)	(3,528.03)	-1.67%	74.43%	73.69%
Gross Margin	1,191.75	1,259.69	-5.39%	25.57%	26.31%
Other incomes	15.01	10.32	45.52%	0.32%	0.22%
Selling expenses	(462.61)	(475.66)	-2.74%	9.93%	9.93%
Administrative expenses	(495.97)	(516.05)	-3.89%	10.64%	10.78%
Profit (Loss) from exchange rate	(2.26)	(0.24)	849.06%	0.05%	0.00%
Operating income	245.91	278.06	-11.56%	5.28%	5.81%
Corporate expenses (Shared)	(23.79)	(14.88)	60.82%	0.51%	0.31%
Financial cost	(54.15)	(61.08)	-11.35%	1.16%	1.28%
Tax income (expense)	(46.94)	(42.71)	-9.90%	1.01%	0.89%
Net profit (loss)	121.04	159.39	-24.15%	2.59%	3.33%
EBITDA	327.76	375.93	-12.81%	7.03%	7.85%

TCM Living performance

TCM Living had revenue from sales and services of THB 4,660.98 million, which was 2.65 percent lower than the previous year, as a result of the effect of weakened Pound that had fallen considerably and the Baht appreciation which has led to lower Baht income when converted from Pound. However, if compared only in Pound currency, the revenue from sales and services would be 6.88 percent higher compared to the previous year.

Cost of sales and services was 74.43 percent of revenue, increased from 73.69 percent of revenue in the previous year, resulted from high volume orders which exceed production capacity in the first and second quarter of the year, therefore the company had to outsource its sofa manufacturing. As a result, the production costs were increased.

SD&A expenses amounted to THB 958.59 million, divided into selling expenses at THB 462.61 million or 9.93 percent of revenue, aligned with the previous year, and administrative expenses of THB 495.97 million or 10.64 percent of revenue, decreased from THB 516.05 million or 10.78 percent of revenue in the previous year, due mainly to the effort to control the expenses of all related parties.

Apart from the expenses of the TCM Living, there were administrative expenses of the Corporate Office allocated to TCM Living amounted to THB 23.79 million. The higher expenses were partly due to the withholding tax of the interest received from TCMF since 2016 that could not be used for tax credit because the company had operating loss. Therefore, it was recorded as expenses amounted to THB 6 million in this accounting period.

EBITDA was THB 327.76 million or 7.03 percent of revenue, decreased from Bath 375.93 million in the previous year or 7.85 percent of revenue.

Therefore, the net profit amounted to THB 121.04 million or 2.59 percent of revenue, decrease from THB 159.39 million or 3.33 percent of revenue in the previous year.

Consolidated Performance

Unit THB million

Consolidated Statement	2019	2018	Change
			% YoY
<u>Revenue</u>			
Revenue from Sales and Services	9,001.89	9,546.56	-5.71%
Other Incomes	25.16	38.07	-33.89%
Total revenue	9,027.06	9,584.63	-5.82%
<u>Expenses</u>			
Cost of sales and services	(6,375.24)	(6,687.10)	-4.66%
Selling expenses	(1,133.76)	(1,128.29)	0.48%
Administrative expenses	(1,021.70)	(1,085.90)	-5.93%
Post-employment benefits liabilities	(61.04)		
Corporate expenses	(45.45)	(37.00)	23.35%
Expenses from ceased operation	(95.16)		
Gain (loss) from exchange rate	1.53	11.56	86.73%
Financial costs	(171.80)	(184.14)	-6.70%
Total expenses	(8,902.62)	(9,110.88)	-2.29%
Net profit before TAX	124.44	473.75	-73.73%
Tax expenses	(26.05)	(56.40)	-53.81%
Profit (loss)	98.39	417.35	-76.43%
Profit (loss) for TCMC	(8.71)	277.31	-103.14%
EBITDA	803.47	990.76	-18.90%
Weighted average number of ordinary shares (shares)	763,188,975	763,188,975	
Basic earnings per share (THB)	(0.01)	0.36	

Other incomes

The Corporate Group had other incomes of THB 25.16 million, compared to THB 38.07 million in previous year. The other incomes were from interests, rental fees, disposal of assets, and scrap selling etc.

Financial costs

The Corporate Group had financial cost of THB 171.80 million in year 2019, decreased from THB 184.14 million in year 2018, since the company has promptly serviced bank loans and interest payment for the loan borrowings from back for investment in the businesses of the Corporate Group.

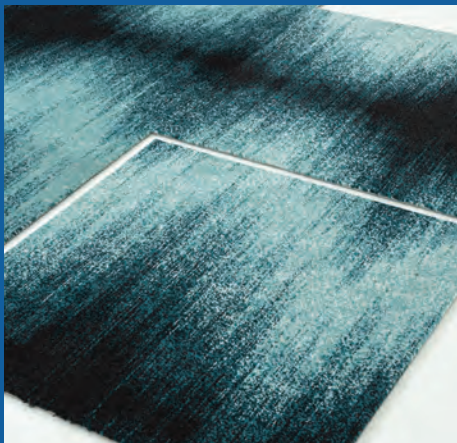
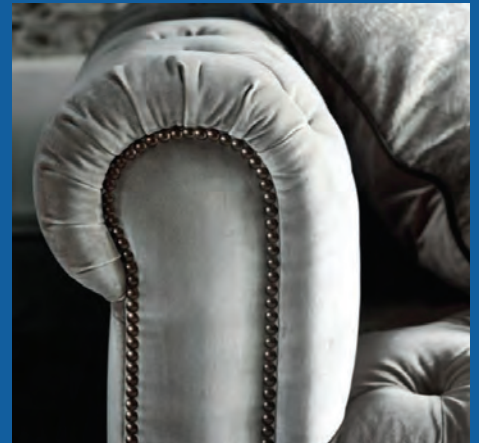
Statement of Financial Position

Unit THB million

Statement of consolidated financial position	As of 31 December, 2019	As of 31 December, 2018	Change	
			Million THB	%
Total Assets	8,375.32	9,455.70	(1,080.38)	(0.11)
Total Liabilities	5,491.52	6,021.95	(530.43)	(0.09)
Shareholders' Equity	2,883.80	3,433.74	(549.94)	(0.16)
D/E Ratio	2.19:1	1.98:1		

The Corporate Group's total assets as of 30 December 2019 were lower than the total assets as of 31 December 2018 by THB 1,080.38 million or 0.11 percent. Shareholders' equity as of 30 December 2019 was lower than that as of 31 December 2018 by THB 530.43 million, as a result of the reappraisal of the land value at Don Muang factory based on fair market value which equal to THB 702 million, whereas the land had book value (Pre-appraisal value) of THB 1,112.17 million, resulting to a revaluation capital reduction of Baht 410.17 million. In December 2019, the Corporate Group had revised its land value to THB 630 million, or THB 72 million lower in order to reflect the actual market price.

Furthermore, the company had disposed of its assets following the relocation of production facilities to Pathumthani factory. As a result, D/E ratio at the end of the period was at 2.19:1 compared to year end 2018 at 1.98:1 (Considering only the part of major shareholders).



Global Presence • Aesthetic Excellence • Business Integrity

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.

www.tcm-corporation.com



Report of the Board's Responsibility for Financial Statements

The consolidated financial statements Year 2019 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 2019.

28 February 2020

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 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 2019 with significant contents summarized as follows:

(1) Reviewed the financial statements quarterly and annually for the fiscal year 2019 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 2019 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 2019. 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 2019, 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 2019.

(6) Reviewed management in compliance with good governance in 2019 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 2019.

(8) Considered selecting, proposing to appoint auditors and auditing fee specifications for 2020. Propose to the Company's Board of Directors to consider requesting approval from the general meeting of

shareholders in 2020 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 2020 in the amount not exceeding 3,390,000 baht, increased from previous year amount 3,230,000 baht to 4.95%, 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 2019. 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 2019, 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 2019
(1) Mr. Soravis Krairiksh	Chairman of the Audit Committee	4 / 4 times
(2) Mrs. Duangjai Lorlertwit	Audit Committee Member	3 / 4 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 2019.

25 February 2020

On behalf of the Audit Committee

Mr. Soravis Krairiksh

Chairman of the Audit Committee

Auditor's 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, 2019, 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, 2019, 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 Note to Financial Statements No. 32. During the third quarter of 2019, the Company discovered that a group of overseas subsidiaries overstated recorded income tax for the years 2018 and 2017 in the amount of Baht 7.79 million and Baht 4.02 million, respectively. For this reason, the Company restated the consolidated financial statements for the years ended December 31, 2018 and 2017, which have been presented herewith for comparative purposes. My opinion is not modified with respect of this matter.

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.

Impairment of goodwill

Risk

As described in Notes to the financial statements No. 13, with respect to goodwill as at December 31, 2019, amounting to Baht 2,168 million. These items arise from the business acquisition of group companies in many countries. Impairment of goodwill is a significant accounting estimate required a significant judgment and assumptions of the management, therefore, I consider this matter as a key audit matter.

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 TCM Corporation Public Company Limited for the year ended December 31, 2018, which have been presented herewith for comparative information were audited by another auditor of our firm, whose report dated February 28, 2019, expressed an unqualified opinion with the Emphasis of Matter related to the restatement of the consolidated financial statements regarding the fair value measurement of the identifiable net assets including goodwill at the date of business acquisition of Tai Ping Carpets International Limited ("Tai Ping") and to recognition of deferred tax asset and tax income.

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.



Sathien Vongsnan

Certified Public Accountant Registration Number 3495

ANS Audit Company Limited

Bangkok, February 28, 2020

Financial Statement

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Unit: Baht

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018
			(Restated)	(Restated)		
Assets						
Current assets						
Cash and cash equivalents	5	425,771,290.19	529,208,233.68	469,532,838.76	67,588,410.33	76,313,633.55
Temporary investments	6	5,951,604.00	54,640,827.05	127,261,439.54	-	-
Trade and other current receivables - net	4.3, 7	1,451,640,155.34	1,477,339,090.91	1,647,554,303.33	520,196,826.79	285,791,100.43
Short-term loans to subsidiaries - net	4.3	-	-	-	-	406,118.00
Current portion of long-term loans to subsidiary	4.3	-	-	-	73,173,231.08	60,105,464.00
Inventories - net	8	888,312,912.64	1,054,878,493.46	981,734,874.67	16,968,676.55	125,005,409.16
Current tax assets		1,362,310.06	3,923,650.66	3,855,772.00	1,011,157.66	3,160,972.01
Other current assets		18,456,571.94	5,423,564.86	5,619,488.94	-	-
Total current assets		2,791,494,844.17	3,125,413,860.62	3,235,558,717.24	678,938,302.41	550,782,697.15
Non-current assets						
Pledged deposits with financial institution	9	-	1,640,000.00	1,640,000.00	-	-
Investment in subsidiaries - net	10	-	-	-	3,916,362,720.07	3,917,362,420.07
Other long-term investment		2,594,793.93	2,696,234.19	2,887,933.66	-	-
Long-term loans to subsidiary	4.3	-	-	-	145,912,278.42	212,399,714.00
Investment properties - net		5,683,410.88	5,905,596.79	6,325,478.63	-	-
Property, plant and equipment - net	11	2,731,644,316.50	3,367,886,151.32	2,700,412,947.03	649,713,885.28	1,270,556,749.81
Intangible assets - net	12	589,145,408.34	659,268,663.48	742,922,240.46	41,704,669.63	29,238,432.96
Goodwill	13	2,168,039,330.05	2,213,950,572.69	2,300,712,584.45	-	-
Deferred tax assets - net	14	66,781,792.41	47,229,314.18	1,010,726.55	-	-
Other non-current assets	4.3, 15	19,935,711.83	31,706,020.82	28,386,591.14	6,354,068.00	8,131,734.00
Total non-current assets		5,583,824,763.94	6,330,282,553.47	5,784,298,501.92	4,760,047,621.40	5,437,689,050.84
Total assets		8,375,319,608.11	9,455,696,414.09	9,019,857,219.16	5,438,985,923.81	5,988,471,747.99

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

Liabilities and shareholders' equity

Current liabilities

Bank overdrafts and short-term loans from financial	16	243,263,130.51	71,571,754.60	2,589,669,659.92	-	500,000.00
Trade and other current payables	4.3, 17	1,228,097,618.88	1,465,251,708.64	1,520,076,498.37	510,136,592.62	153,131,785.54
Current portion of long-term loans from financial institutions	18	477,278,413.90	358,755,444.09	263,451,100.55	189,295,610.76	189,295,610.76
Current portion of long-term liabilities under finance	19	23,187,314.19	13,423,514.83	9,452,967.94	447,396.00	986,867.88
Short-term loans from related parties	4.3	1,500,000.00	1,500,000.00	2,450,000.00	-	-
Current income tax payable	32	99,463,443.24	131,511,376.94	70,903,379.50	-	-
Total current liabilities		2,072,789,920.72	2,042,013,799.10	4,456,003,606.28	699,879,599.38	343,914,264.18

Non-current liabilities

Long-term loans from financial institutions - net	18	2,807,331,852.60	3,314,917,162.00	1,268,777,564.39	2,250,964,478.09	2,440,253,636.41
Long-term loans from related persons	4.3	20,136,280.68	25,420,287.30	32,198,117.86	-	-
Long-term liabilities under finance leases - net	19	11,913,924.84	8,708,146.89	9,350,920.46	932,172.37	1,327,306.65
Deferred tax liabilities - net	14	269,551,535.20	445,705,928.18	346,241,604.83	25,822,530.53	162,151,050.49
Non-current provisions for employee benefit	20	307,320,216.67	183,766,779.14	205,205,085.89	12,322,394.00	19,059,700.00
Other non-current liabilities		2,474,760.83	1,419,741.51	-	2,474,760.83	1,419,741.51
Total non-current liabilities		3,418,728,570.82	3,979,938,045.02	1,861,773,293.43	2,292,516,335.82	2,624,211,435.06
Total liabilities		5,491,518,491.54	6,021,951,844.12	6,317,776,899.71	2,992,395,935.20	2,968,125,699.24

Shareholders' equity

Share capital

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	1,119,343,830.00
Issued and paid-up share capital						
763,201,125 ordinary shares, Baht 1.10 par value	21	839,521,237.50	-	-	839,521,237.50	-
763,188,975 ordinary shares, Baht 1.10 par value		-	839,507,872.50	839,507,872.50	-	839,507,872.50
Premium on share capital	21	633,288,121.50	633,252,886.50	633,252,886.50	633,288,121.50	633,252,886.50
Retained earnings						
Appropriated to legal reserve	22	45,607,816.41	45,607,816.41	16,778,369.22	45,607,816.41	45,607,816.41
Unappropriated	32	716,595,875.33	828,276,013.61	621,671,787.15	438,498,690.80	626,571,350.94
Other component of shareholders' equity	32	269,965,255.34	694,425,733.33	201,279,415.09	489,674,122.40	875,406,122.40
Total shareholders' equity of the Company		2,504,978,306.08	3,041,070,322.35	2,312,490,330.46	2,446,589,988.61	3,020,346,048.75
Non-controlling interests	32	378,822,810.49	392,674,247.62	389,589,988.99	-	-
Total shareholders' equity		2,883,801,116.57	3,433,744,569.97	2,702,080,319.45	2,446,589,988.61	3,020,346,048.75
Total liabilities and shareholders' equity		8,375,319,608.11	9,455,696,414.09	9,019,857,219.16	5,438,985,923.81	5,988,471,747.99

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2019

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
		(Restated)			
Revenues	26				
Revenue from sales and rendering of services		9,001,894,498.76	9,546,559,718.05	1,063,934,691.30	801,384,078.25
Dividend income	4, 10	-	-	91,686,976.00	604,909,197.50
Other income	32	25,164,791.98	38,067,213.53	84,448,635.59	14,451,267.41
Total revenues		9,027,059,290.74	9,584,626,931.58	1,240,070,302.89	1,420,744,543.16
Expenses					
Cost of sales and rendering of services		(6,375,236,569.70)	(6,687,096,592.92)	(920,791,473.33)	(589,842,669.16)
Selling expenses		(1,133,757,606.91)	(1,128,292,969.77)	(74,723,316.42)	(70,432,688.43)
Administrative expenses		(1,162,311,629.45)	(1,122,904,965.62)	(260,938,582.41)	(79,328,709.80)
Past service cost from the post-employment benefits plan amendment	20	(61,044,270.50)	-	(2,799,913.00)	-
Gain (loss) on exchange rate - net		1,533,836.91	11,557,311.18	(15,778,458.76)	(20,509,606.28)
Finance costs		(171,800,690.62)	(184,140,122.69)	(122,257,569.32)	(135,591,486.43)
Total expenses		(8,902,616,930.27)	(9,110,877,339.82)	(1,397,289,313.24)	(895,705,160.10)
Profit (loss) before income tax		124,442,360.47	473,749,591.76	(157,219,010.35)	525,039,383.06
Tax (expenses) income	27, 32	(26,054,945.29)	(56,403,704.13)	39,481,170.56	20,354,964.54
Profit (loss) for the year		98,387,415.18	417,345,887.63	(117,737,839.79)	545,394,347.60
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	32	(42,928,589.19)	(76,363,823.31)	-	-
<i>Items that will not reclassified subsequently to profit or loss</i>					
Capital surplus from land revaluation net of income tax		(385,732,000.00)	561,732,000.00	(385,732,000.00)	561,732,000.00
Actuarial loss arising from post employee benefit - net from income tax		(34,564,163.20)	(11,340,814.40)	(1,657,397.60)	(11,340,814.40)
Other comprehensive income (loss) for the year - net from income tax		(463,224,752.39)	474,027,362.29	(387,389,397.60)	550,391,185.60
Total comprehensive income (loss) for the year		(364,837,337.21)	891,373,249.92	(505,127,237.39)	1,095,785,533.20

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2019

Profit (loss) attributable to:

Equity holders of the Company	(8,714,518.07)	277,312,585.05	(117,737,839.79)	545,394,347.60
Non-controlling interests	107,101,933.25	140,033,302.58	-	-
	98,387,415.18	417,345,887.63	(117,737,839.79)	545,394,347.60

Total comprehensive income (loss) attributable to:

Equity holders of the Company	(467,463,193.52)	759,118,088.89	(505,127,237.39)	1,095,785,533.20
Non-controlling interests	102,625,856.31	132,255,161.03	-	-
	(364,837,337.21)	891,373,249.92	(505,127,237.39)	1,095,785,533.20

Earnings (loss) per share

Basic earnings (loss) per share (Baht)	(0.01)	0.36	(0.15)	0.71
Weighted average number of ordinary shares (shares)	763,189,641	763,188,975	763,189,641	763,188,975

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2019

		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			Total Shareholders' Equity
		Issued and paid-up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Translating financial statements	Actuarial loss - net of income tax	Capital surplus from land revaluation net of income tax	Total other component of shareholders' equity	Total	
Notes					(Restated)	(Restated)					
32	Balance as at January 1, 2019, - as previously reported	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	3,421,930,665.98
	Prior year income tax adjustment	-	-	-	9,338,970.98	(485,131.08)	-	-	(485,131.08)	8,853,839.90	11,813,903.99
	Balance as at January 1, 2019, - as restated	839,507,872.50	633,252,886.50	45,607,816.41	828,276,013.61	(180,980,389.07)	-	875,406,122.40	694,425,733.33	3,041,070,322.35	3,433,744,569.97
	Changes in equity for the year										
21	Increase share capital	13,365.00	35,235.00	-	-	-	-	-	-	48,600.00	48,600.00
23	Dividend paid	-	-	-	(68,677,422.75)	-	-	-	-	(68,677,422.75)	(185,154,716.19)
	Total comprehensive income (loss) for the year	-	-	-	(8,714,518.07)	(38,728,477.99)	(34,288,197.46)	(385,732,000.00)	(458,748,675.45)	(467,463,193.52)	(364,837,337.21)
	Transfer to retained earnings	-	-	-	(34,288,197.46)	-	34,288,197.46	-	34,288,197.46	-	-
	Balance as at December 31, 2019	839,521,237.50	633,286,121.50	45,607,816.41	716,995,875.33	(219,708,867.06)	-	489,674,122.40	269,965,255.34	2,504,978,306.08	2,883,801,116.57
32	Balance as at January 1, 2018, - as previously reported	839,507,872.50	633,252,886.50	16,778,369.22	618,682,556.21	(112,414,603.77)	-	313,674,122.40	201,259,318.63	2,309,481,203.06	2,698,059,293.56
	Prior year income tax adjustment	-	-	-	2,989,230.94	19,896.46	-	-	19,896.46	3,009,127.40	4,021,025.89
	Balance as at January 1, 2018, - as restated	839,507,872.50	633,252,886.50	16,778,369.22	621,671,787.15	(112,394,707.31)	-	313,674,122.40	201,279,415.09	2,312,490,330.46	2,702,080,319.45
	Changes in equity for the year										
22	Legal reserved	-	-	28,829,447.19	(28,829,447.19)	-	-	-	-	-	-
23	Dividend paid	-	-	-	(30,538,097.00)	-	-	-	-	(30,538,097.00)	(159,708,999.40)
	Total comprehensive income (loss) for the year - restated	-	-	-	277,312,585.05	(68,585,681.76)	(11,340,814.40)	561,732,000.00	481,805,503.84	759,118,088.89	891,373,249.92
	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	828,276,013.61	(180,980,389.07)	-	875,406,122.40	694,425,733.33	3,041,070,322.35	3,433,744,569.97

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2019

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
Cash flows from operating activities:				
Net profit (loss)	98,387,415.18	417,345,887.63	(117,737,839.79)	545,394,347.60
Adjustment to reconcile profit to net cash by (used in)				
operating activities				
Tax (expenses) income	26,054,945.29	56,403,704.13	(39,481,170.56)	(20,354,964.54)
Allowance for doubtful accounts - net	17,145,828.20	8,100,892.34	26,335,105.55	4,416,231.00
Allowance for decline in value of obsolete inventories (reversal) - net	(12,160,970.44)	1,510,969.10	842,509.15	10,945,061.38
Provision from claim on defected goods	5,197,600.36	859,552.00	1,230,150.00	-
Depreciation of fixed assets	187,352,337.73	201,650,907.08	16,953,428.91	22,518,503.30
Amortization of intangible assets	78,629,095.68	83,986,976.34	571,640.35	569,387.90
(Gain) loss on disposal of fixed assets	3,037,035.98	(2,223,727.11)	(12,891,173.20)	(82,728.56)
Loss on disposal of intangible assets	8,241,351.73	87,858.52	-	-
(Gain) loss on exchange rate	(1,429,237.06)	2,979,962.73	11,220,063.14	24,362,166.20
Allowance for impairment of investments in subsidiary	-	-	999,700.00	3,100,000.00
Allowance for impairment of long-term loans to subsidiary	-	-	-	2,550,000.00
Allowance for impairment of fixed assets - net	73,294,130.27	6,214,871.42	73,961,517.04	-
Reversal for impairment of intangible assets	(8,240,858.44)	-	-	-
Dividend income	-	-	(91,686,976.00)	(604,909,197.50)
Interest income	(683,814.43)	(2,045,250.20)	(5,496,820.25)	(6,711,030.75)
Employee benefits expenses	89,749,148.30	32,516,511.84	4,167,791.00	6,768,497.00
Loss on settlement of employee benefits	-	(11,806,539.00)	-	(11,806,539.00)
Finance cost	171,800,690.62	184,140,122.69	122,257,569.32	135,591,486.43
Profit (loss) from operations before changes in operating				
assets and liabilities	736,374,698.97	979,722,699.51	(8,754,505.34)	112,351,220.46

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2019

Operating assets (increase) decrease				
Trade and other current receivables	12,519,212.24	229,443,235.50	(252,734,755.15)	7,876,893.81
Inventories	178,835,143.53	(74,437,774.66)	107,194,223.46	(18,964,349.81)
Other current assets	(13,033,007.08)	195,924.08	-	-
Other non-current assets	11,770,308.99	(3,319,429.68)	1,777,666.00	1,810,173.10
Operating liabilities increase (decrease)				
Trade and other current payables	(233,105,221.41)	(91,053,179.29)	373,431,800.44	(27,592,198.94)
Other non-current liabilities	1,055,019.32	-	1,055,019.32	-
Cash received from operating activities	694,416,154.56	1,040,551,475.46	221,969,448.73	75,481,738.62
Cash payment for employee benefits	(32,687,414.72)	(32,998,735.39)	(21,576,748.95)	(21,056,842.05)
Cash payment for corporate income tax	(127,280,274.64)	(150,355,338.97)	(1,011,157.66)	(3,160,972.01)
Net cash provided by operating activities	534,448,465.20	857,197,401.10	199,381,542.12	51,263,924.56
Cash flows from investing activities:				
Decrease pledged deposits with financial institution	1,640,000.00	-	-	-
Decrease in temporary investments	48,689,223.05	72,620,612.49	-	-
Cash receipt from short-term loans to subsidiary	-	-	60,421,773.00	34,300,260.00
Cash payment for advance of investments in subsidiary	-	-	(61,830,000.00)	(37,362,200.00)
Cash receipt from long-term loans to subsidiary	-	-	43,920,549.75	44,838,431.00
Cash payment for advance of investments in subsidiary	-	-	-	(229,490,600.00)
Cash payment for purchase of fixed assets	(84,555,844.55)	(184,084,121.67)	(332,557.40)	(7,424,798.72)
Cash receipt from sales of fixed assets	5,354,086.79	9,336,602.58	56,357,130.12	3,671,051.84
Cash payment for purchase of intangible assets	(32,139,887.58)	(30,962,539.68)	(21,787,547.26)	(19,917,090.56)
Dividend received	-	-	91,686,976.00	604,909,197.50
Interest received	683,814.43	2,045,250.20	5,391,439.45	6,879,149.96
Net cash provided by (used in) investing activities	(60,328,607.86)	(131,044,196.08)	173,827,763.66	400,403,401.02

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2019

Cash flows from financing activities:

Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	171,691,375.91	(118,097,905.32)	(500,000.00)	(157,917,061.93)
Cash payment for short-term loans from related person	-	(950,000.00)	-	-
Cash payment for long-term loans from related person	(4,339,632.83)	(4,874,560.10)	-	-
Cash payment of long-term loans from financial institutions	(356,299,293.42)	(263,923,260.00)	(190,000,000.00)	(100,000,000.00)
Cash received of long-term loans from financial institutions	-	79,590,679.49	-	-
Cash payment of liabilities under long-term lease agreements	(29,291,850.07)	(14,249,471.16)	(986,870.88)	(4,000,126.11)
Cash payment for loan front-end fee	-	(6,000,000.00)	-	(6,000,000.00)
Dividend paid	(185,098,432.74)	(159,694,178.51)	(68,621,139.30)	(30,512,738.11)
Cash payment for finance costs	(167,738,583.89)	(175,429,337.40)	(121,875,118.82)	(135,367,071.29)
Cash received from increase share capital	48,600.00	-	48,600.00	-
Net cash used in financing activities	(571,027,817.04)	(663,628,033.00)	(381,934,529.00)	(433,796,997.44)
Net increase (decrease) in cash and cash equivalents	(96,907,959.70)	62,525,172.02	(8,725,223.22)	17,870,328.14
Exchange differences on translating financial statements				
of foreign operation	(6,528,983.79)	(2,849,777.10)	-	-
Cash and cash equivalents at beginning of the year	529,208,233.68	469,532,838.76	76,313,633.55	58,443,305.41
Cash and cash equivalents at end of the year	425,771,290.19	529,208,233.68	67,588,410.33	76,313,633.55

Supplemental cash flow information

Non-cash transactions

Acquisition of fixed assets by mean of liabilities under				
finance leases agreements	39,125,138.31	11,931,963.10	-	3,587,850.47
Increase (decrease) revaluation of fixed assets	(482,165,000.00)	702,165,000.00	(482,165,000.00)	702,165,000.00
Increase (decrease) in payable for purchase of intangible assets	(8,202,599.24)	-	(8,749,670.24)	8,749,670.24
Increase (decrease) in accrued employee benefits expenses	(23,286,499.95)	23,286,499.95	(19,557,809.95)	19,557,809.95
Transfer provision of employee benefits expenses	-	-	10,957,905.00	-
Increase in account receivable for sale of fixed assets	-	-	4,629,519.06	-

Notes to the Financial Statements

For the year ended December 31, 2019

1. GENERAL INFORMATION

TCM Corporation Public Company Limited ("the Company") was registered as a limited company with the Ministry of commerce on April 10, 1967. The Company became a public company limited and was registered with the Ministry of commerce on March 31, 1994.

The Company registered its office at 238 Viphavadee-Rangsit Road, Sanambin Subdistrict Don Muang District Bangkok, 10210 Thailand.

The major shareholder of the Company is Srivikorn Family.

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.

During the first quarter of 2019, there is a change in the structure of the flooring carpets business operation by transferring of manufacturing operation to be centralized at Carpet International Thailand Plc., a subsidiary of Vechachai Co., Ltd. Group for using as the manufacturing base of the flooring carpets business.

A local subsidiary, T.C.H. Suminoe Co., Ltd. manufactures and distributes carpets for the internal flooring of vehicles and upholstery fabrics for vehicles.

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;

		Percentage of holding % of share capital		Head office location
Company name	Type of business	2019	2018	
● Direct subsidiaries held by the Compar				
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
Ashley Manor Upholstery Limited	Manufacturer 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 Carpets (Foshan) Co., Ltd.	Manufacturer and distributor of carpet	51.00	-	China
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

Company name	Type of business	Percentage of holding % of share capital		Head office location
		2019	2018	
Royal Thai China Trading Limited	Carpet distributors	100.00	100.00	China

• Indirect subsidiaries held by Vechachai Co., Ltd.

Carpets International Thailand Plc.	Manufacturer and distributor 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 2019, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after January 1, 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising

from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

(b) Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. 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. However, these new standards involve changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to

classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenses recognition

Sales of goods

Revenue from sale of goods and cost of sale are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax of goods supplied after deducting discounts.

Revenues from rendering services

Revenues from rendering services of carpet and flooring installation is recognised upon completion of service in cases where the projects are low value, the work had a short duration, and control of the assets created has not yet been transferred to the customers.

Dividend

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

Interest income and other income

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

Expenses

Expense is recognised 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 value 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 5 years. 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
Building	5 - 50

	<u>Useful life (years)</u>
Leasehold improvements	10 - 20
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 land construction in progress and installation.

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 amortised 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

No amortization is provided on software in progress.

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.

Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue, the amount is presented under trade and other current liabilities.

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 liabilities 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 recognised 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 (loss) per share

The calculations of basic earnings (loss) per share for the year were based on the profit (loss) 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 (loss) 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 maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

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 Labour 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.	Manufacturer and distributor of carpet	Subsidiaries
Royal Thai International Co., Ltd.	Flooring distributors	Subsidiaries
T.C.H. Suminoe Co., Ltd.	Manufacturer and distributor 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	Manufacturer and distributor of sofa chair	A subsidiary of TCMC Furniture Limited
Alstons (Cabinets) Limited	Manufacturer 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	Manufacturer and distributor 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
Royal Thai Carpets (Foshan) Co., Ltd.	Manufacturer and distributor of carpet	A subsidiary of RT UK (2017) Limited
Carpet International Thailand Plc.	Manufacturer and distributor of carpet	A subsidiary of Vechachai Co., Ltd.
<u>Related companies</u>		
President Hotel and Tower Co., Ltd.	Hotel	The Company's Shareholder and Co-director
Erawan Holding L.L.C.	Interior	Shareholder in the subsidiary
Suminoe Textile Co., Ltd.	Manufacturer and distributor of automotive	Shareholder in the subsidiary

Name of related parties	Type of business	Nature of relationship
	textile and interior material for train, bus, ship, and aircraft	
Suminoe Textile Shanghai Co., Ltd.	Manufacturer and distributor of automotive textile	Co-shareholder with the subsidiary
SPM Automotive Textile Co., Ltd.	Manufacturer and distributor of automotive textile	Co-shareholder with the subsidiary
P.T. Suminoe Surya Techno	Manufacturer and distributor of automotive textile	Co-shareholder with the subsidiary
Suminoe Teijin Techno Krishna	Manufacturer and distributor 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
Shareholders		Shareholder of the company and Subsidiaries

4.2 The Group implements the following pricing policies for its related party transactions:

Transactions	Pricing policies
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
Interest income	Market interest rates
Management fee income	Agreed rates
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
Management fee	Contract rates

4.2.1 Revenue and expense transactions with related parties for the year ended December 31, 2019 and 2018 were as follows:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Revenue from sales of goods				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	-	3,121,595.68
Royal Thai International Co., Ltd.	-	-	3,859,750.41	138,550,255.45
Carpet International Thailand Plc.	-	-	64,696,309.69	47,741,541.79
James Alexander Co., Ltd.	-	-	-	34,511.20
Royal Thai HK (2017) Limited	-	-	62,405,569.10	45,267,819.93
Royal Thai Americas (2017) Inc.	-	-	417,321,022.56	276,458,135.51
Royal Thai Singapore (2017) Pte. Ltd.	-	-	30,937,223.49	16,725,136.08

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Royal Thai Macau (2017) Limited	-	-	49,404,805.77	11,442,100.41
RT UK (2017) Limited	-	-	3,642,556.64	10,701,188.99
Royal Thai China Trading Limited	-	-	4,195,465.68	3,037,831.03
Total	-	-	636,462,703.34	553,080,116.07
Related parties				
President Hotel and Tower Co., Ltd.	116,707.60	12,884,668.74	116,707.60	170,393.00
Suminoe Teijin Techno Krishna India Pvt. Ltd.	1,272,956.39	2,391,482.23	-	-
Suminoe Textile Co., Ltd.	26,787.01	119,985.43	-	-
Srivikorn Group Holding Co., Ltd.	3,540.00	11,214.87	3,540.00	11,214.87
Total	1,419,991.00	15,407,351.27	120,247.60	181,607.87
Total revenue from sales of goods	1,419,991.00	15,407,351.27	636,582,950.94	553,261,723.94
Dividend income				
Subsidiaries				
T.C.H. Suminoe Co., Ltd	-	-	91,686,976.00	88,533,027.50
Vechachai Co., Ltd.	-	-	-	516,376,170.00
Total dividend income	-	-	91,686,976.00	604,909,197.50
Management fee income				
Subsidiaries				
Carpet International Thailand Plc.	-	-	30,199,612.45	-
Royal Thai HK (2017) Limited	-	-	6,840,594.95	-
Royal Thai Americas (2017) Inc.	-	-	19,858,495.69	-
Royal Thai Singapore (2017) Pte. Ltd.	-	-	1,244,607.23	-
RT UK (2017) Limited	-	-	572,974.16	-
Total management fee income	-	-	58,716,284.48	-
Other income				
Subsidiaries				
Carpet International Thailand Plc.	-	-	5,641,882.00	3,173,217.00
United Carpet Manufacturing Co., Ltd.	-	-	-	29,325.41
Royal Thai International Co., Ltd.	-	-	81,507.19	3,919,274.11
TCMC Furniture Limited	-	-	5,038,159.86	6,216,283.42
DM Midlands Holdings Limited	-	-	130,418.32	-
Manor (2016) Holdings Limited	-	-	72,156.30	-
Total other income	-	-	10,964,123.67	13,338,099.94

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Sales of fixed assets				
Subsidiary				
Carpet International Thailand Plc.	-	-	60,933,250.01	-
Total sales of fixed assets	-	-	60,933,250.01	-
Purchase of goods				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	82,296.00	1,506,360.70
James Alexander Co., Ltd.	-	-	-	302,956.00
Carpet International Thailand Plc.	-	-	716,973,281.54	46,617,564.65
Total	-	-	717,055,577.54	48,426,881.35
Related parties				
Suminoe Textile Shanghai Co., Ltd.	101,955,465.02	166,788,484.09	-	-
SPM Automotive Textile Co., Ltd.	6,115,511.60	5,057,125.19	-	-
PT. Suminoe Surya Techno	-	14,201,241.70	-	-
Suminoe Textile Co., Ltd.	739,326.79	241,813.02	-	-
Total	108,810,303.41	186,288,664.00	-	-
Total purchase of goods	108,810,303.41	186,288,664.00	717,055,577.54	48,426,881.35
Management fee				
Subsidiary				
Royal Thai Americas (2017) Inc.	-	-	68,267,852.30	-
Total management fee	-	-	68,267,852.30	-
Selling and administrative expenses				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	-	4,000.00
Carpet International Thailand Plc.	-	-	612,500.00	-
Total	-	-	612,500.00	4,000.00
Related parties				
Suminoe Textile Shanghai Co., Ltd.	645,138.59	255,379.94	-	-
SPM Automotive Textile Co., Ltd.	219,385.95	133,654.34	-	-
PT. Suminoe Surya Techno	-	135,279.41	-	-
Suminoe Textile Co., Ltd.	34,451,497.27	40,858,438.70	-	-
Total	35,316,021.81	41,382,752.39	-	-
Total selling and administrative expenses	35,316,021.81	41,382,752.39	68,880,352.30	4,000.00
Interest expenses				
Related company and person				
Erawan Holding LLC.	-	7,698.56	-	-
Other shareholders	4,253.46	17,297.34	-	-
Total interest expenses	4,253.46	24,995.90	-	-

4.2.2 Compensation for directors and key management personnel

Compensation for directors and key management personnel for the year ended December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	173,767,788.18	214,465,411.02	17,269,023.00	17,269,023.00
Post-employment benefits	5,080,913.34	3,800,902.27	871,376.00	1,295,469.00
Total	178,848,701.52	218,266,313.29	18,033,829.00	18,564,492.00

4.3 The balances of the accounts with related companies as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Assets				
Trade and other current receivables - related parties				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	8,597.06	1,119,355.50
Royal Thai International Co., Ltd.	-	-	30,063,058.73	59,505,024.18
TCMC Furniture Limited	-	-	144,056.23	38,675.43
Manor (2016) Holdings Limited	-	-	19,545,500.00	20,305,900.00
DM Midlands Holdings Limited	-	-	759,326.75	642,888.90
RT UK (2017) Limited	-	-	3,906,258.07	3,191,394.76
Carpets International Thailand Plc.	-	-	43,106,409.43	5,368,985.90
Royal Thai HK (2017) Limited	-	-	37,165,167.22	17,642,646.90
Royal Thai Americas (2017) Inc.	-	-	251,899,470.03	58,830,946.78
Royal Thai Singapore (2017) Pte. Ltd.	-	-	5,853,405.12	10,465,282.25
Royal Thai Macau (2017) Limited	-	-	26,344,207.13	3,348,268.87
Royal Thai China Trading Limited	-	-	3,592,776.74	3,006,202.06
Total	-	-	422,388,232.51	183,465,571.53
<u>Less:</u> Allowance for doubtful accounts	-	-	(14,581,236.48)	-
Net	-	-	407,806,996.03	183,465,571.53
Related parties				
Suminoe Teijin Techno Krishna India Pvt., Ltd.	97,921.89	725,305.85	-	-
Suminoe Textile Co., Ltd.	-	7,693.12	-	-
Total	97,921.89	732,998.97	-	-
Total trade and other current	97,921.89	732,998.97	407,806,996.03	183,465,571.53

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
receivables - related parties - net				
Other non-current assets				
Subsidiary				
Carpets International Thailand Plc.	-	-	175,000.00	-
Total other non-current assets	-	-	175,000.00	-
Short-term loans to				
Subsidiaries				
Manor (2016) Holdings Limited				
Beginning balance	-	-	406,118.00	-
<u>Add:</u> Additional loans during the year	-	-	40,655,000.00	37,362,200.00
<u>Less:</u> Received during the year	-	-	(39,621,773.00)	(34,300,260.00)
<u>Less:</u> Loss on exchange rate	-	-	(1,439,345.00)	(2,655,822.00)
Ending balance	-	-	-	406,118.00
DM Midlands Holdings Limited				
Beginning balance	-	-	-	-
<u>Add:</u> Additional loans during the year	-	-	21,175,000.00	-
<u>Less:</u> Received during the year	-	-	(20,800,000.00)	-
<u>Less:</u> Loss on exchange rate	-	-	(375,000.00)	-
Ending balance	-	-	-	-
United Carpet Manufacturing Co., Ltd.	-	-	2,550,000.00	2,550,000.00
<u>Less:</u> Allowance for doubtful accounts	-	-	(2,550,000.00)	(2,550,000.00)
Net	-	-	-	-
Total short-term loans to subsidiaries - net	-	-	-	406,118.00

As at December 31, 2019 and 2018, short-term loans to a local subsidiary in the amount of Baht 2.55 million, in the form of promissory notes are due on September 15, 2020 and 2019. The Company has stopped recognizing interest since 2018.

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loans to				
Subsidiary				
TCMC Furniture Limited				
Beginning balance	-	-	272,505,178.00	337,496,049.00
<u>Less:</u> Received during the year	-	-	(43,920,549.75)	(44,838,431.00)
<u>Less:</u> Loss on exchange rate	-	-	(9,499,118.75)	(20,152,440.00)
Ending balance	-	-	219,085,509.50	272,505,178.00
<u>Less:</u> Current portion within 1 year	-	-	(73,173,231.08)	(60,105,464.00)
Total long-term loan to subsidiary - net	-	-	145,912,278.42	212,399,714.00

The Company entered into an agreement to provide a long-term loan to subsidiary in order to acquire Alstons Furniture Group Limited in a total amount of Pound 8.36 million with the fixed interest rate of 2% per annum. The interest is to be paid on an annual basis on the June 30, of June of each year. 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, 2019 and 2018, the balances outstanding on such loan were Pound 5.60 million and Pound 6.71 million, equivalent to Baht 219.09 million and Baht 272.51 million, respectively. This loan is unsecured.

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Liabilities				
Trade and other current payables - related parties				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	-	650,981.15
Royal Thai international Co., Ltd.	-	-	1,260,629.54	1,832,099.47
Carpets International Thailand Plc.	-	-	359,172,018.89	3,327,683.47
Royal Thai American (2017) Inc.	-	-	68,267,852.30	437,210.16
Total	-	-	428,700,500.73	6,247,974.25
Related companies and person				
Suminoe Textile Co., Ltd.	6,172,969.91	7,972,668.52	-	-
Suminoe Textile Shanghai Co., Ltd.	5,648,092.07	54,540,596.00	-	-
SPM Automotive Textile Co., Ltd.	-	362,350.43	-	-
Srivikorn Group Holding Co., Ltd.	-	7,765.05	-	7,765.05
Other shareholders	606,463.89	66,961.10	597,129.93	58,105.46

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Total	12,427,525.87	62,950,341.10	597,129.93	65,870.51
Total trade and other current payables - related parties	12,427,525.87	62,950,341.10	429,297,630.66	6,313,844.76
Short-term loans				
Related person				
Other shareholders	1,500,000.00	1,500,000.00	-	-
Total short-term loans from related person	1,500,000.00	1,500,000.00	-	-
Long-term loan				
Related persons				
Beginning balance	25,420,287.30	32,198,117.86	-	-
<u>Less:</u> Repayment during the year	(4,339,632.83)	(4,874,560.10)	-	-
Difference on translating financial statements	(944,373.79)	(1,903,270.46)	-	-
Ending balance	20,136,280.68	25,420,287.30	-	-

As at December 31, 2019 and 2018, short-term loans from related parties are in form of promissory notes, and are due on September 15, 2020 and 2019, respectively, with an interest of 1.15% per annum (reference to six-month fixed deposit interest rate).

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. 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, 2019 and 2018, the subsidiary, TCMC Furniture Limited has borrowings from its shareholders in the amount of Pound 0.51 million and Pound 0.62 million, equivalent to Baht 20.14 million and Baht 25.42 million, respectively. These loans are interest free and unsecured.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018, consisted of:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	730,116.72	1,178,135.30	64,942.75	481,482.31
Deposits at financial institutions				
current accounts	266,280,121.43	366,344,746.00	740,905.40	110,022.50
savings accounts	158,761,052.04	161,685,352.38	66,782,562.18	75,722,128.74
Total cash and cash equivalents	425,771,290.19	529,208,233.68	67,588,410.33	76,313,633.55

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, 2019 and 2018, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables				
Trade receivables - other parties	1,288,640,588.14	1,329,672,819.12	78,084,584.51	70,835,388.85
Trade receivables - related parties	97,921.89	732,998.97	331,597,984.48	162,396,840.86
Total trade receivable	1,288,738,510.03	1,330,405,818.09	409,682,568.99	233,232,229.71
<u>Less</u> Allowance for doubtful accounts	(33,477,642.09)	(24,029,085.81)	(25,012,229.84)	(5,706,786.42)
Trade receivables - net	1,255,260,867.94	1,306,376,732.28	384,670,339.15	227,525,443.29
Other receivables				
Other receivables - related parties	-	-	71,244,748.03	762,830.67
Advance payment - related party	-	-	19,545,500.00	20,305,900.00
Value Added Tax	36,825,515.94	22,543,077.67	26,780,265.26	11,032,876.02
Advance payment	3,691,190.73	9,033,382.53	304,282.88	318,628.57
Withholding tax receivable	10,114,272.78	16,004,545.65	6,734,798.64	8,540,477.82
Prepaid expenses	105,908,874.66	69,096,520.37	2,613,725.55	3,535,215.32
Deposit for inventories	2,547,235.58	5,922,205.97	53,000.00	1,197,985.58
Retentions	19,772,273.43	12,716,784.85	12,315,360.79	7,295,786.72
Others	25,662,545.16	35,645,841.59	2,964,468.62	5,275,956.44
Total other receivables	204,521,908.28	170,962,358.63	142,556,149.77	58,265,657.14
<u>Less</u> Allowance for doubtful accounts	(8,142,620.88)	-	(7,029,662.13)	-
Total other receivables - net	196,379,287.40	170,962,358.63	135,526,487.64	58,265,657.14
Total trade and other current receivables - net	1,451,640,155.34	1,477,339,090.91	520,196,826.79	285,791,100.43

Movements of the change in the allowance for doubtful accounts for the year ended December 31, 2019 and 2018 were summarized as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Beginning balance of the year	24,029,085.81	16,091,518.52	5,706,786.42	1,290,555.42
Addition during the year	25,047,287.59	9,081,572.33	28,875,359.82	5,328,601.08
Deduction during the year	(7,901,459.39)	(980,679.99)	(2,540,254.27)	(912,370.08)
Difference on translating financial statements	445,348.96	(163,325.05)	-	-
Ending balance at end of the year	<u>41,620,262.97</u>	<u>24,029,085.81</u>	<u>32,041,891.97</u>	<u>5,706,786.42</u>

Trade receivables classified by ages of accounts consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Not over due	926,727,127.86	855,621,369.25	311,388,811.47	157,642,043.15
Over due				
1 – 3 months	287,559,470.28	350,752,300.35	44,885,918.74	40,304,529.11
3 – 6 months	25,395,740.62	36,791,667.51	15,051,191.36	32,132,651.13
6 – 12 months	16,388,171.31	41,663,037.33	12,285,792.56	58,802.45
Over 12 months	32,667,999.96	45,577,443.65	26,070,854.86	3,094,203.87
Total	<u>1,288,738,510.03</u>	<u>1,330,405,818.09</u>	<u>409,682,568.99</u>	<u>233,232,229.71</u>

8. INVENTORIES - NET

Inventories - net as at December 31, 2019 and 2018, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	370,432,224.84	446,390,264.47	31,455,427.66	62,405,133.53
Raw materials	378,077,343.96	428,371,011.83	627,573.01	55,196,279.90
Work in process	110,453,055.70	125,488,012.73	-	3,725,990.99
Maintenance and factory supplies	42,315,591.98	52,288,301.39	4,972,273.83	13,280,461.44
Goods in transit	57,949,766.85	85,525,536.44	-	9,641,632.10
Total	<u>959,227,983.33</u>	<u>1,138,063,126.86</u>	<u>37,055,274.50</u>	<u>144,249,497.96</u>
Less Allowance for decline in				
Value obsolete inventories	(70,915,070.69)	(83,184,633.40)	(20,086,597.95)	(19,244,088.80)
Net	<u>888,312,912.64</u>	<u>1,054,878,493.46</u>	<u>16,968,676.55</u>	<u>125,005,409.16</u>

Movements of the change in the allowance for decline in value obsolete inventories for the year ended December 31, 2019 and 2018 are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Beginning balance of the year	83,184,633.40	81,890,477.53	19,244,088.80	8,299,027.42
Addition during the year	25,034,879.29	17,999,543.29	16,575,353.03	12,556,039.50
Deduction during the year	(37,195,849.73)	(16,488,574.19)	(15,732,843.88)	(1,610,978.12)
Difference on translating financial statements	(108,592.27)	(216,813.23)	-	-
Ending balance at end of the year	<u>70,915,070.69</u>	<u>83,184,633.40</u>	<u>20,086,597.95</u>	<u>19,244,088.80</u>

9. PLEDGED DEPOSITS WITH FINANCIAL INSTITUTION

As at December 31, 2018, twelve-month fixed deposits of the subsidiary have been pledged with a financial institution as collateral for short-term loan facilities.

10. INVESTMENTS IN SUBSIDIARIES - NET

10.1 As at December 31, 2019 and 2018, investments in subsidiaries - net consisted of:

		Separate financial statements							
		Percentage of ownership (%)		Unit: Thousand Baht					
				Paid up shares		At cost method		Dividend income For the year ended December 31,	
	Type of business	2019	2018	2019	2018	2019	2018	2019	2018
<u>Local subsidiaries companies</u>									
United Carpet Manufacturing Co., Ltd.	Manufacture and distributor of carpet	51.00	51.00	20,000	20,000	10,200	10,200	-	-
Less: Allowance on impairment of investment						(10,200)	(10,200)		
						-	-		
Royal Thai International Co., Ltd.	Distributor of Carpet	100.00	100.00	1,000	1,000	1,000	1,000	-	-
Less: Allowance on impairment of investment						(1,000)	-		
						-	1,000		
T.C.H Suminoe Co., Ltd.	Manufacturer and distributor of carpet	49.90	49.90	250,000	250,000	162,175	162,175	91,687	88,533
Vechachai Co., Ltd.	Holding company in carpet business (Manufacture and distributor of carpet)	100.00	100.00	1,000	1,000	1,748,278	1,748,278	-	516,376

		Separate financial statements							
		Percentage of ownership (%)		Unit: Thousand Baht					
				Paid up shares		At cost method		Dividend income	
								For the year ended December 31,	
		2019	2018	2019	2018	2019	2018	2019	2018
Type of business									
<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 Dollars)	1,620,054 (387 million Hong Kong Dollars)	1,658,623	1,658,623	-	-
Total						3,916,362	3,917,362	91,687	604,909

On November 27, 2019, Royal Thai (HK) 2017 Ltd. jointly invested with Powerful Link Ltd. to establish Royal Thai Carpet (Foshan) Co., Ltd., which was registered at China. The Company held 51% of its share capital, valued at US Dollars 600,000. Royal Thai Carpet (Foshan) Co., Ltd. engages in manufacturer of Hand-Tufted carpets under the brand name "Royal Thai" to supply for Royal Thai (HK) 2017 Ltd. The Royal Thai (HK) 2017 Ltd. fully paid for such share capital on January 20, 2020.

On November 30, 2018, TCMC HK (2017) Limited increased its registered share capital from the existing registered capital of Hong Kong Dollars 325.56 million to Hong Kong Dollars 387.32 million by issuing 61.76 million shares with a par value of 1 Hong Kong Dollars per share. The Company has paid for such increased share capital in the amount Baht 229.49 million.

10.2 The subsidiaries that have material non-controlling interests

		Unit: Thousand Baht							
		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	
Name of Company		2019	2018	2019	2018	2019	2018	2019	2018
T.C.H Suminoe Co., Ltd.	Thailand	50.10	50.10	62,587	89,365	92,054	88,888	235,999	265,466
TCMC Furniture Limited	England	24.00	24.00	10,390	13,455	-	-	80,157	69,767
DM Midlands Holdings Limited	England	25.00	25.00	30,629	32,540	24,423	36,667	50,298	44,092
Others				(980)	(2,093)	-	3,616	12,369	13,349
Total				102,626	133,267	116,477	129,171	378,823	392,674

Summarized financial information in respect of T.C.H Suminoe Co., Ltd. represents amounts before intragroup eliminations.

Statement of financial position

	Unit: Baht	
	2019	2018
Current assets	358,038,864.77	502,392,130.39
Non-current assets	167,734,772.57	323,634,960.49
Current liabilities	126,431,888.91	252,824,674.15
Non-current liabilities	21,953,640.42	20,406,721.43

Statement of profit or loss and other comprehensive income

	Unit: Baht	
	2019	2018
Revenues	1,175,694,513.41	1,436,343,253.58
Profit attributable to Non-controlling interests	62,635,144.53	89,365,292.88
Other comprehensive income attributable to Non-controlling interests	(48,134.88)	-

Statement of cash flows

	Unit: Baht	
	2019	2018
Net cash from operating activities	216,633,101.16	140,397,332.85
Net cash used in investing activities	(8,320,877.46)	(4,678,962.48)
Net cash used in financing activities	(188,262,783.80)	(180,014,437.83)
Net cash increase (decrease)	20,049,439.90	(44,296,067.46)

Dividend paid to non-controlling interest

	Unit: Baht	
	2019	2018
	92,054,474.00	88,887,883.10

Summarized financial information in respect of TCMC Furniture Limited represents amounts before intra group eliminations.

Statement of financial position

	Unit: Baht	
	2019	2018
Current assets	260,955,526.71	290,639,056.17
Non-current assets	665,417,721.51	720,150,086.40
Current liabilities	334,280,004.42	195,628,124.66
Non-current liabilities	258,103,604.93	524,462,045.43

Statement of profit or loss and other comprehensive income

	Unit: Baht	
	2019	2018
Revenues	1,272,084,415.78	1,374,226,061.72
Profit attributable to Non-controlling interests	13,050,752.28	18,060,415.69
Other comprehensive loss to the non-controlling interests	(2,660,992.64)	(4,605,049.39)

	Unit: Baht	
	2019	2018
Statement of cash flows		
Net cash from operating activities	121,625,404.20	58,215,591.99
Net cash used in investing activities	(43,750,731.20)	(19,140,726.70)
Net cash used in financing activities	(123,474,354.90)	(122,104,683.82)
Net decrease in cash and cash equivalents	(45,599,681.90)	(83,029,818.53)
Exchange differences on translating financial statements	(4,132,370.71)	(3,153,424.79)

Summarized financial information in respect of DM Midlands Holdings Limited represents amounts before intra group eliminations.

	Unit: Baht	
	2019	2018 (Restated)
Statement of financial position		
Current assets	717,429,398.55	645,844,327.96
Non-current assets	156,397,365.64	148,094,856.74
Current liabilities	646,690,031.96	592,020,955.74
Non-current liabilities	31,723,870.37	24,446,801.18

	Unit: Baht	
	2019	2018 (Restated)
Statement of profit or loss and other comprehensive income		
Revenues	3,431,202,941.04	3,413,499,789.38
Profit attributable to Non-controlling interests	1,573,972.63	34,701,044.32
Other comprehensive loss expense attributable to Non-controlling interests	(1,539,118.56)	(3,173,092.16)

	Unit: Baht	
	2019	2018
Statement of cash flows		
Net cash from operating activities	28,836,350.07	141,099,479.95
Net cash from (used in) investing activities	63,584,062.36	(13,948,963.53)
Net cash used in financing activities	(134,708,068.33)	(120,468,195.94)
Net increase(decrease) in cash and cash equivalents	(42,287,655.90)	6,682,320.48
Exchange differences on translating financial statements of foreign operation	(3,251,018.27)	(5,015,927.10)

	Unit: Baht	
	2019	2018
Dividend paid to non-controlling interest	24,422,819.44	36,667,045.00

10.3 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 18 and 30 as follows:

- 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, 2019 are summarized below:

	Unit: Baht						
	Consolidated financial statements						
	Movement during the year						
	Balance as at December 31, 2018	Increase	Decrease	Transfer in (transfer out)	Transfer to non-operating assets	Exchange differences on translating financial statements	Balance as at December 31, 2019
<u>At cost/ revaluation</u>							
Land - historical cost	544,825,447.00	-	-	-	(17,907,347.00)	-	526,918,100.00
Land - revaluation surplus	1,094,257,653.00	-	(482,165,000.00)	-	(612,092,653.00)	-	-
Land improvements	25,831,147.09						
Building	1,327,718,070.10	-	-	-	(25,831,147.09)	-	-
Building improvements	74,921,756.73	-	-	8,525,911.40	(137,734,452.48)	(3,275,643.51)	1,195,233,885.51
Machinery and equipment	3,090,408,705.21	491,706.50	(3,260,307.40)	1,686,620.00	(5,634,306.11)	(828,595.15)	67,376,874.57
Furniture fixture and office equipment	321,210,849.77	17,735,485.93	(28,679,983.08)	2,339,581.76	(42,610,022.57)	(2,549,247.10)	267,446,664.71
Vehicles	169,763,535.91	32,929,838.34	(19,126,677.58)	-	(409,400.00)	(3,832,402.29)	179,324,894.38
Assets under installation	2,404,860.00	1,686,620.00	(1,372,360.00)	(1,686,620.00)	-	-	1,032,500.00
Machinery under installation	119,054,672.36	30,301,412.53	-	(126,133,930.69)	-	-	23,222,154.20
Non-operating assets	-	-	-	-	1,013,470,488.71	-	1,013,470,488.71

	Unit: Baht					
	Consolidated financial statements					
	Movement during the year					
	Balance as at December 31, 2018	Increase	Decrease	Transfer in (transfer out)	Transfer to non-operating assets	Exchange differences on translating financial statements
Total Cost	6,770,396,697.17	123,310,602.58	(587,856,639.21)	-	-	(14,386,642.14)
<u>Accumulated depreciation</u>						
Land improvements	(16,004,629.76)	(735,420.60)	-	-	16,740,050.36	-
Building	(585,946,698.94)	(24,819,681.82)	-	-	129,699,197.12	215,779.19
Building improvements	(46,337,855.38)	(6,048,322.11)	2,518,255.92	-	5,621,816.92	334,235.82
Machinery and equipment						
Furniture fixture and office equipment	(2,378,275,049.11)	(110,779,980.20)	49,770,625.75	-	104,501,673.14	1,851,720.32
Vehicle	(267,568,097.10)	(18,958,127.85)	27,770,189.00	-	37,024,409.45	1,519,743.39
Non-operating assets	(99,891,344.14)	(26,010,805.15)	17,241,445.76	-	315,672.76	2,115,316.80
	-	-	-	-	(293,902,819.75)	-
Total Accumulated depreciation	(3,394,023,674.43)	(187,352,337.73)	97,300,516.43	-	-	6,036,795.52
Less Allowance for impairment	(8,486,871.42)	-	667,386.77	-	(73,961,517.04)	-
Net	3,367,886,151.32					2,731,644,316.50

	Unit: Baht				
	Separate financial statements				
	Movement during the year			Transfer to	Balance as at
	Balance as at	Increase	Decrease	non-operating	December 31,
	December 31,			assets	December 31,
	2018				2019
<u>At cost/ revaluation</u>					
Land - historical cost	17,907,347.00	-	-	(17,907,347.00)	-
Land - revaluation surplus	1,094,257,653.00	-	(482,165,000.00)	(612,092,653.00)	-
Land improvements	25,831,147.09	-	-	25,831,147.09)	-
Building	137,734,452.48	-	-	(137,734,452.48)	-
Building improvements	5,634,306.11	-	-	(5,634,306.11)	-
Machinery and equipment	349,925,989.79	-	(178,674,829.33)	(171,251,160.46)	-
Furniture and office equipment	64,474,477.19	332,557.40	(17,429,219.94)	(42,610,022.57)	4,767,792.08
Vehicle	11,051,007.90	-	(7,053,757.43)	(409,400.00)	3,587,850.47
Construction in process	1,372,360.00	-	(1,372,360.00)	-	-
Non-operating assets	-	-	-	1,013,470,488.71	1,013,470,488.71
Total Cost	1,708,188,740.56	332,557.40	(686,695,166.70)	-	1,021,826,131.26
<u>Accumulated depreciation</u>					
Land improvements	(16,004,629.76)	(735,420.60)	-	16,740,050.36	-
Building	(125,376,074.98)	(4,323,122.14)	-	129,699,197.12	-
Building improvements	(5,602,616.92)	(19,200.00)	-	5,621,816.92	-
Machinery and equipment	(228,459,802.20)	(9,508,310.18)	133,466,439.24	104,501,673.14	-
Furniture and office equipment	(56,523,806.73)	(1,450,682.76)	17,434,786.68	37,024,409.45	(3,515,293.36)
Vehicle	(5,665,060.16)	(916,693.23)	5,533,464.80	315,672.76	(732,615.83)
Non-operating assets	-	-	-	(293,902,819.75)	(293,902,819.75)
Total Accumulated depreciation	(437,631,990.75)	(16,953,428.91)	156,434,690.72	-	(298,150,728.94)
<u>Less</u> Allowance for impairment	-	-	-	(73,961,517.04)	(73,961,517.04)
Net Book value	1,270,556,749.81				649,713,885.28

Depreciations for the year ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounting to Baht 187.35 million and Baht 201.65 million, respectively and have been charged to profit or loss of separate financial statements amounting to Baht 16.96 million and Baht 22.52 million, respectively.

As at December 31, 2019 and 2018, 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 2,458.47 million and Baht 2,199.41 million, respectively (the Company: Baht 14.79 million and Baht 262.47 million, respectively).

As at December 31, 2019 and 2018, the Company and its subsidiaries had machinery and vehicles under the finance leases in the net book value of Baht 52.11 million and Baht 28.86 million respectively (the Company: Baht 1.39 million and Baht 4.24 million, respectively).

As at December 31, 2019, the Company and its subsidiaries mortgaged their land together with the construction and certain machinery at a total book value amount of Baht 634.09 million and Baht 1,309.22 million, respectively, to a financial institution as a guarantee of credit facilities as described in Notes 18 and 30. In April 2019, a financial institution released the machinery of the Company from mortgage. Subsequently, such machinery was registered under a business collateral agreement, to secure such financial institution, by a subsidiary who purchased the machinery from the Company.

The long-term loans of subsidiaries in United Kingdom are secured over all property of the subsidiaries (See Note 18).

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.

During the year 2019, the Company engaged American Appraisal (Thailand) Ltd., a local independent appraiser, to appraise the value of land based on fair market value by using the Market Approach Method. This is, according to the appraisal report dated February 20, 2019. The land has book value (pre-appraisal value) of Baht 1,112.17 million and a reappraisal value of Baht 702 million, a revaluation capital reduction of Baht 410.17 million. The above land appraisal method qualifies as Level 2 in the Fair Value Measurement Hierarchy. Subsequently, Board of Director's Meeting No. 5/2019, held on November 28, 2019, approved the expected selling price of such land at a price not less than 12% on the appraised value. As a result, in December 2019, the Company reduced the amount of land Baht 72 million to be its expected selling price at Baht 630 million.

12. INTANGIBLE ASSETS - NET

Movements of intangible assets - net during for the year ended December 31, 2019 are summarized below:

	Unit: Baht				
	Consolidated financial statements				
	Movement during the year				Balance as at December 31, 2019
	Balance as at December 31, 2018	Increase	Decrease	Exchange differences on translating financial statements	
<u>At cost</u>					
Software	58,380,886.43	229,126.21	(359,076.80)	-	58,250,935.84
Software for digitalization and archives of carpet	9,155,961.36	-	(9,155,961.36)	-	-
Customer relationship	581,783,594.90	-	-	(12,958,334.35)	568,825,260.55
Trademark	188,619,353.10	-	-	(7,096,414.65)	181,522,938.45
Design	63,119,517.90	-	-	(2,374,741.85)	60,744,776.05
Software in progress	30,129,510.80	23,708,162.13	-	(27,234.01)	53,810,438.92
Total cost	931,188,824.49	23,937,288.34	(9,515,038.16)	(22,456,724.86)	923,154,349.81
<u>Accumulated amortization</u>					
Software	(46,395,543.60)	(3,187,975.16)	358,583.51	-	(49,224,935.25)
Software for digitalization and archives of carpet	(915,596.16)	-	915,596.16	-	-
Customer relationship	(143,072,070.68)	(49,415,212.97)	-	3,856,186.41	(179,596,423.36)
Trademark	(29,125,201.78)	(13,843,230.56)	-	1,474,004.95	(50,529,101.39)
Design	(44,171,383.59)	(12,182,676.99)	-	1,695,579.11	(54,658,481.47)
Total Accumulated amortization	(263,679,795.81)	(78,629,095.68)	1,274,179.67	7,025,770.47	(334,008,941.47)
Net book value	667,509,028.68				589,145,408.34
<u>Less Allowance for impairment</u>	(8,240,365.20)	-	-	8,240,365.20	-
Net	659,268,663.48				589,145,408.34

	Unit: Baht			
	Separate financial statements			
	Balance	Movement during the year		Balance
	as at December			as at December
	31, 2018	Increase	Decrease	31, 2019
<u>At cost</u>				
Software	7,146,033.80	17,554.21	-	7,163,588.01
Software for digitalization and archives of carpet	9,155,961.36	-	(9,155,961.36)	-
Software in progress	28,329,010.80	13,020,322.81	-	41,349,333.61
Total cost	44,631,005.96	13,037,877.02	(9,155,961.36)	48,512,921.62
<u>Accumulated amortization</u>				
Software	(6,236,611.64)	(571,640.35)	-	(6,808,251.99)
Software for digitalization and archives of carpet	(915,596.16)	-	915,596.16	-
Total Accumulated amortization	(7,152,207.80)	(571,640.35)	915,596.16	(6,808,251.99)
Net book value	37,478,798.16			41,704,669.63
<u>Less Allowance for impairment</u>	(8,240,365.20)	-	8,240,365.20	-
Net	29,238,432.96	-	8,240,365.20	41,704,669.63

Amortization for the year ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounting to Baht 56.91 million and Baht 83.99 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 0.57 million for both years.

As at December 31, 2019 and 2018, the Company and the subsidiaries had intangible assets, which were fully amortized but are still in use with cost price of Baht 27.54 million and Baht 26.61 million, respectively (the Company: Baht 2.06 million).

13. GOODWILL

As at December 31, 2019 and 2018, the subsidiaries allocated goodwill acquired through business combinations to the cash generating units (CGUs) for annual impairment testing as follows:

	Unit: Baht	
	Consolidated financial statements	
	2019	2018
TCMC Furniture Limited	243,335,629.00	252,848,534.30
Manor (2016) Holdings Limited (DMMH Group)	931,052,295.39	967,450,632.73
Commercial Carpet Business	993,651,405.66	993,651,405.66
Total	2,168,039,330.05	2,213,950,572.69

Movements of change in goodwill during the year were as follows:

TCMC Furniture Limited

	Consolidated financial statements			
	Foreign currency (Pound)		Unit: Baht	
	2019	2018	2019	2018
Beginning balance of the year	6,157,021.23	6,157,021.23	252,848,534.30	270,825,804.22
Exchange differences on translating financial statements	-	-	(9,512,905.30)	(17,977,269.92)
Ending balance of the year	6,157,021.23	6,157,021.23	243,335,629.00	252,848,534.30

Manor (2016) Holdings Limited (DMMH Group)

	Consolidated financial statements			
	Foreign currency (Pound)		Unit: Baht	
	2019	2018	2019	2018
Beginning balance of the year	23,558,033.00	23,558,033.00	967,450,632.73	1,036,235,374.57
Exchange differences on translating financial statements	-	-	(36,398,337.34)	(68,784,741.84)
Ending balance of the year	23,558,033.00	23,558,033.00	931,052,295.39	967,450,632.73

The Company and subsidiaries determined the recoverable amounts of the CGUs based on value-in-use by preparing projections of the cash flows that are expected to be generated from that group of assets in the future, with reference to financial projections approved by the management. These cash flow projections cover a period of 3 - 5 years.

Key assumptions used in value in use of significant CGUs calculation are summarised below:

	TCMC Furniture Limited	Manor (2016) Holdings Limited (DMMH Group)	Commercial Carpet Business
Long-term growth rate	1%	0%	2%
Discount rate before tax	16%	17%	11%

The management determined growth rates based on historical operation results and expected market growth, inflation rate and discount rates are the rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill.

14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets – net	66,781,792.41	47,229,314.18	-	-
Deferred tax liabilities – net	(269,551,535.20)	(445,705,928.18)	(25,822,530.53)	(162,151,050.49)

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2019 were as follows:

	Unit: Baht				
	Consolidated financial statements				
	During the year				
	Balance as at December 31, 2018	Profit or loss	Other comprehensive income (loss)	Differences on translating financial statements	Balance as at December 31, 2019
Deferred tax assets - net:					
Allowance for doubtful accounts	97,349.41	-	-	(6,887.41)	90,462.00
Allowance for decline in value of obsolete stocks	1,285,818.38	(1,258,818.38)	-	-	-
Accrued expenses	1,168,192.80	-	-	(82,648.80)	1,085,544.00
Non-current provisions for employee benefits	36,244.53	(36,244.53)	-	-	-
Tax losses	44,641,709.06	24,835,335.87	-	(3,871,258.52)	65,605,786.41
Total deferred tax assets - net	47,229,314.18	23,513,272.96	-----	(3,960,794.72)	66,781,792.41
Deferred tax liabilities - net:					
Allowance for doubtful accounts	1,694,562.94	(389,235.29)	-	-	1,305,327.65
Allowance for decline in value of obsolete stocks	14,765,094.47	(1,027,481.42)	-	-	13,737,613.05
Gain from sales of fixed asset to related party	-	2,531,954.58	-	-	2,531,954.58
Allowance for impairment of assets	680,156.91	14,766,981.95	-	-	15,447,138.86
Accrued expenses	4,937,250.73	(4,155,821.16)	-	-	781,429.57
Non-current provisions for employee benefits	36,001,894.54	22,418,449.40	-	-	58,420,343.94
Other provision	1,134,041.20	(304,560.75)	-	-	829,480.45
Tax losses	76,565,389.15	26,889,636.17	-	(1,208,322.32)	102,256,703.00
Finance leases	(6,962,829.27)	1,929,926.04	-	-	(5,032,903.23)

Unit: Baht					
Consolidated financial statements					
	During the year				Balance as at December 31, 2019
	Balance as at December 31, 2018	Profit or loss	Other comprehensive income (loss)	Differences on translating financial statements	
Capital surplus from fixed assets revaluation	(218,851,530.60)	-	96,433,000.00	-	(122,418,530.60)
The difference from the fair value adjustment of assets from business combinations	(338,344,279.36)	17,171,354.63	-	2,864,833.38	(318,308,091.35)
Deferred financing service fee	(1,169,786.53)	69,504.30	-	-	(1,100,282.23)
Accumulated depreciation	(16,155,892.36)	(1,845,826.53)	-	-	(18,001,718.89)
Total deferred tax liabilities - net	(445,705,928.18)	78,064,881.92	96,433,000.00	1,656,511.06	(269,551,535.20)

	Unit: Baht				
	Consolidated financial statements				
	During the year				Balance as at December 31, 2018
	Balance as at December 31, 2017	Profit or loss	Other comprehensive income (loss)	Differences on translating financial statements	
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	-	(2,421,486.22)	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	-	7,397,704.05	(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)	4,976,217.83	(445,705,928.18)

	Unit: Baht			
	Separate financial statements			
	During the year			Balance as at December 31, 2019
	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	(851,277.59)	-	290,079.69
Allowance for decline in value of obsolete stocks	3,848,817.76	168,501.83	-	4,017,319.59
Accrued expenses	4,937,250.73	(4,155,821.16)	-	781,429.57
Non-current provisions for employee benefits	3,811,940.00	(1,761,810.61)	414,349.40	2,464,478.79
Allowance for impairment of assets	-	14,792,303.41	-	14,792,303.41
Tax losses	44,130,900.88	31,219,770.37	-	75,350,671.25
Deferred financing service fee	(1,169,786.54)	69,504.31	-	(1,100,282.23)
Capital surplus from fixed assets revaluation	(218,851,530.60)	-	96,433,000.00	(122,418,530.60)
Total deferred tax liabilities - net	(162,151,050.49)	39,481,170.56	96,847,349.40	(25,822,530.53)

	Unit: Baht			
	Separate financial statements			
	During the year			Balance as at December 31, 2018
	Balance as at December 31, 2017	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)	39,015,888.02	(137,597,796.40)	(162,151,050.49)

15. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2019 and 2018 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Pom Box	6,179,068.00	8,131,734.00	6,179,068.00	8,131,734.00
Deposits	2,526,097.38	2,797,340.00	175,000.00	-
Retention	2,748,748.18	12,084,143.27	-	-
Deferred marketing assets	4,311,695.15	5,605,203.71	-	-
Others	4,170,103.12	3,087,599.84	-	-
Total	19,935,711.83	31,706,020.82	6,354,068.00	8,131,734.00

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2019 and 2018 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Bank overdrafts	-	171,619.10	-	-
Packing credits	-	2,800,000.00	-	-
Trust receipts	8,297,395.24	15,592,088.61	-	-
Promissory notes	92,000,000.00	500,000.00	-	500,000.00
Short-term loans	142,965,735.27	52,508,046.89	-	-
Total	243,263,130.51	71,571,754.60	-	500,000.00

Interest rate of the Group's bank overdrafts and short-term loan from financial institution as at December 31, 2019 and 2018, were as follows:

	Interest rate per annum (%)	
	Consolidated financial statements	
	2019	2018
Bank overdrafts	-	7.42
Packing credits	-	7.42
Trust receipts	SIBOR + 1	4.97 - 5.29
Promissory notes	2.55 - 2.60	3.00
Short-term loans	3.29	0.86

17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables				
Trade payables - other parties	568,660,088.66	732,496,261.47	16,275,819.26	77,739,891.56
Trade payables - related parties	6,639,272.69	55,314,364.32	359,020,805.62	3,978,664.62
Total trade payables	575,299,361.35	787,810,625.79	375,296,624.88	81,718,556.18
Other payables				
Other payables - related parties	5,788,253.18	7,635,976.78	70,276,825.04	2,335,180.14
Other payables - other parties	101,607,925.20	125,854,886.86	4,358,010.51	8,319,505.48
Accrued expenses - other parties	287,931,421.94	282,966,796.88	6,101,216.14	9,636,456.91
Provision from claim on defected goods	5,197,600.36	3,540,206.00	1,230,150.00	-
Contract liabilities	196,346,128.84	169,442,702.75	49,418,826.22	26,169,390.77
Accrued dividend	2,434,886.31	2,316,394.86	207,935.61	151,652.16
Others	53,492,041.70	85,684,118.72	3,247,004.22	24,801,043.90
Total other payables	652,798,257.53	677,441,082.85	134,839,967.74	71,413,229.36
Total trade and other current payables	1,228,097,618.88	1,465,251,708.64	510,136,592.62	153,131,785.54

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loans from financial institutions	3,295,914,878.65	3,688,632,969.49	2,445,761,500.00	2,635,761,500.00
<u>Less: Deferred financial cost</u>	<u>(11,304,612.15)</u>	<u>(14,960,363.40)</u>	<u>(5,501,411.15)</u>	<u>(6,212,252.83)</u>
Total	3,284,610,266.50	3,673,672,606.09	2,440,260,088.85	2,629,549,247.17
<u>Less: Current portion</u>	<u>(477,278,413.90)</u>	<u>(358,755,444.09)</u>	<u>(189,295,610.76)</u>	<u>(189,295,610.76)</u>
Long-term loans from financial institutions - net	2,807,331,852.60	3,314,917,162.00	2,250,964,478.09	2,440,253,636.41

Movements of long-term loans from financial institutions for the year ended December 31, 2019 were summarized as follows:

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Beginning balance of the year	3,673,672,606.09	2,629,549,247.17
<u>Less:</u> Repayment during the year	(356,299,293.42)	(190,000,000.00)
<u>Add:</u> Amortization of deferred interest	3,115,909.78	710,841.68
Exchange differences on translating financial statements	(35,878,955.95)	-
Ending balance of the year	<u>3,284,610,266.50</u>	<u>2,440,260,088.85</u>

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 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 (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, 2019, 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:

- (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 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 follows:

- 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) Holdings 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.

19. LONG-TERM LIABILITIES UNDER FINANCE LEASES

Long-term liabilities under finance leases as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term liabilities under finance leases	35,730,604.95	22,945,638.06	1,661,522.00	2,649,752.91
<u>Less</u> Deferred interest	(629,365.92)	(812,616.30)	(281,953.63)	(334,218.35)
Input Value Added Tax not yet due	-	(1,360.03)	-	(1,360.03)
	35,101,239.03	22,131,661.72	1,379,568.37	2,314,174.53
<u>Less</u> Current portion	(23,187,314.19)	(13,423,514.83)	(447,396.00)	(986,867.88)
Net	11,913,924.84	8,708,146.89	932,172.37	1,327,306.65

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.

20. NON - CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movements of the present value of non - current provisions for employee benefits for year ended December 31, 2019 and 2018 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Non-current provision for employee benefits beginning of the year	183,766,779.14	205,205,085.89	19,059,700.00	50,536,376.00
Included in profit or loss:				
Current service cost	23,216,595.80	27,589,968.84	1,101,522.00	5,538,569.00
Interest cost	5,488,282.00	4,926,543.00	266,356.00	1,229,928.00
Past service cost	61,044,270.50	-	2,799,913.00	-
Included in other comprehensive income:				
Actuarial (gains) loss				
Demographic assumptions changes	8,140,092.00	169,907.00	1,039,416.00	169,907.00
Financial assumptions changes	30,130,075.00	(118,867.00)	1,022,692.00	(118,867.00)
Experience adjustments	4,935,037.00	14,124,978.00	9,639.00	14,124,978.00
Differences on translating financial statements	-	(39,062.25)	-	-
Included in statement of financial position:				
Transfer out of employee during the period	-	-	(10,957,905.00)	-
Benefits paid during the period	(9,400,914.77)	(56,285,235.34)	(2,018,939.00)	(40,614,652.00)

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Gain on settlement of benefits	-	(11,806,539.00)	-	(11,806,539.00)
Non-current provision for employee benefits ended of the year	307,320,216.67	183,766,779.14	12,322,394.00	19,059,700.00

Employee benefit expenses were netted against from gain on settlement of benefits for statements of profit or loss for year ended December 31, 2019 and 2018, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current service				
Costs of sales	15,239,977.37	9,399,311.04	-	(5,100,556.00)
Administrative expenses	13,464,900.43	8,558,785.05	1,367,878.00	(1,232,955.00)
Past service cost from the post-employment benefits plan amendment	61,044,270.50	2,751,876.75	2,799,913.00	1,295,469.00
Total	89,749,148.30	20,709,972.84	4,167,791.00	(5,038,042.00)

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, 2019 and 2018 (represented by the weighted - average) consisted of:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.39 - 2.56	0.02 - 2.59	2.47	2.59
Salary increase rate	4.00 - 5.00	3.00 - 5.00	5.00	4.00
Employee turnover rate	0.00 - 49.00	0.00 - 79.00	8.00 - 45.00	8.00 - 65.00
Disability	5.00	5.00	5.00	5.00
Mortality	100 of Thai mortality table 2017	100 of Thai mortality table 2008 and 2017	100 of Thai mortality table 2017	100 of Thai mortality table 2017

The result of sensitivity analysis for significant assumptions that affect the present value of non-current provisions for employee benefits as at December 31, 2019 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	(23,988,001.00)	27,737,862.00	(1,002,308.00)	1,137,300.00
Future salary increase rate	30,524,412.00	(26,741,677.00)	1,224,814.00	(1,096,385.00)
Staff turnover rate	(25,098,233.00)	17,603,839.00	(1,059,981.00)	260,570.00

As at December 31, 2019, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

Unit: Baht		
	Consolidated financial statements	Separate financial statements
Within 1 year	20,616,536.00	-
Over 1 year but less than 5 years	72,680,575.00	3,595,368.00
Over 5 years	1,017,411,676.00	72,261,622.00

The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette on April 5, 2019 and become effective on May 5, 2019. The Act stipulates additional severance pay rates. Employees who have worked for an uninterrupted period of 20 years or more, are entitled to receive no less than 400 days' compensation at the latest wage rate. This change qualifies as an amendment to the post-employment benefits plan. The Group reflected the effect of the change by recognizing past service costs as expenses in the income statement for the second quarter of 2019, the period during which the law become effective.

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 29, 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)

On November 29, 2019, (warrants expiration date), the Company's shareholders exercised 12,150 unit of

warrants to purchase ordinary shares at the exercised ratio of 1 unit of the warrants: 1 unit of ordinary shares, at the exercise price of Baht 4 per ordinary shares. The total purchase price is Baht 48,600 including a share premium of Baht 35,235. The Company registered the change of issued and paid-up share capital of Baht 12,150 with the Ministry of Commerce on December 11, 2019.

The changes for the year ended December 31, 2019 of the warrants are as follows:

	Unit
Warrants as at January 1, 2019	254,396,325
<u>Less:</u> Exercise rights during the year	(12,150)
<u>Less:</u> Canceled due to expiration	(254,384,175)
Warrants as at December 31, 2019	-

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 brought 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

The Annual General Shareholders' Meeting for the year 2019, held on April 26, 2019, approved appropriation of legal reserve and the dividend payment for the year 2018. The dividend was paid 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 68.68 million. The Company paid the dividend on May 24, 2019.

The Annual General Shareholders' Meeting for the year 2018, held on April 27, 2018, approved 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 paid the dividend payment on May 25, 2018.

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Changed in inventories of finished goods				
and work in process	90,992,996.66	215,850,536.36	34,675,696.86	18,056,699.19
Raw materials and consumables used	1,753,497,868.40	2,811,791,717.12	62,876,894.50	139,394,195.93
Purchase of finished goods	1,759,708,674.01	1,865,245,127.86	795,641,066.16	300,515,492.62
Depreciation and amortization	265,981,433.41	285,637,883.42	17,525,069.26	23,087,891.20
Salaries, wage and other				
employee benefits	1,664,996,890.24	1,728,698,528.97	48,950,624.92	163,746,561.81
Management benefit expenses	173,767,788.18	144,441,281.13	17,162,453.00	17,269,023.00
Management and technical fees	25,963,578.26	-	68,267,852.30	-

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, 2019 and 2018, the Company, and its subsidiaries Baht 10.42 million and Baht 8.53 million, respectively.

26. OPERATING SEGMENTS

The Group 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

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, 2019 and 2018 were as follows:

	Unit: Baht							
	Consolidated financial statements							
	Flooring		Carpet and upholstery fabrics		Sofa chair		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from sales and services	3,168,603,962.34	3,327,050,185.50	1,172,306,250.08	1,431,783,681.45	4,660,984,286.34	4,787,725,851.10	9,001,894,498.76	9,546,559,718.05
Cost of sales and services	(1,990,350,781.55)	(2,056,733,688.11)	(915,655,510.62)	(1,102,329,460.20)	(3,469,230,277.53)	(3,528,033,444.61)	(6,375,236,569.70)	(6,687,096,592.92)
Gross profit	1,178,253,180.79	1,270,316,497.39	256,650,739.46	329,454,221.25	1,191,754,008.81	1,259,692,406.49	2,626,657,929.06	2,859,463,125.13
Other income	6,765,442.63	24,693,072.87	3,388,263.33	3,058,364.93	15,011,086.02	10,315,775.73	25,164,791.98	38,067,213.53
Selling expense	(631,578,825.53)	(606,812,685.30)	(39,565,480.76)	(45,823,945.24)	(462,613,300.62)	(475,656,339.23)	(1,133,757,606.91)	(1,128,292,969.77)
Administrative expenses	(462,549,470.76)	(503,906,400.65)	(63,265,935.78)	(65,942,521.18)	(495,974,772.90)	(516,054,967.83)	(1,021,700,179.44)	(1,085,903,889.66)
Past service cost from the post - employment benefits plan amendment	(57,661,335.00)	-	(3,382,935.50)	-	-	-	(61,044,270.50)	-
Sharing expenses	(16,337,481.12)	(17,713,534.40)	(5,326,301.32)	(4,406,758.44)	(23,785,037.74)	(14,880,783.12)	(45,448,820.18)	(37,001,075.96)
Loss from unused fixed assets	(95,162,629.83)	-	-	-	-	-	(95,162,629.83)	-
Exchange gain (losses)	735,225.52	10,289,397.35	3,062,433.36	1,506,447.59	(2,263,821.97)	(238,533.76)	1,533,836.91	1,557,311.18
Finance cost	(117,057,775.53)	(122,296,262.08)	(596,659.88)	(765,863.18)	(54,146,255.21)	(61,077,997.43)	(171,800,690.62)	(184,140,122.69)
Tax income (expense)	52,155,195.78	30,921,394.13	(31,270,175.66)	(44,614,073.26)	(46,939,965.41)	(42,711,025.00)	(26,054,945.29)	(56,403,704.13)
Profit (loss) for the year	(142,348,473.05)	85,491,479.31	119,693,947.25	172,465,872.47	121,041,940.98	159,388,535.85	98,387,415.18	417,345,887.63

Information about geographical areas

The Group's geographical segment information for the year ended December 31, 2019 and 2018 were as follows:

	Unit: Baht	
	Consolidated financial statements	
	2019	2018
Thailand	2,216,528,765.58	2,435,393,959.31
United Kingdom	4,598,396,093.33	4,960,523,168.20
Other	2,186,969,639.85	2,150,642,590.54
Total	9,001,894,498.76	9,546,559,718.05

Non-current assets of the Company and its subsidiaries separated by geographical area as at December 31, 2019 and 2018 were as follows:

	Unit: Baht				
	Consolidated financial statements				
	As at December 31, 2019				
	Thailand		Overseas		Total
	Flooring	Carpet and upholstery fabrics	Flooring	Sofa chair	
Property, plant and equipment - net	2,230,939,488.07	272,314,472.04	13,796,570.70	214,593,785.70	2,731,644,316.50
Intangible assets - net	224,545,904.33	10,540,217.97	-	354,059,286.04	589,145,408.34
Total	2,455,485,392.40	282,854,690.01	13,796,570.70	568,653,071.74	3,320,789,724.84

	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

Major customers

For the years 2019 and 2018, the Group has revenues from one major customer worth more than 10 percent of revenue in consolidated financial statements amounted to Baht 2,084.21 million and Baht 921.54 million, respectively. The Company has revenues from two major customers worth more than 10 percent of revenue in separate financial statements amounted to Baht 527.90 million and Baht 241.70 million, respectively.

27. INCOME TAX INCOME (EXPENSES)

Income tax income (expenses) for year ended December 31, 2019 and 2018 are as follows:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
Income tax income (expenses) shown in profit or loss:				
Current income tax expenses:				
Income tax expense for the year	(127,633,100.17)	(135,598,604.79)	-	-
Deferred income tax income (expenses):				
Changes in temporary differences relating to the original recognition and reversal	101,578,154.88	79,194,900.66	39,481,170.56	20,354,964.54
Total	(26,054,945.29)	(56,403,704.13)	39,481,170.56	20,354,964.54

A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
Accounting profit before tax expense for the year	124,442,360.47	473,749,591.76	(157,219,010.35)	525,039,383.06
The applicable tax rate (%)	20	20	20	20
Income tax expenses at the applicable tax rate	24,888,472.09	94,749,918.35	(31,443,802.07)	105,007,876.61
Reconciliation items:				
Tax effect of expenses that are not deductible and income that are not required in determining tax profit:				
Unrecognized tax loss on deferred tax asset	6,536,929.18	(8,009,408.75)	-	-
Temporary differences which no deferred tax assets was recognized	185,502.46	-	-	-
Prior period tax losses adjustment	-	2,711,364.87	-	2,711,364.87
Effect on difference of tax rate	(2,250,632.84)	(3,478,254.19)	-	-
Others	(3,448,654.27)	(1,064,260.85)	-	-
Total reconciliation items	1,166,473.20	(38,346,214.22)	(8,037,368.49)	(125,362,841.15)
Total (income) tax expenses	26,054,945.29	56,403,704.13	(39,481,170.56)	(20,354,964.54)

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.

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

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, 2019, the subsidiary primarily utilized forward exchange contracts and foreign exchange option to hedge exchange rate.

As at December 31, 2019, a local subsidiary and two overseas subsidiaries have forward contracts and foreign exchange options. Those outstanding were as follows:

Forward contracts

	Maturity date	Foreign currency		Applicable exchange rates	
Selling contracts	October 1, 2019 - March 2, 2020	USD	124,500.98	THB	30.12 - 30.25
Selling contracts	January 2, 2020 - October 1, 2020	EUR	2,900,000.00	GBP	1.10 - 1.16
Purchase contracts	April 3, 2020 - June 24, 2020	USD	3,003,676.07	THB	30.07 - 30.40
Purchase contracts	January 31, 2020 - December 31, 2020	USD	17,590,000.00	GBP	1.22 - 1.34
Purchase contracts	January 31, 2020	EUR	1,210,000.00	GBP	1.10 - 1.16

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, 2019, the Company and its subsidiaries had commitments on the long-term service agreement as follows:

TCM Corporation Public Company Limited

The Company entered into a Services Agreement with an Inter-Group company, Royal Thai Americas (2017), to provide the flooring business segment of the Group with the following services: (1) strategic management; (2) administration, legal and tax; (3) public relations and worldwide marketing support; (4) provision of goods; (5) product design; and (6) information technology.

The management fee for the services shall be calculated based on total costs incurred according to the basis mentioned in the Agreement.

The Agreement has been in effect since December 31, 2019. The Agreement shall remain in effect for a period of one year from the effective date, unless written notice to the contrary is given to the counter party 30 days prior in advance. Otherwise, this Agreement shall automatically renew for a one-year period on each anniversary of the effective date.

For the year ended December 31, 2019, the management fee, in the amount of Baht 68.27 million, was recognized in administrative expenses.

Subsidiary

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, 2019, the Company and its subsidiaries had the following commitments on capital expenditure:

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Machinery and equipment purchase	17,956,344.69	-
Software	11,315,288.39	6,259,288.39
Other	923,347.79	-
Total	30,194,980.87	6,259,288.39

29.3 As at December 31, 2019, 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 financial statements	Separate financial statements
Up to 1 year	37,288,968.84	1,050,000.00
Over 1 but less than 5 years	25,731,389.06	437,500.00
Total	63,020,357.90	1,487,500.00

30. CONTINGENT LIABILITIES

30.1 As at December 31, 2019, 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 98.90 million (the Company: Baht 28.63 million) and the subsidiary had outstanding letters of credit issued by the banks for purchasing goods and machineries of Baht 13.15 million.

30.2 As at December 31, 2019, the Company and its subsidiaries had short-term credit facilities, in total amount of as follow:

		Unit: Baht					
		Consolidated financial statements			Separate financial statements		
		Credit arrangement	Used	Unused	Credit arrangement	Used	Unused
	Currency						
1)	Million Baht	1,977.00	(234.91)	1,742.09	775.00	(42.43)	732.57
2)	Million US Dollar	9.30	(2.38)	6.92	-	-	-
3)	Million GBP	5.00	(3.62)	1.38	-	-	-

As at December 31, 2019, the Company and subsidiaries have short-term loans credit facilities with two financial institutions under joint credit facility in amount of Baht 100 million and Baht 30 million.

The revision of short-term loans credit facilities during the period of 2019 is as follows:

- 1) The company received the short-term credit facility of Baht 70 million from a financial institution for using as its working capital.
- 2) A local subsidiary No. 1 reduced the credit limit of its short-term loans facilities as follows:
 - Reduction in credit limit from Baht 40 million to Baht 20 million for a short-term loan facility from the financial Institution No. 1.
 - Reduction in credit limit from Baht 100 million to Baht 80 million for a short-term loan facility from the financial Institution No. 2.
- 3) A local subsidiary No. 2. reduced the credit limit of its short-term loans facilities as follows:
 - Reduction in credit limit from Baht 280 million to Baht 230 million for a short-term loan facility from the financial Institution No. 1.
- 4) An oversea subsidiary incrassation in credit limit from Baht 2 million to Baht 5 million.

Short-term credit facilities of the Company have been guaranteed by the Company's land together with construction. Short-term credit facilities of the subsidiaries were guaranteed by the Company, the subsidiaries' machinery and the subsidiaries' shareholders shall maintain a percentage of the shareholding in 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.

Subsequently, on July 24, 2019, the Revenue Department granted approval to the Company to operate as an International Business Center (IBC) to provide administrative, technical, support and international trade services. Revenue Department has nullified IHQ tax incentives, effective as from June 1, 2019. However, on September 2, 2019, the Company submitted a notification letter to Director-General of the Revenue Department regarding terminating its IBC status as the company has determined that it is not maximize to utilize of incentives. The termination was effective as from on September 30, 2019, onward.

32. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Restatement of prior year income tax

During the third quarter of 2019, the Company discovered that a group of overseas subsidiaries overstates recorded income tax for the years 2018 and 2017 in the amount of Baht 7.79 million and Baht 4.02 million, respectively, due to re-computation and re-submission of an income tax return during the period of 2019. For this reason, the Company restated the consolidated financial statements for the years ended December 31, 2018 and 2017, the effect of which is as follows:

	Unit: Baht	
	Consolidated financial statements	
	As at December 31,	
	2018	2017
<u>Statement of financial position</u>		
Increase in trade and other current receivables - net	-	3,994,497.27
Decrease in current income tax payable	(11,813,903.99)	-
Increase in unappropriated retained earnings	9,338,970.98	3,994,497.27
Increase (decrease) in other component of shareholder's equity	(485,131.08)	26,528.62
Increase in non-controlling interests	2,960,064.09	3,994,497.27
<u>Statement of profit or loss and other comprehensive income</u>		
Decrease in income tax expenses	8,401,498.46	3,994,497.27
Increase in other income	64,749.69	-
Increase in net profit	8,466,248.15	3,994,497.27
Exchange differences on translating financial statements of foreign operation (increase) decrease	(673,370.05)	26,528.62
<u>Profit attributable to</u>		
Increase in equity holders of the Company	6,349,740.04	2,989,230.94

	Unit: Baht	
	Consolidated financial statements	
	As at December 31,	
	2018	2017
Increase in non-controlling interests	2,116,508.11	1,005,266.33
<u>Total comprehensive income attributable to</u>		
Increase in equity holders of the Company	5,844,712.50	3,009,127.40
Increase in non-controlling interests	1,948,165.60	1,011,898.49
<u>Earnings per share</u>		
Increase in basic earnings per share	0.0083	0.0057

33. RECLASSIFICATION

Certain amounts in the financial statement for the year ended December 31, 2018, 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
<u>Statement of financial position</u>			
Trade and other current payables	1,465,005,308.44	246,400.20	1,465,251,708.64
Current income tax payable	130,156,175.84	1,355,201.10	131,511,376.94
Deferred tax liabilities - net	447,307,529.48	(1,601,601.30)	445,705,928.18
<u>Statement of profit or loss and other comprehensive income</u>			
Revenue from sales and services	-	9,546,559,718.05	9,546,559,718.05
Revenue from sales	9,509,942,428.31	(9,509,942,428.31)	-
Revenue from rendering of services	36,617,289.74	(36,617,289.74)	-
Cost of sales and services	-	(6,687,096,592.92)	(6,687,096,592.92)
Cost of sales	(6,656,774,813.24)	6,656,774,813.24	-
Cost of rendering of services	(30,321,779.68)	30,321,779.68	-
Account	Unit: Baht		
	Separate financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statement of profit or loss and other comprehensive income</u>			
Revenue from sales and services	-	801,384,078.25	801,384,078.25
Revenue from sales	798,580,721.45	(798,580,721.45)	-
Revenue from rendering of services	2,803,356.80	(2,803,356.80)	-
Cost of sales and services	-	(589,842,669.16)	(589,842,669.16)
Cost of sales	(587,069,301.46)	587,069,301.46	-
Cost of rendering of services	(2,773,367.70)	2,773,367.70	-

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, 2019, the Group's debt-to-equity ratio was 2.19: 1 (as at December 31, 2018 was 1.98: 1) and the Company's debt-to-equity ratio was 1.22: 1 (as at December 31, 2018 was 0.98: 1).

35. EVENTS AFTER THE REPORTING PERIOD

Board of Directors' meeting No. 1/2020, held on 13 January 2020, passed the following resolutions:

- Approval of the shareholder restructuring of the subsidiaries in the United Kingdom by combining TCM Living business from the existing structure, shares of DM Midland Limited held by Manor Holdings (2016) Limited in proportion of 75% to be new structure, shares of DM Midland Limited held by Manor Holdings (2016) Limited and TCM Furniture Limited, in proportion of 55% and 45% respectively, DM Midlands Holding Limited shall issue new shares to swap with shares in Alstons Upholstery of TCM Furniture Limited, as a result, the Company's shareholding in DM Midlands Holding Limited through Manor Holdings (2016) Limited and TCM Furniture, will be 75% as the same as previous shareholding proportion.
- Approval (in principle) of a joint investment with Dolphin International LLC., in Oman, valued at US Dollars 13 million, to establish Axminster Carpet Manufacturer as the exclusive distributor of Axminster and Hand-Tufted carpets under the brand name "Royal Thai", in the Middle East and Africa, and as an exclusive distributor of carpet tiles under the brand name "Carpets Inter" in Oman. The Company and Dolphin International LLC. will have investment stakes of 51% and 49%, respectively.

36. APPROVAL OF FINANCIAL STATEMENT

These financial statements have been approved by the Company's Board of Directors to be issued on February 28, 2020.

Other Information

Investors can learn more about the company issuance of the other securities from the annual registration statement (Form 56-1) of the company at www.sec.or.th or the company's website, www.tcm-corporation.com



238 VIPAVADEE RANGSIT RD.,
SANAMBIN, DONMUANG,
BANGKOK 10210

TEL: +(66) 2533 6393 to 6400
website: www.tcm-corporation.com

