



ANNUAL REPORT 2016

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED

	Content
Message from Chairman of the Board of Directors	2
Message from Managing Director	3
Vision	4
Report of the Audit Committee	6
General Information	8
Financial Summary	12
Income Structure of UMI Group of Companies for the Past 3 Years	14
Shareholding Structure and Management	16
Good Corporate Governance	37
Social Responsibility	47
Statements of Financial Position	53
Report of Auditor	60
Statements of Financial Position	66
Statements of Comprehensive Income	69
Statements of Changes in Shareholders' Equity	70
Statements of Cash Flows	72
Notes to Financial Statements	75



Message from Chairman of the Board of Directors

2016 had been a very quiet year, business wise, and the saddest year for Thai people due to the passing away of our beloved King Rama 9. The event had so much impact on the heart and soul of the Thai people that everything comes to a standstill. The somber mood of the nation had reflected on the economy and the Stock Market. The time practically stood still on October 13 as the whole nation weep from their great losses.

For this year Message from the Chairman, out of my deep love and respect for our great King Rama 9, I will not talk about businesses. Let us take this moment to look back at what this great King had done for our country and its people, remembering his legacies, passing on his teachings of how to live our life base on the doctrine of Sufficiency Economy. I hope to be able to guide UMI along this line of doctrine. Hopefully one day the world will realized that Sufficiency Economy is indeed a way to salvation for a struggling economy. During his reign of over 60 years, he brought the country through many difficult times and assured the stability that is essential for the growth of businesses in Thailand. Without him as the guiding light in the time of political darkness, Thailand would not have been where we are today.

I truly and sincerely hope that the Thai people will not forget what our “Phor Luang” had taught us about life and let it be told to the next generation so that what he had done for the last 60 years will not go to waste.

A handwritten signature in black ink, consisting of stylized, flowing cursive letters that are difficult to decipher but appear to be a personal signature.

Captain Seranee Phenjati
Chairman of the Board of Directors

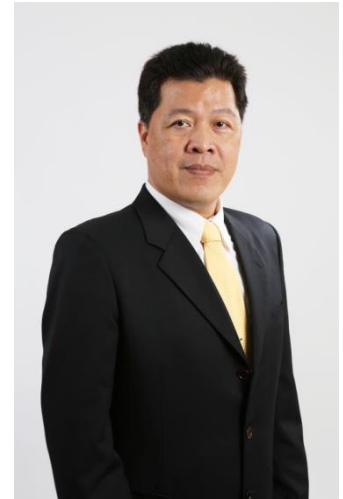
Message from Managing Director

Overview of the economy in the past year 2016, the Union Mosaic Industry PLC (UMI) faced with various surrounding factors that continue to challenge the business due to intense competition from domestic manufacturers and importers from abroad. The real estate sector has slowed down despite government stimulus earlier in the year. In addition, the debt burden of households is still at a high level, making financial institutions are cautious about credit approval, which affects the purchasing power in the market. However, from the economic outlook in 2017 forecast that the demand for construction materials will be driven by expanding in the investment of construction projects by the public sector, which is the main factor that promotes the construction project, whether it is transportation infrastructure project, energy infrastructure projects including road investment projects in general. These projects will continue to result in residential development projects and commercial projects that will stimulate demand for both building materials and, floor and wall tiles.

Throughout the past year, the UMI Group faced various surrounding factors barrier but our business remained committed to operate under effective Strategic Business Development Strategies by developing innovative products to meet the demand according to modern era for example, innovative slip-resistant surface tile for safety, and especially the society for the elderly that the building materials industry including real estate tend to focus on at present. In addition, it also included to develop a wide range of products, to add value to the product and to meet all needs. Moreover, there was increasingly promotion of business expansion in the ASEAN region to support economic expansion, coupled with the development of information technology to expand communication channels, which increased the marketing opportunities even more, as responding to the ever-changing globalization and leading to sustainability in the future.

In addition to operating and maintaining a current base plan, the UMI Group is aware of the anti-corruption under the Code of Ethics and Guidelines for Good Corporate Governance, and to conduct business with transparency, compliance with Corporate Social Responsibility, linked with activities as per the Social Action Plan. It shows commitment and good intentions with beneficial to the public and the satisfaction of all stakeholders.

From the operations of the UMI Group that can achieve the plan as laid out due to the support of all parties from customers, shareholders, business partners, fellow employees, and executives. On behalf of the Union Mosaic Industry PCL, I appreciate your trust and always support of the Company's operations as well as a commitment in working at full capabilities of employees in all units of the Company, and sincerely hope that the Company will be supported by all of you very well in the years to come. Finally, the Company promised to strive to develop innovative products that will advance the Company's potential and ready to move forward, firmly and sustainably.



Mr. Somboon Uranukul
Managing Director

Vision

To be the manufacturer and distributor of the ceramic tiles and the related products, selected as the consumer's first choice, with strong sustainable sales growth.

Mission

1. To build the successful satisfaction for customers, shareholders, employees and the other stakeholders;
2. To maintain the average growth rate of at least not less than the industrial growth with continuous profit;
3. To develop new product and innovation continuously;
4. To focus continuously on developing personnel, product quality, and customer service.

Quality Policy

The company has set the determination to bring in; "the international management system to be applied in the organization, to continue developing and improving quality management system, as to successfully build customer satisfaction."

Business Ethics

The Board of Directors, management team and employees will perform their duties with honesty and fairness, and will treat all stakeholders as follows:

1. Responsibility to Shareholders

To act cautiously and transparently for stable and sustainable growth by taking into account the interests and satisfaction of all shareholders. Do not use any inside information of the Company which has not been disclosed to the public in seeking benefits for themselves and related persons.

2. Employee responsibility

To treat employees at all levels fairly without discrimination, and to promote good and safe working environment with the opportunity to develop their knowledge and skills thoroughly.

3. Business Partner Responsibility

To make commitment to satisfy business partners and to maintain good relationships sustainably

4. Social and Environmental Responsibility

To practice and promote awareness of employees in responsibility to social and environment; and to adhere to democracy and anti-corruption corruption

And adherence to the principles of good governance both in consciousness and behavior as follows:

1. Fairness and Morality

2. Transparency

3. Integrity

4. Responsibility

5. Accountability

6. Vision

7. Leadership

Report of the Audit Committee

The Audit Committee of the company consists of 3 persons, with Mrs. Nopparat Runguthaisiri as Chairman of Audit Committee, Mr. Krit Phunratnamala and Mr. Suporn Prasardvinitchai are Audit Committee, and each member of the committee is independent, non-executive or non-employee of the company.

In the year 2016, there are 4 Audit Committee's meetings and 2 meetings with the company external auditors without any participating from the executives of the company.

Summary of duties and tasks of the Audit Committee, which are carried out in the previous period is as follows:

The Audit Committee has examined the financial statement of the company as at December 31, 2016 and for year end the same day, would like to make comment that the financial statement is correct, complete, reliable, and has been prepared in according to the general accepted accounting principles and is in according to the report of certified public accountant that has been submitted to shareholders and the Board of Directors of the company.

The Audit Committee has evaluated the internal control's result and has agreed that it is valid and appropriate.

The Audit Committee has not found any practice that; might violate the law of Securities and Exchange Commission, is not conformed to the terms of Stock Exchange of Thailand or any other law relating to the business of the company. Finally, there is no action contrary to the regulations and policies of the company.

The Audit Committee has verified the related transactions and has not found any transaction by shareholders, the Board of Directors, Executive, the authorized persons in control of the company or the related persons with the aforementioned persons, in addition that was indicated in the Annual Report of the company.

The Audit Committee is of the opinion that the certified public accountants from Karin Audit Co., Ltd Auditor are independent without giving any other service which is non-auditing to the company and performed their duties well for the accounting period ended December 31, 2016, and would like to recommend that Mr. Jedsada Hangsapruk certified public accountant registration no. 3759; and/or Ms. Kannika Wipanut certified public accountant registration no. 7305; and/or Mr. Jirote Sirirorote certified public accountant registration no. 5113 from Karin Audit Co., Ltd. to be appointed as auditor and preparing auditing report for financial statement of the company for the accounting period ended December 31, 2017.

The Audit Committee has received the full cooperation from the Executive Board of Directors and the company's employees and that the performance of the company as a whole to be accurate and appropriate.



(Mrs. Nopparat Runguthaisiri)

Chairman of Audit Committee

February 27, 2017

Report of Board of Directors' Responsibilities for the Financial Statements

According to section 112, 113 and 114 of the Public Company Act B.E. 2535, Board of Directors of the Union Mosaic Industry Public Company Limited has arranged for preparing 2016 Annual Report including financial statements to indicate financial situation and operation result of the previous year of the company and its subsidiaries.

The Board of Directors would like to assure that these financial statements have been prepared with the complete and correct information in accounting and comply with general accepted accounting principles. The company has also employed appropriate accounting policies applied on consistent basis. These financial statements were made with careful and reasonable consideration, which has been audited by certified auditor and verified by the Audit Committee.

On behalf of Board of Directors of the company



Captain Seranee Phenjati
Chairman of the Board of Directors



Mr. Somboon Uranukul
Managing Director

1. General Information

Name	: The Union Mosaic Industry Public Company Limited		
Registration Number	: 0107537000777		
Head Office Location	: 65 Chamnan Phenjati Business Center Building, 29 th Floor Rama 9 th Road, Huaykwang Sub-district, Huaykwang District, Bangkok 10320 Tel. 0-2248-7007 Fax: 0-2248-7005-6 Website: www.umi-tiles.com		
Type of Business	: Manufacturing and Distributing of - Mosaic Tiles “UMI” - Ceramic Floor Tiles “DURAGRES” - Ceramic Wall Tiles “DURAGRES LILA”		
Factory Location	: 1 st Site at 54/1 Suwanasorn Road, Tumbon Kokeyae, Nongkhae District, Saraburi 18230 Tel. (036) 387169-171 Fax: (036) 387177 : 2 nd Site at 54 Moo 1, Leab Khlong Rapeepat Road, Tumbon Phaitum, Nongkhae District, Saraburi 18230 Tel. (036) 263840 Fax: (036) 263843 Total Capacity 72,600 Square Meter per Day		
Registered Capital as at December 31, 2016	836,504,795.00	Baht	
Issued and Paid-up Capital	836,504,741.00	Baht	
Number of Ordinary Shares	836,504,741.00	Shares	
Par Value per Share	1.00	Baht	

Juristic Entities That the Company Has Hold More Than 10 Percent of Its Stocks

1. T.T. Ceramic Public Co., Ltd.

Location : 136 Moo13, Tumbon Kokeyae, Nongkhae Distric, Saraburi 18230
Tel. (036)305977-8 Fax: (036)305128

Type of Business : Manufacturing and distributing ceramic tiles
Holding in percent 66.58 %
Paid-up share capital 600,808,896 Baht

2. Cermas Co., Ltd.

Location : 65/224 Chamnan Phenjati Business Center 27th Fl., Rama 9th Rd., Huaykwang, Bangkok 10320
Tel. 0-2248-7060-3 Fax: 0-2248-7064

Type of Business : Supplier of domestic raw materials consisting of clays, feldspars, and quartz.
Holding in percent 24.90 %
Paid-up share capital 21,000,000 Baht

3. UMI Property Co., Ltd.

Location : 65/233 Chamnan Phenjati Business Center 30th Fl., Rama 9th Rd., Huaykwang, Bangkok 10320
Tel. 0-2246-7634-6, 0-2247-7090-4 Fax: 0-2247-7346

Type of Business : Real estate.
Holding in percent 37.57 %
Paid-up share capital 150,000,000 Baht

4. Ruampat Ceramic Co., Ltd.

Location : 65/224 Chamnan Phenjati Business Center 27th Fl., Rama 9th Rd., Huaykwang, Bangkok
Tel. 0-2248-7007 Fax: 0-2248-7007 -523 10320

Type of Business : An agent for distributing of ceramics product.
Holding in percent 49.00 %
Paid-up share capital 20,000,000 Baht

5. Duragres Co.,Ltd (Previous Name : UMI International Co., Ltd.)

Location : 65/224 Chamnan Phenjati Business Center, Rama 9th Rd., Huaykwang, Bangkok 10320
Tel. 0-2248-70007

Type of Business : Direct sales.

Holding in percent 40.00 %

Paid-up share capital 25,000,000 Baht

6. Tekno Cer S.R.L.CO., Ltd.

Location : Sede Legale: Piazza Manzoni, 4/1 In Liquidazione 41100 Modena-Italy

Type of Business : Supplier of raw materials and machineries.

Holding in percent 45.00 %

Paid-up share capital 20,000,000 Lira

7. Surf Dynamics Co., Ltd.

Location : 66/2 Soi Sukhumwit 2 Sukhumwit Rd., Khlong Toei Sub-District, Khlong Toei District,
Bangkok 10110
Tel. 0-2656-7891

Type of Business : Manufacturing of water sport equipments.

Holding in percent 14.28 %

Paid-up share capital 14,000,000 Baht

Share Register

Thailand Securities Depository Co., Ltd.

1st Floor, the Stock Exchange of Thailand Building

93 Ratchadapisek Road, Dindaeng, Bangkok 10400

Tel. 0-2009-9000

Fax: 0-2009-9991

Auditors for the Year 2015

Name Mr. Jadesada Hungsapruet C.P.A. No. 3759

Auditing Firm: Karin Audit Co., Ltd

6th Floor, Room Number B1, Boonmitr Building

138 Silom Road, Bangrak, Bangkok 10500

Tel: 0-2634-2484-6 Fax: 0-2634-2668

Legal Advisor

The Union Mosaic Industry Public Company Limited has its own legal department.

2. Financial Summary

Financial and Operation Results		2016	2015	2014	2013	2012
Total Assets	(Million Baht)	3,755	3,917	5,509	5,857	4,655
Total Liabilities	(Million Baht)	2,009	2,103	3,085	3,377	2,598
Shareholders'Equity	(Million Baht)	1,746	1,814	2,424	2,480	2,057
Total Revenues	(Million Baht)	2,793	3,739	4,213	3,736	3,288
Gross Profit	(Million Baht)	671	694	715	647	678
Net Profit (Loss)	(Million Baht)	84	(390)	(72)	9	657
Key Financial Ratios						
Number of Shares	(Million Baht)	837	837	837	837	478
Net Profit Margin	(%)	3.21	(10.44)	(1.72)	0.24	19.98
Return on Equity	(%)	5.14	(21.52)	(2.99)	0.36	31.94
Return on Total Assets	(%)	2.39	(9.96)	(1.31)	0.15	14.11
Debt to Equity Ratio	(Fold)	1.15	1.16	1.27	1.36	1.26
Book Value per Share	(Baht)	2.09	2.17	2.90	2.96	4.30
Net Profit (Loss) per Share	(Baht)	0.13	(0.23)	0.04	0.04	1.37

3. Business Structure

The Union Mosaic Industry Public Company Limited has operated its business in manufacturing and distributing the followings:

1. **“UMI”** mosaic tiles, the company has already ceased the production of mosaic tiles. At present, this kind of tiles is bought for selling.
2. **“DURAGRES”** ceramic floor tiles, accounted for about 77% of UMI’s total production.
3. **“DURAGRES LILA”** ceramic wall tiles, accounted for about 23% of UMI’s total production.
4. Porcelain floor tiles, the company have bought this kind of tiles for selling.

Moreover, the company has also imported some models of products from abroad for distribution and has made the joint investment in one of the companies that manufacture ceramic floor tiles and ceramic wall tiles, which are T.T. Ceramic Public Co., Ltd. with the investment rate at 66.58 percent of the paid up capital accordingly.

At present, average ceramic tiles consumption in domestic market is only about 2-3 square meters per head per year. There is an opportunity that this market growth rate can go up a lot as compare with many developed countries, which ceramic tiles consumption is 2-4 times higher than Thailand. As ceramics tiles products are very suitable to tropical climate of hot and muggy weather as Thailand. Therefore in the future, the demand in quantity still has a chance to increase more.

Subsidiaries

1. UMI Property Co., Ltd. has operated in real estate and property businesses. At present, the company has managed Chamnan Phenjati Business Center by selling and leasing office space.
2. Ruampat Ceramic Co., Ltd. is a trading company of ceramic tiles and other related products. At present, Ruampat Ceramic Co., Ltd. has acted as a distributor of ceramic tile for UMI and sells the other related products.
3. Cermas Co., Ltd. has run its business in selling mineral and soil which are used as raw material for manufacturing of ceramic tiles, with majority of its sales to UMI.
4. T.T. Ceramic Public Co., Ltd. has run its business in manufacturing and distributing Porcelain tiles.

Income Structure of UMI's Group of Companies for the Past 3 Years

Product and Service	No.of Share	Revenues	2016 (MB)	%	2015 (MB)	%	2014 (MB)	%
The Union Mosaic Industry Public Co.,Ltd. Mamufacturer of glazed mosaic, floor and wall tiles		Sale	2,284	95.75	2,298	97.58	2,425	93.96
		Others	101	4.25	57	2.42	156	6.04
		Total	2,385	100.00	2,355	100.00	2,581	100.00
		% to Tatal Revenues		72.87		71.68		74.33
UMI Property Co.,Ltd. Property Business	37.57%	Sale	38	96.92	35	96.16	30	97.80
		Others	1	3.08	1	3.84	1	2.20
		Total	39	100	36	100	31	100
		% to Tatal Revenues		1.19		1.09		0.88
Ruampat Ceramic Co.,Ltd. Distributor of ceramic tiles and others	49.00%	Sale	203	99.84	247	99.85	288	99.89
		Others	0.33	0.16	0.38	0.15	0.31	0.11
		Total	203	100	248	100	288	100
		% to Tatal Revenues		6.21		7.54		8.29
Cermas Co.,Ltd. Selling mineral and soil that used in ceramic tiles production.	24.90%	Sale	92	99.67	101	99.82	48	100.00
		Others	0.30	0.33	0.18	0.18	0.00	0.00
		Total	92	100	101	100	48	100
		% to Tatal Revenues		2.81		3.07		1.38
TT Ceramic Public Co.,Ltd. Manufacturer of Ceramic,floor and wall tiles	66.58%	Sale	538	97.13	525	96.20	524	99.81
		Others	16	2.87	21	3.80	1	0.19
		Total	553	100	546	100	525	100
		% to Tatal Revenues		16.91		16.61		15.12
		Total Revenues	3,273	100	3,285	100	3,472	100
Royal Ceramic Industry Public Co.,Ltd Manufacturer and distributing Ceramic tiles.	-	Sale	-	-	525	96.20	524	99.81
		Others	-	-	21	3.80	1	0.19
		Total	-	-	546	100	525	100
		% to Tatal Revenues		-		100.00		100.00
		Total Revenues	-	-	546	100	525	100
Increase (decrease) in income (Percent)			(0.37%)		(13%)		3%	

4. Risk factors

Risk from Quality of Raw Materials

Main raw materials that use to produce body of tile are mineral and soil, which its properties may be varied according to environmental situation, as the result it will affect the quality of the finished products. Therefore, the company has given precedence to quality control on raw materials throughout the process starting from acquiring the materials until entering into the production process.

Risk from Out-dated Design

As floor and wall tiles have started to become more fashionable products and the demand on new designs is varied according to popularity during each period of time in the market, the ability to launch new design products has to meet the customer demand is crucial. In order to minimize risk from out-dated design, the company has paid high attention on market research and trend analysis on design that customer require by stressing the improvement in development of new products to be on time to meet the customer demand. Moreover, the company has set up new product development team, which members have passed thru the academic training and studying program from abroad, to keep updating on technology and market trend as guide line in developing the company's new products.

Financial risk

The company and subsidiaries issued debentures with repayment scheduled in July 2017 and long-term loan from financial institutions, that the company must be careful in the management of sufficient liquidity to operating and repayment loan

Energy cost risk

One of the main production costs is energy cost especially natural gas. Trend of natural gas price has been increase which shall affect the company's production cost. However, the company has continued to improve the production process including machinery in order to maximize the efficiency of energy usage, and finally, to decrease the impact on the company's production cost factors.

Risk from controlling influence by groups of majority shareholders

The Company has 3 majority groups of shareholders consisting of Phenjati group, Laowiwatwong group and Tantranont group with combined of shareholding proportion at 50 percent of total shares and these 3 majority groups of shareholders have 5 directors from total of 11 directors of the Company, which there might be risk in form of controlling business and having the problem to guard against the rights of minority shareholders. However, the Company has set policy to improve the said problem in accordance with principle of transparency and good corporate governance as the Company has strictly conducted on the rights of shareholders and to treat all shareholders equally. Based on the assessment of corporate governance by Thai Institute of Directors (IOD), the Company always gets excellent mark on these 2 categories on all occasions (score higher than 90 percent). In addition, on the matter of arranging to set the Annual General Meeting of Shareholders the Company also gets full mark of 100 percent for many consecutive years on the quality assessment of organizing the Annual General Meeting of Shareholders by Thai Investors Association.

5. Shareholding Structure and Management

5.1 Shareholding

List of the first 10 largest shareholders as at March 31, 2016

No.	Name of Shareholders	No. of Shares (Shares)	% as of total shares	Note
1.	Captain Seranee Phenjati	75,514,250	9.027	
	Mrs. Punchalee Phenjiti	63,000	0.008	Spouse of person no.1
	Chamnan Co., Ltd.	39,060,000	4.669	Person no.1 holds shares more than 30%
2.	Mrs. Nongnart Phenjati	67,987,150	8.127	
3.	Mrs. Nipanan Tantranont	58,783,200	7.027	
	Mr. Voravat Tantranont	1,898,750	0.227	Spouse of person no.3
	Chammanard LP	7,140,000	0.854	Person no. 3 is Partnership Manager
4.	Miss. Paweena Laowiwatwong	52,743,600	6.305	
5.	Miss. Sunee Anantaprakorn	27,250,000	3.258	
6.	Mrs. Kanishtha Makdounghien	21,670,125	2.591	
7.	Mr. Sin Laowiwatwong	21,071,400	2.519	
8.	Miss. Peerapan Laowiwatwong	18,879,000	2.257	
9.	Mr. Methawee Laowiwatwong	18,795,000	2.247	
10.	Mrs. Piyanuch Prapawong	16,946,500	2.026	

Note: Paid-up registered capital totally 836,504,741 Baht

5.2 Management

5.2.1 Structure of the Company Management

5.2.1.1 The Board of Directors

The Board of Directors of the company consists of 11 members, which 4 members are independent directors and are not less than one-third of total amount of directors according to Securities and Exchange Commission (SEC) requirement. In performing their duty, the Board of Directors has to be abided by law, under the company's regulations and objectives including the resolution made at the shareholders' meeting.

Qualification of Independent Directors

- (1) Any independent Director must also meet the following requirement holding shares in total not more than 1 percent of all shares that have right to vote in the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, which shall be inclusive of shares held by his/her related persons.
- (2) Does not be or ever be the executive director, worker, employee or adviser that receive the regular salary or the authority in control of the company, holding company, subsidiary company, associated company, subsidiary company at same level, the major shareholder or the authority in control of the company, except disconnecting from such matter at least 2 years prior to the appointment date. Moreover, the aforementioned prohibit characteristics shall not include the case that independent director, who used to be government officer or advisor of government office that is the major shareholder or the authority in control of the company.
- (3) Does not be a person that has the lineage relation or by registering according to law in the form that is parents, spouse, relatives, and a child: including the spouse of a child of the executive, major shareholders, the authority in control, or a candidate, who will be nominated to be the executive or the authority in control of the company or subsidiary company.
- (4) Does not have or ever have any business relation with the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company in the form the might interfere with the independent decision of each director, including does not ever be the significant shareholder or the authority in control of the company, who have business relation with the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, except that this person has already been disconnected from the aforementioned characteristics exceeding two years; before the appointed date.

The business relation according to the 1st paragraph, include trading transactions that is normally done for engaging in renting business of immovable property, any transactions about the assets or services, or giving or receiving financial assistance by borrowing or lending loan, putting up collateral security, putting up assets as principle as principle assets in debt guarantees, including any same behaviors, which cause the company or, its parties to be responsible to pay debt for the other parties up from three percent of the net tangible assets or from twenty million Baht going up, depend on which amounts are lower. For the aforementioned calculation of debt, it has to be calculated according to the method of value calculation of items that are related according to the Notice of the Securities and Exchange Commission (SEC) about the criteria in handling the compliant connected transactions. But in considering the aforementioned debt, it only counted the debt that was occurred during one year before the date of having connected transaction with the same person.

- (5) Does not be or ever be the auditor of the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company and does not be a significant shareholder, the authority in control, or partner of an auditing firm, which is the auditor of the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, except the aforementioned characteristics has already been disconnected exceeding two years before the elected date.
- (6) Does not be or ever be the person who provides any professional services, which include the service as legal adviser or financial adviser that receive fee exceeding 2 million Baht a year from the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, and does not be the significant shareholder, the authority in control or partner of the person who provides any professional services. Except the aforementioned characteristics has already been disconnected exceeding two years before the elected date.
- (7) Does not be director, who has been appointed to be the representative of the company's directors, major shareholders, or shareholders who relate to the major shareholders of the company
- (8) Does not operate the same type of business as to be significantly competed with the business of the company or subsidiary company or does not be significant in partnership or is director, who participate in administrating, employee , advisor, who receive regular monthly salary or holds shares more 1 percent of amount of all shares that have right to vote of the other company that operates in the same business type and significantly compete with the business of the company or subsidiary company.
- (9) Does not have any characteristics that shall not make any free opinion about operation of the company.

After being appointed as an independent director, who have already had the characteristics in line with clause (1) – clause (9), this independent director might receive an assignment from Board of Directors, in making decision in the operation of the company, holding company, subsidiary company, associated company, subsidiary company at same lever, the major shareholder or the authority in control of the company, by being able to have the decision making in the form of the committee (collective decision).

Qualification of Audit Committee

- (1) Be appointed from Board of Directors or the company shareholders' meeting to be audit committee.
- (2) Be independent director, who is in line with the requirement that is specified by the Securities and Exchange Commission and must have the following characteristics:
 - (A) Does not be director, who receive an assignment from Board of Directors, in deciding in operation of the company, holding company, subsidiary company, associated company, subsidiary company at the same level, the major shareholder or the authority in control of the company and;
 - (B) Does not be director of holding company, subsidiary company, or subsidiary company at same level, particularly a listed company.
- (3) Have duties at the same characteristics that are specified in the Notice of Stock Exchange of Thailand about the qualification and scope of work of audit committee.
- (4) Have enough knowledge and experience to perform the duty as audit committee, and must have at least one audit committee, who has enough knowledge and experience to perform his/her duty in auditing the reliability of the financial statement.

The Board of Director's Name as follows

(As at December 31, 2016)

1. Captain Seranee Phenjati

Position Chairman of the Board of Directors (appointed as director on March 9, 1994)

Date of Birth November 24, 1955 Age: 61 years old

Education Background - Bachelor of Sciences in Business Administration, Boston University, USA
- Master of Science in Monetary Economics Northeastern University, USA

Experience - Army Officer Attached to Directorate of the Joint Intelligence,
Supreme Command Headquarter
- Treasurer: The Union Bank of Bangkok
- Assistance to Managing Director: The Union Bank of Bangkok

Number of Shares: Self-own shares at 75,514,250 shares (9.027% of total shares with no trading during the year)

Hold by related persons at 39,123,000 shares (4.667% of total shares with no trading during the year)

Total at 114,637,250 shares (13.704% of total shares)

Training course in role and duty of directors: None

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: None

Unlisted Companies: - President, UMI Property Co., Ltd
- Director, T.N. Co., Ltd

2. Mr. Suporn Prasardvinitchai

Position	Audit Committee / Independent Director (appointed as director on April 23, 2003)
Date of Birth	November 24, 1936 Age: 80 years old
Education Background	- Bachelor of Laws, Thammasat University - Barrister-at-Law, Institution of Legal Education Thai Bar Association
Experience	- Director General of Department of Thonburi Criminal Litigation - Qualified Public Prosecutor Commissioner in Public Prosecutor Commission Office of the Attorney General - Honorary Advisor and Vice Chairman of Committee on Independent Body Affair Group, Senate
Number of Shares:	No self-own shares (no trading during the year) No shares hold by related persons (no trading during the year)
Training course in role and duty of directors:	DAP From Thai Institute of Directors Association (IOD)
Developing and training during the past year to enhance knowledge on working as director:	None
No. attended meeting/ No. total meeting:	4/4
Other Position at Present	
Listed Companies:	None
Unlisted Companies:	None

3. Mrs. Nopparat Runguthaisiri

Position Chairman of Audit Committee /Independent Director
(appointed as Chairman of Audit Committee on April 28, 2006)

Date of Birth June 25, 1951 Age: 65 years old

Education Background - B.S. (Statistics), Chulalongkorn University
- Master of Science (Statistics), Texas A&M University, USA

Experience - Senior Chair Researcher, Chulalongkorn University Research Center
- Faculty Staff (retired), Faculty of Commerce and Accountancy,
Chulalongkorn University

Number of Shares: No self-own shares (no trading during the year)
No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: Seminar; the UK
Experience on Implementing Enhanced Auditor Reporting, organized by the Securities and
Exchange Commission, the Federation of Accounting Professions and the Stock Exchange of
Thailand.

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: None

Unlisted Companies: - Director, Clever Change Co., Ltd

4. Mr. Sivaporn Dardarananda

Position Independent Director (appointed as director on April 23, 2004)

Date of Birth February 2, 1947 Age: 69 years old

Education Background - MBA in International Business and Finance,
The Wharton School of the University of Pennsylvania, Pennsylvania, USA

Experience - President, TISCO
- Advisor for Governor of Bank of Thailand
- Vice Chairman, Corporate Debt Restructuring Advisory Committee
(CDARC)

Number of Shares: No self-own shares (no trading during the year)
No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP and the Role of Chairman from Thai Institute of Directors
Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/4

Other Position at Present

Listed Companies: None

Unlisted Companies: - Director, Dole Thailand Co., Ltd

5. Mrs. Nipanan Tantranont

Position Director (appointed as director on March 9, 1994)

Date of Birth April 25, 1960 Age: 56 years old

Education Background - Bachelor of Laws, Chulalongkorn University
- Barrister-at-Law, Institution of Legal Education Thai Bar Association
- Master of Public Administration, Saint Louis University, St. Louis, MO, USA

Experience None

Number of Shares: Self-own shares at 58,783,200 shares (7.027% of total shares with no trading during the year)

Hold by related persons at 9,038,750 shares (1.081% of total shares with no trading during the year)

Total at 67,821,950 shares (8.108% of total shares)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/4

Other Position at Present

Listed Companies: None

Unlisted Companies: - Director, UMI Property Co., Ltd
- Director, T.N. Co., Ltd
- Managing Partnership, Chammanard Ltd., Part

6. Mr. Voravat Tantranont

Position Vice Chairman of the Executive Board /Director (appointed as director on April 28, 2006)

Date of Birth January 10, 1959 Age: 57 years old

Education Background - Bachelor of Laws, Chulalongkorn University
- Barrister-at-Law, Institution of Legal Education Thai Bar Association
- MBA, Saint Louis University, St. Louis, MO, USA

Experience - Managing Director, Tantraphan Department Store (Chiangmai)

Number of Shares: Self-own shares at 1,898,750 shares (0.227% of total shares with no trading during the year)

Hold by related persons at 65,923,200 shares (7.881% of total shares with no trading during the year)

Total at 67,821,950 shares (8.108% of total shares)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - Director, Choice Mini-Store Co., Ltd
- Director, CR Chiang Mai (Thailand) Co., Ltd
- Director, Tantraphan Supermarket (1994) Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd
- Director, FN Factory Outlet Co., Ltd.
- Director, Choice Training Co., Ltd.

7. Mr. Methawee Laowiwatwong

Position	Executive Director (appointed as director on March 9, 1994)
Date of Birth	October 10, 1948 Age: 68 years old
Education Background	<ul style="list-style-type: none">- Professional Certificate, Panichayakarn Pranakorn College- Mini-MBA, Thammasat University- Bachelor of Thai Traditional Medicine, Ramkhamhaeng University.
Experience	<ul style="list-style-type: none">- An Expert in International Marine Service and Transport and Invited Lecturer to give lecture on the topic about Marine Transportation to various government agencies-To consult and be Special Adviser to various universities instructors on the subject of International Transportation Administration
Number of Shares: Self-own shares at 18,795,000 shares (2.247% of total shares with no trading during the year)	
	No shares hold by related persons (no trading during the year)
	Total at 18,795,000 shares (2.247% of total shares)
Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)	
Developing and training during the past year to enhance knowledge on working as director: None	
No. attended meeting/ No. total meeting: 4/4	
Other Position at Present	
Listed Companies:	None
Unlisted Companies:	<ul style="list-style-type: none">- Director, P.K.R. Group Co., Ltd- Director, T.N. Co., Ltd- Director, C.E.X. Transport Co., Ltd- Director, Chiew Charn Chai Kha Mai Co., Ltd- Director, Transmic Co., Ltd- Director, Cermas Co., Ltd

8. Mr. Krit Phunratnamala

Position Audit Committee, Independent Director (appointed as director on April 28, 2006)

Date of Birth June 19, 1968 Age: 48 years old

Education Background - Bachelor of Engineering, Chulalongkorn University
 - Master of Engineering, Imperial College, London
 - MBA, University of Florida, USA

Experience - Managing Director, Thai Prosperity Advisory Co., Ltd

Number of Shares: No self-own shares (no trading during the year)

No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DCP From Thai Institute of Directors Association (IOD)

Certificate of Completion the Advanced Audit Committee

Programs from Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - Director, Diamond Building Products Public Co., Ltd.
 - Independent Director and Audit Committee, Group Lease Public Co., Ltd

Unlisted Companies: - None

9. Mr. Marut Mangklabruks

Position Chairman of the Executive Board of Directors (appointed as director on April 23, 2004)

Date of Birth October 9, 1944 Age: 72 years old

Education Background - Bachelor of Engineering, Chulalongkorn University
 - Advanced Management Program Graduate School of Business, Harvard University, USA

Experience - The Siam Cement Public Company Limited

Number of Shares: No self-own shares (no trading during the year)

No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - Chairman of the Board of Directors, Cermas Co., Ltd
 - Director, T.T. Ceramic Public Co., Ltd

10. Mr. Somboon Uranukul

Position Managing Director, Executive Director (appointed as director on April 29, 2015)

Date of Birth December 12, 1960 Age: 56 years old

Education Background - B.E. in Mechanical Engineering, King Mongkut's University of Technology, Thonburi (KMUTT)
- Master of Industrial Engineering and Management, Asian Institute of Technology (AIT)

Experience - The Siam Cement Public Company Limited

Number of Shares: No self-own shares (no trading during the year)
No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/3

Other Position at Present

Listed Companies: - Chief Executive Officer, the Royal Ceramic Industry PLC

Unlisted Companies: - Director, T.T. Ceramic Public Co., Ltd

11. Miss Kiratcha Laowiwatwong

Position Executive Director (appointed as director on May 11, 2016)

Date of Birth July 17 1969 Age: 47 years old

Education Background - Bachelor of Economics - International Economics, Chulalongkorn University
- MBA (Finance), University of Akron, USA

Experience - Senior Funding Officer, National Finance and Securities Public Company Limited

Number of Shares: Self-own shares at 14,733,650 shares (1.76 % of total shares with no trading during the year)
No shares hold by related persons (no trading during the year)
Total at 14,733,650 shares (1.76% of total shares)

Training course in role and duty of directors: None

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: - 2/2

Other Position at Present

Listed Companies: None

Unlisted Companies: None

Remark: - All Board of Directors can be authorized director to sign, as any two of Directors shall co-signed and stamped with the company seal.

 - No independent director who has business relation or provide professional service with the company, holding company, subsidiary company, associated company, or juristic person who may have potential conflict with its value is more than that is specified in the qualifications of independent director.

Scope, Authority, Role and Duty of Board of Directors of the Company as follows:

- (1) To set up policy and direction for the operation of the company including supervising and controlling. To look after management team to make sure that the operation shall be carrying out, in according to the specified policy with efficiency and effectiveness. To maximize value added economics for business and profit of shareholders.
- (2) To be responsible for implementing duty and role in according to the law, objective and regulation of the company including the resolution of shareholders' meeting with loyalty, honesty and carefulness. To keep the company's benefit including consistency responsible for the shareholders.
- (3) To keep on monitoring the operation and performance of management team regularly as to get the effectiveness in operating the company business.
- (4) To operate so that the company has internal audit measurement to make sure that there is efficient internal audit system including risk management and reliable financial report.
- (5) To check and to audit so that there is no conflict of interest and non-conformity action between related person.

The company has also supported every director to get training, building, and developing knowledge and skill in taking the position of Directors. In addition, every new director will be provided with training to get the important and related information.

5.2.1.2 Subcommittee

The Board of Directors has appointed subcommittee to assist in monitoring the operation of the company as follows:

1) The audit committee

The audit committee consists of at least 3 independent members and at least 1 person shall have enough knowledge in accounting and finance to audit the validity of financial statement. The audit committee meeting should be least 1 time per quarter and joined meeting with the company audit shall be least once a year without participating from management team.

The audit committee names are as follows:

No.	Name	Position	No. of Attending Meeting/ No. of Total Meeting
1.	Mrs. Nopparat Runguthaisiri	Chairman of Audit Committee	4/4
2.	Mr. Suporn Prasandvinitchai	Audit Committee	4/4
3.	Mr. Krit Phunratanamala	Audit Committee	4/4

Mr. Krit Phanratanamala is the person, who has knowledge and experience in auditing financial statement. In 2016, the Audit committee has held the joined meeting with the company's auditors 2 times during the year. If necessary, the audit committee shall consult with the independent advisors from outside and the expenses will be paid by the company.

Term of staying in the position: Audit Committee term of staying in the position is 3 years.

Scope, Authority, Role and Duty of the Audit Committee are as the following:

- (1) To review the company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- (3) To review the company's compliance with the law on securities and stock exchange, the Exchange's regulations, and the laws relating to the company's business;
- (4) To consider, select, nominate, and dismiss an independent person to be the company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- (5) To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the company;
- (6) To prepare, and to disclose in the company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) An opinion on the accuracy, completeness and creditability of the company's financial report,
 - (b) An opinion on the adequacy of the company's internal control system,
 - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the company's business,
 - (d) An opinion on the suitability of an auditor and nominate auditor,
 - (e) An opinion of the transactions that may lead to conflicts of interests,
 - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter; and
 - (h) Other transaction which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the company's board of director;
- (7) To perform any other act as assigned by the company's board of directors; with the approval of the audit committee.

2) Executive Board of Directors

The Executive Board of Directors consists of 7 members, which could be the company's director, executives or individuals with knowledge and experience; has duty to help the company's directors to manage and supervise the operations of the management to be strong and conforming to the policy of the Board of Directors with efficiently and effectively.

The Executive Board of Directors will meet once a month. There is no fixed term of holding the position, but the Executive Board shall carry on until changing the orders happen.

List of Executive Directors

No.	Name - Surname	Position
1	Mr. Marut Mangklabruks	Chairman of the Executive Board of Directors
2	Mr. Voravat Tantranont	Vice Chairman of the Executive Board of Directors
3	Mr. Somboon Uranukul	Executive Director
4	Mr. Sutin Youthanavaraporn	Executive Director
5	Miss. Kiratcha Laowiwatwong	Executive Director
6	Miss. Ratirat Laowiwatwong	Executive Director
7	Miss. Pavarisa Phenjati	Executive Director

5.2.1.3 Profile of executive and administrative officers (As of December 31, 2016)

1. Mr. Marut Mangklabruks

Position Chairman of the Executive Board of Directors

Date of Birth October 9, 1946

Education Background - Bachelor of Engineering, Chulalongkorn University
- Advance Management Program, Harvard University

Number of Shares: No self-own shares (no trading during the year)
No shares hold by related persons (no trading during the year)

Position in Other Company
- Chairman of the Board of Directors, Cermas Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd

2. Mr. Voravat Tantranont

Position Vice Chairman of the Executive Board of Directors

Date of Birth January 10, 1959

Education Background - Bachelor of Laws, Chulalongkorn University
- Barrister-at-Law, Institution of Legal Education Thai Bar Association
- MBA, Saint Louis University, USA

Number of Shares: Self-own shares at 1,898,750 shares (0.227% of total shares with no trading during the year)
Hold by related persons at 65,923,200 shares (7.881% of total shares with no trading during the year)
Total at 67,821,950 shares (8.108% of total shares)

Position in Other Company
- Director, Choice Mini-Store Co., Ltd
- Director, CR Chiang Mai (Thailand) Co., Ltd
- Director, Tantraphan Supermarket (1994) Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd
- Director, FN Factory Outlet PCL
- Director, Choice Training Co., Ltd

3. Mr. Somboon Uranukul

Position Managing Director

Date of Birth December 12, 1960

Education Background - B.E. in Mechanical Engineering, King Mongkut's University of Technology,
Thonburi (KMUTT)

 -Master of Industrial Engineering and Management
Asian Institute of Technology (AIT)

Number of shares: No self-own shares (no trading during the year)

 No shares hold by related persons (no trading during the year)

Position in other company

 - Director, T.T. Ceramic Public Co., Ltd

4. Mr. Surin Wongkittipat

Position Assistant to Managing Director / Company's Secretary

Date of Birth March 12, 1951

Education Background -Bachelor of Accountancy (Costing), Chulalongkorn University

 -Company Secretary Program 15/2006 Intake from Thai Institute of Directors (IOD)

Number of Shares: Self-own shares at 65,100 shares (0.008% of total shares with no trading during the year)

 No shares hold by related persons (no trading during the year)

 Total at 65,100 shares (0.008% of total shares)

Position in other company

 - Director, Cermas Co., Ltd

 - Director, UMI Property Co., Ltd

 - Directors, Ruampat Ceramic Co., Ltd

 - Director, Surf Dynamics Co., Ltd

5. Mr. Bandit Woonbamrung

Position Manager, Internal Audit Office

Date of Birth January 23, 1968

Education Background -Bachelor of Business Administration (General Management) Sukhothai Thammathirat University

 - Fundamentals of Law for Corporate Secretaries. Class 12/2014
Intake from Thai Listed Companies Association

 - Fundamental Practice for Corporate Secretary. Class 30/2014
Intake from Thai Listed Companies Association

Number of shares: No self-own shares (no trading during the year)

 No shares hold by related persons (no trading during the year)

Position in other company: None

6. Mr. Sutin Youthanavaraporn

Position Sale and Marketing Director

Date of Birth November 9, 1965

Education Background Bachelor of Science in Economics
Chulalongkorn University (1st Class Honors, Gold Medal)
MBA, Thammasat University

Number of shares: No self-own shares (no trading during the year)
No shares hold by related persons (no trading during the year)

Position in other company
-Managing Director: T.T. Ceramic Public Co., Ltd

7. Miss Ratirat Laowiwatwong

Position Finance and Accounting Director / Director - Corporate Strategy Officer

Date of Birth September 5, 1973

Education Background - Bachelor of Accountancy (costing), Chulalongkorn University
MBA (Finance), University of Denver, USA
-Company Secretary Program 15/2006 Intake from Thai Institute of Directors (IOD)

Number of shares: Self-own shares at 6,881,700 shares (0.823% of total shares with no trading during the year)
No shares hold by related persons (no trading during the year)
Total at 6,881,710 shares (0.823% of total shares)

Position in other company
Director, Cermas Co., Ltd
Director, T.T. Ceramic Public Co., Ltd

8. Miss Kiratcha Laowiwatwong

Position Director – Corporate Human Resource Office

Date of Birth July 17, 1969

Education Background - Bachelor of Economics - International Economics, Chulalongkorn University
- MBA (Finance), University of Akron, USA

Number of Shares: Self-own shares at 14,733,650 shares (1.76 % of total shares with no trading during the year)
No shares hold by related persons (no trading during the year)
Total at 14,733,650 shares (1.76% of total shares)

Position in other company: None

5.2.1.4 Personal

As at December 31, 2016, the company has total employees as the followings:

	Male (Persons)	Female (Persons)	Total (Persons)
Head office employee	154	155	309
Factory employee	454	354	808
Total	608	509	1,117

1. Employee's remuneration

Employees will receive the remuneration in term of wage, allowance, and bonus and overtime payment including welfare in accidental insurance, health insurance, and employee provident fund with total remuneration for the year 2016 equal to 360,521,149 Baht.

2. Policy in employee's development

The company has intention to support the developing of personnel to be a valuable person for society. In the meantime, training and developing program on personnel has been employed continuously to keep up the employee with the modern knowledge and technology.

5.2.2 Selection Process of Directors and Executives

The Nomination committee has not yet been appointed by the company. Therefore, all of the board of directors will consider together in selection and submit for appointing the suitable and qualified person to be Directors and Managing Directors. However on the qualification of nominated director, the board shall also consider the necessity skill that the board is still lack in order to fulfill its need. The shareholders' meeting shall approve the selection of nominated director by majority votes and in voting to elect this director every shareholder's vote shall be counted as 1 share per 1 vote.

5.2.3 Remuneration of the Management

5.2.3.1 Monetary remuneration

Year 2016

(As at December 31, 2016)

Director of the Company	Meeting Allowance of Directors (Baht)	Meeting Allowance of Audit Committee (Baht)	Annual Bonus (Baht)	Total (Baht)
1. Captain Seranee Phenjati Chairman of the Board of Directors	480,000	-	480,000	960,000
2. Miss. Paweena Laowiwatwong Chairman of Executive Committee, President (Resigned 12 May 2559)	87,333	-	240,000	327,333
3. Mrs. Nopparat Runguthaisiri Chairman of Audit Committee, Independent Director	240,000	60,000	240,000	540,000
4. Mr. Suporn Prasardvinitchai Audit Committee, Independent Director	240,000	60,000	240,000	540,000
5. Mr. Krit Phunratnamala Audit Committee, Independent Director	240,000	60,000	240,000	540,000
6. Mr. Sivaporn Dardarananda Independent Director	240,000	-	240,000	480,000
7. Mr. Voravat Tantranont Vice Chairman of the Executive Board of Directors	240,000	-	240,000	480,000
8. Mr. Marut Mangklabruks Chairman of the Executive Board of Directors	240,000	-	240,000	480,000
9. Mr. Methawee Laowiwatwong Director	240,000	-	240,000	480,000
10. Mrs. Nipnant Tantranont Director	240,000	-	240,000	480,000
11. Mr. Somboon Uranukul Managing Director	240,000	-	160,000	400,000
12. Miss Kiratcha Laowiwatwong Executive Director	152,667	-	-	152,667
Total (Baht)	2,880,000	180,000	2,800,000	5,860,000

Year 2016

Executive Board of Directors & Administrative Officers	Persons	Payment (Baht)
Monthly Salary And Bonus	8	16,830,174

5.2.3.2 Other Remunerations

The Board of Directors does not receive other remunerations. But the executives receive other remunerations in total amount of 362,056 Baht from provident fund name “Tisco Master Ruamtun 1, Provident Fund” with TISCO Asset management Co., Ltd. acts as fund manager. And executives, who are the members, have to contribute into fund by deducting from wages at rate of not less than 3 percent of wages but not more than 15 percent of wages. In the meantime, the employer will have commitment to contribute to the fund in the same day that the members contribute to the fund at the rate in percentage of wages as the followings:

Amount of working year	Contribution (%)
0-5 years	3
More than 5 years	4

5.2.4 Good Corporate Governance

The Company has complied with the principles of good corporate governance with details as follows:

5.2.4.1 Shareholders’ Right and Equitable Treatment

In 2016, the Company held 1 shareholders’ meeting as the Annual General Shareholders’ Meeting for the year 2016 which the Company has adopted the policy to provide convenience and promotion for shareholders especially institutional investors to attend the shareholders’ meeting. As during September 9, 2015 to December 31, 2015 at least not less than 3 months before the end of the year, which was not less than 6 months before the Annual General Meeting of Shareholders took place, the Company has invited the minority shareholders to submit additional agenda, name of the persons to be elected as directors and to send the advance inquiry to the Company via E-Mail by sending the letter to Chairman of the Board of Director, Board of Directors, President of the Company or Secretary of the Company with details for considering by Directors according to guideline whether the matters shall be brought in for the meeting as to be listed on agenda of the meeting or not. The information including specified criterion is posted on website of the Company and Stock Exchange of Thailand. The meeting has been held at the meeting room, 28th floor, Chamnan Phenjati Business Center Building, Rama 9 Road, Huaykwang District, Bangkok, which located near subway station and many public passenger buses passing by so it is easy for shareholders to travel to attend the shareholders, meeting. All of 10 members of the Board of Directors attended the meeting including executives and the Company’s auditor. The Company has provided enough facility to accommodate the shareholders including the convenience in car parking and registration for attending the meeting. The letter of invitation with information on each agenda item (in Thai and English language) is sent to the shareholders not less than 15 days prior to the meeting. Moreover, all of the previous mentioned (in Thai and English language) information is posted on the Company’s website in advance for 31 days prior to the meeting and the Company has also informed the information through Stock Exchange of Thailand (SET). There are no additional agenda items or any change in the important matters without notifying the shareholders in advance. The right to make an inquiry to Board of Directors in the meeting has been provided, without any limitation to the right to attend the meeting of shareholders in case of the late arrival and there is Board of Directors’ opinion on each agenda item as supporting information. Moreover, the resolution of shareholders’ meeting shall be disclosed including result of voting on the day after shareholders’ meeting date by reporting as News Letter to SET and post it on the Company’s Website. It is a complete and correct minute of meeting as shareholders can check and examine. This minute of meeting will be posted on website of the Company within 14 days. An alternative way has been arranged by the Company for the shareholder by allowing the independent directors to act as proxy to attend the meeting on your behalf in case that the shareholders cannot attend the meeting. During the meeting, the Shareholders have been encouraged to express their opinion on the matter that related to the agenda. The election of each of the Company’s director is by voting and the election card will be used in the important agenda, in case that the unanimous resolution of the meeting cannot be reached.

The Board of Directors of the Company has realized about their duties to take care and to protect every shareholder so that they are treated equally and fairly; such as the right to get share certificate, to transfer share, and to receive sufficient Information on time. It is also included the right to attend the meeting, vote at shareholders' meeting, to elect and to remove directors and to consider the approval of appointing the independent auditor and the right in dividend payment.

To protect against conflict of interest, the Board of Directors has to consider with carefulness when there might be any conflict of interests by following the rule and regulations of Stock Exchange of Thailand (SET) including set up policy and method to prevent management and the related person from using the company's information for their own personal interests as follows.

For any possible conflict of interests, the Board of Directors has acknowledged the possible conflict of interests and all related items and the matter has been properly considered every time by following the rule and regulations specified by Stock Exchange of Thailand (SET). All directors or executives who might have any interests or involvement will not be participated in decision making process to consider these related business transactions as to make sure that the transaction is fairly done according to the market price and the normal business practice.

For supervising of the handling of internal information:

- The management has to report any change of stock ownership to the Office of the Securities and Exchange Commission and to the company every time that there is any change immediately.
- Internal information of the Company shall be disclosed after the information has already been sent to SET. And the Company has strictly abided by this rule all the time.

Everyone in the organization have been informed about the above mentioned principles and policies as guideline for practice with the follow up on the results regularly.

5.2.4.2 Stakeholders' role

The company has given an important to the role of all stakeholders including shareholders, employees, customers, dealers, competitors, community / society and environment. The company has realized that as a large industrialized company, environmental concern and safety has always been the important matters. Therefore, the company's policy and guidelines for serving to stakeholders in according to the good governance are as the followings.

1. Shareholders: The company has set policy to carefully perform the duty with transparency for stable and sustainable growth by taking into consideration the benefit and the maximized satisfaction of every shareholder.
2. Employees: The company has set policy to equally and fairly treat the employees and has provided the employees with suitable payment for both income and welfare to be in line with the company's operation results both short term and long term. In short term, in addition to salary employees are also entitled to annual bonuses as the company will consider the rate of pay in line with the profit each year including the results of each employee's performance assessment, which is evaluated twice a year by the supervisor. For long term, the company has adjusted its annual salary based on performance appraisal in conjunction with economic information such as inflation rate and the system of work values is used to consider the promotion of employee position. Employee Provident Fund has been set up as long term welfare. Human resource committee and Welfare committee has been arranged to look after employees and to solve any conflicts between the company and the employees and among the employees. The company also arranges to have policy to take care for safety, occupational health in workplace (according to TIS 18000 / OHSAS 18001-2007), and personnel development including arranging training to increase knowledge, skill, safety and occupational health in workplace at every level of employees regularly. In the year 2016, average training in hours equaled to 6.28 hours per head. The statistics record of accident from working all year was kept, in 2016 there were 9 accidents from working. Moreover, the company has set its policy not to relate with human right violation matters, by fighting against the use of child labor and illegal workers; and there is no discrimination against gender, race, and religion.
3. Customers: The company has set the policy to apply fair treatment with an attention and responsibility to customers by producing quality and standardized products. The information of customers will be kept confidentially. The customers complain procedure has been set up to get the problem corrected as fast as possible.
4. Business partners: The company has set the policy to apply fair treatment and responsibility to business partners by purchasing raw materials, goods and services from business partners and has complied with condition and agreement according to the contract in every matter. Moreover, there is policy to select business partners by considering doing business with business partners, who have ethic in not doing illegal business and is responsible to social and environment. The company arranges Procurement Department to collect the data records of business partners and to periodically assess business partners.
5. Competitors: The company has set the policy to apply fair treatment and responsibility to competitors by practicing in according to the fair competitive guide line and has abided by basic rules of competition to avoid using the unethical method in offending the competitors. In addition, the company has tried to improve on the product standard instead, in order to be benefit to customers.
6. Community / society: The company has set the policy to be responsibility for the community and the society both from inside and outside of the factory by participating in the support of activities related to community development according to its capability and opportunity (policy and practices of society and environment, as reported in clause 5.2.8), with confidence in democracy; illegal activities have been discouraged including not to violate intellectual property or copyright, counter corruption and not paying bribe to gain advantage on the company business. Moreover, the company has set the process in

risk assessment of any corruption and has guideline to conduct corporate governance to protect and pay attention to risk from corruption by setting system to investigate and to set the approval authority according to line of command. Internal audit office has been set up to follow up and to evaluate the implementation of the policy and report to the management regularly including arranging for staffs training about policy and practice to counter corruption. The measures taken by the company are to ensure that it can be supervised and regulated to prevent and follow up on the risk from corruption.

The company has organized a monthly management meeting to monitor the performance of various policies including anti-corruption corruption, which top executives and the Audit Committee will receive the performance report and, if the corrupt is found, the responsible person will be punished according to the company's regulations.

In case of complaint that there may be wrong doings, complainant can also complain verbally or send a complaint letter to supervisors or top executives. The complainant will be protected and fully impartial and the committee will be set up to investigate the facts.

7. Creditors: The company has set the policy to apply fair treatment and be responsible to creditors by complying with term, condition and agreement of borrowing with fairness and responsibility, especially the terms and condition of guarantee on capital management and on event of the defaulted payment; as the Board of Directors shall always pay closely attention to Debt/Equity Ratio whether it is at properly level. In addition, in order to maintain the ability to repay and if there is any reason that causes the inability to repay debt on schedule, the negotiation with creditors to resolve common problems will be set up.

8. Environment: The company has set the policy to take the responsibility for the environmental issues both from the impact of direct business involvement and public environment. Efficiency resource consumption has been promoted including employees knowledge and training on environment has also been provided by using TQM system management that helps to train all employees on their contribution to increase productivity, reduce losses, and reduce energy consumption etc. (policy and practices of society and environment, as reported in clause 5.2.8).

If there is any damage from the violation of legal rights by the company, the company arranges to have policy to take responsibility for the compensation of the damage and the company is pleased to hear comment from the stakeholders as to get efficiently participation. If the stakeholders have any complaints on misconduct or unethical behavior or violation of legal rights, then complaint shall be made in form of letter to the Board of Directors or Managing Director by sending mail via postal to the company according to the specified company's address printed in this Annual Report. Finally, the investigation will be taken and be reported to the Board of Directors accordingly, as for the complainants, they shall receive fully protection no matter that complainants are staffs or stakeholders.

5.2.4.3 Information disclosure and transparency

The company has strictly practiced about the disclosure of the company important information both the financial information and the non-financial information by disclosing correctly, completely, timely, transparently and conforming to the rules and regulations of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET). Moreover, information disclosure process has also been scrutinized regularly.

Corporate objective and long term goal, as defined in the vision, is to be the leading manufacturer and distributor of ceramic tiles and related products as consumers' first choice with sustainable growth. To achieve long-term goals, the company has set the core mission as follows: making satisfaction with all stakeholders, keeping the average growth rate no lower than industry growth with continued profit, developing new product and continuous innovation; developing personnel, product quality and continuous customer service.

The company has set a policy to report where the offense is committed (Whistle Blowing) in any case by requiring the complainant to make a letter to the Board of Directors or the Audit Committee and it can be sent by mail to the company address as stated in this Annual Report. The Board will review and take action where appropriate, and the complainant will be fully protected.

In the annual report, there is information about the conduct of Board of Directors and the Subcommittee such as Audit Committee and Executive Board of Directors including the training record of Directors.

The company has set policy that directors and executives shall report the stock trading, the company's shareholding, conflict of interest, and the connected transaction to the company for acknowledgement every time as to be considered in the Board of Directors' Meeting and the essential connected transactions shall be considered and approved by the Board of Directors.

Remuneration for Directors and the Executives, the Board of Directors has set up with the policy to be in line with the principle that link to the performance of the company and the conduct of Directors and each individual Executive. The remuneration is in the same level with the industry, but high enough to take care and keep Directors and qualified management with the company. The remuneration in the year 2016 that the company has paid to Directors and Executives including remuneration from conducting as committee and performing other duties in the subsidiaries company with details in cause 5.2.3 of the annual report.

On the environment and social policy, the company has supported the program to develop the responsibility for community, social and environment including discourage the illegal activities. The company has also assisted and made the donation to various suitable projects with details in cause 5.2.8 of the annual report.

There is the report of responsibility of Board of Directors on financial report signed by the Chairman of Board of Directors and Managing Directors. This report has stated about the conduct according to generally accepted accounting practice suitable to business and accounting policy with consistently practice. Therefore, there is correctly and completely information according to accounting standard that has already been disclosed in the annual report.

The company has also set up its own website to provide currently details on quarterly report of operations, with management discussion and analysis (MD & A) and Annual Report that can be downloaded together with lasted quarterly report of the company's performance including nature of business, financial statements, corporate governance policy and operation results according to ethical business policy in summary, shareholders' structure, Board of Directors' structure, organization's structure, business group's structure; including proportion of shareholding, information about directors and executives, information on investors relation, vision, mission, policy, business ethics and operation result on environment and society (all the information are listed in the Annual Report to be presented on the company's Website), published news of the company, the company's Articles of Association, and the downloadable letter of invitation to attend the meeting; with all of these information in both Thai and English language.

The work unit to handle investor relation has been established and Miss. Ratirat Laowiwatwong was appointed as a manager to make a contact with institutional investors, shareholders including investment analyst and general public. In addition, there are also a quarterly press conference to media and a meeting with investment analyst periodically.

Investor can make a contact for information by telephone number 0-2248-7007 or at website www.umi-tiles.com or using email address: investor@umi-tiles.com with the executives' cooperation in dealing with investor relation and preparing the annual investor relation plan.

The company has hired an auditor that is independent with recognized qualification as the company's auditor and the aforementioned auditor must be an auditor that has been approved by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well

5.2.4.4 Responsibility of Board of Directors.

A. Structure of Board of Directors

The Board of Directors had set policy to have wide variety of idea in the structure of the Board of Directors by having knowledgeable persons in many fields with no specific on gender and perceived that structure of current Board of Directors is properly as Directors consist of people with many varieties of knowledge capabilities, in accounting, finance, administration, law, engineering, logistics and statistics. The company Board of Directors consists of 11 persons with the following proportion.

Administrative Broad of Directors	6	Persons
Non-Administrative Broad of Directors	1	Persons
Independent Directors	4	Persons

One of independent director, Mr. Krit Phunratnamala has experience by working in the related business with the company as director of Quality House Public Company Limited and Diamond Building Products Public Company, which are in the real estate development and construction materials business that shall be benefit to management and every independent director has freedom and not under the influence of the Company's management and major shareholders.

The entire Board of Directors will officially participate in selecting new director with transparency when a director is vacant, as for the characteristics of nominated director; it shall be in line with business operation strategy of the company and be considered from the necessity skill that is still lack in the Board of Directors by submitting the name to the shareholders' meeting for approval. The names of each Directors, resume, education background, past experience, and number of holding shares have been disclosed in the annual report and website of the company.

Chairman of Board of Directors is also a shareholder of the company, but he is not the same person as the president. The Board of Directors has approved the definition of Independent Director of the company, which is in according to the minimum requirement of SEC, and number of Independent Directors is more than one – third of total number of Board of Directors. The number of Directors, which does not include Independent Director, is fairly in line with the proportion of the investment from each group accordingly. The information of each Director has been clearly disclosed in the annual report. The term of holding in the position of Director is abided by the Public Company Act that requires one – third of Directors has to retire in each of the annual ordinary shareholders' meeting. It has not been specified about the length of time in consecutive for staying in the position as long as they can perform their work with ease and efficiency. The term of staying in the position of the subcommittee is also the same, as there is no specific period of how long to stay in the position consecutively including number of years in each term except the Audit Committee, which the Board of Directors has specified that Audit Committee shall stay in the position for 3 years

The Board of Directors has set up the policy about holding the position of director at the other company, by abiding with the law and do not limit the number of the company to be this position as long as each director can allocate his/her time and per form the duty of directing the company with efficiency. The information about holding the position of director at the other company has been disclosed in the annual report and there are no any directors, who hold the position of director in the listed company up to 5 companies. Moreover, there is no any executive who holds the position as director in the other listed company for more than 2 companies.

The Board of director had set up the policy to prohibit the managing director and the executives from holding the position of director at the competitor company in the same business, except to take the position of director in the subsidiary company as a representative of the company and the information about holding the position of directors by each executives has been reported in the annual report.

There is no any director or executive of the company who used to be employee or partner of Audit Company from the outside that the company has used its service as the company's auditor for the past 2 years.

The Board of Director has appointed Mr. Surin Wongkittipat, who is also a full-time employee of the company to be the secretary of the company with the following duties:

1. To provide the information on legal matter and various regulations that Board of Directors should know in carrying on the duty for the benefit of the company.

2. To look after activities of Board of Directors.

3. To coordinate as to guide the implementation according to the resolution of Board of Directors.

4. To prepare and keep the following documents:

(A) Directors register book

(B) Invitation letter of Board of Directors' meeting, Minute of Board of Directors' meeting, and Annual Report of the company

(C) Invitation letter of shareholders' meeting and Minute of shareholders' meeting

5. To keep records of Gain and Loss Report that reports to by directors or executives.

6. Other operations to comply with the Notice of Securities Exchange Commissions.

However, responsibility duty of the secretary of the Company shall also include supervise the operation of Compliance Unit.

B. Subcommittee

The Board of Directors of the Company has appointed Directors with special skill to be Sub Committee to assist in details studying and work screening for the Board of Directors. However, the responsibility of all activities of the Company to outside persons is still remained with the Board of directors. At present, there are 2 subcommittees, which are the Audit committee and the Executive Board of Directors.

Role and scope of responsibility of Subcommittee that has passed the approved of the Board of Directors and the other related details are appeared in the section 5.2.1.2 about Subcommittee in the Annual Report. The Subcommittee has always reported the results of the operation to the Board of Directors. For Audit Committee, the annual auditing report has been prepared for presenting the annual report of the company to the shareholders.

The Board of directors has not yet to set up Remuneration Committee and Nomination Committee but the Board of Directors will together consider the reviewing, and approving the remuneration, including selecting of directors and executives. In addition the nomination of new director when there is a vacancy and the name of eligibility nominator is proposed then the entire Board will jointly consider and making the resolution in the selection of director or proposing to the shareholders' meeting for approving the appointment of the nominator to the position of director, depending on the case.

C. Role and Scope of responsibility of Board of Directors

The Board of Directors has clearly considered the allocations of authority and the duty of Board of Directors and managements. They have also considered the approval of the important matters on the operation of the company such as vision, mission, strategy, plans and budget etc. including to follow up on the operation, and the performance of the management to be in according to specified policy, strategy and plan.

The Board has established and approved a business ethics policy for directors, executives and employees that directors, management, employees have to follow including guidelines for promoting business ethics by posting a notice at workplaces, defining it as a topic for new employee orientation, and publishing it in internal journals. In addition, follow-up on such operation is monitored

under supervision of supervisors in hierarchical order and there is a punishment in case of ethical misconduct and it will be included for consideration in annual performance appraisal.

In the meantime, for the part about mission, strategy, plan and budget; the Board of Directors will periodically review and approve as necessary and appropriate, usually no more than every 5 years

The company is in the process of preparing a draft on good corporate governance policy in written form and to be approved by the Board of Directors. Policy has been set as to encourage every person in the organization to carry out the company operation in according to the principle of SET as always, including communicating and operation follow up has regularly been monitored.

For the part of Chairman of the Board of Directors, the Board of Director has set the duties in leading to good corporate government of the Board of Directors and has duty to support by giving the suggestion and assessing the operation results of the managing director.

In case of, there is any conflict of interests, the Board of Directors has set the policy to consider the matter in appropriate way by taking into account the best interests of the company and by prohibiting the person, who might has any conflict of interest, from participating in the consideration and to disclose complete and accurate information in the annual report and 56-1 form.

D. the Board of Directors' meeting

In 2016, there are 4 Board of Directors' meetings with advance yearly meeting time tables and each Director has already been informed about the schedule of meeting. The Chairman of the Board of Directors and Managing Director will together consider the agenda of the meeting. Directors can submit topics to be put on as agenda by informing to the Secretary of Board of directors. The complete document with significant information for the meeting will be sent to each Director in advance not less than 7 days before each meeting will take place. In case that there are any inquiries from Directors, the additional information can be asked from the Secretary of the Board of Directors.

During the meeting, the Chairman of the Board of Directors will allocate appropriate time for each Director to discuss the importance issues. In the minute of meeting, various information will be completely recorded such as date, starting time, ending time, name of Directors, who attended the meeting, the conclusion of important matters proposed by Directors, the conclusion of important issues that are discussed and commented by Directors, the resolution of the meeting and the objected opinion of the Directors, name of the recorder and name of certified person etc. Minute of meeting has been kept systematically with easily to be retrieved and cannot be revised without the approval of the Board of Directors' meeting. During every meeting when the Board of Directors will make the resolution, policy is set by Board of Directors that at least two-thirds of total directors attend the meeting.

The Board of Directors has found that number of the Board of Directors' meeting is sufficient and suitable for the Board of Directors to perform the duty accordingly. Type of business involved and number of time, that each Director has attended the meeting, has been disclosed in the section 5.2.1.1 of the annual report. The Executive Board of Directors will received report of operation results monthly and other directors will received the reports quarterly. Except that director, who is not executives, think that there is necessary, the meeting can be arranged themselves.

E. Self-evaluation of Board of Directors

Most of Board of Directors are the representatives from various major groups of shareholders, who have high responsibility for their achievement. Even though annual performance evaluation has not been done officially, discussion has been frequently held among them to improve the efficiency of the operational performance from time to time.

F. Remuneration for Directors and Managing Director

The Board of Directors has set the clear policy and rule for remuneration to director to be based on the performance of the company and the suitable of role, responsibility and usefulness of each individual director. There is the process in considering remuneration with transparency each year. This remuneration for directors is approved by shareholders at each annual general

meeting. Subcommittee may receive appropriately additional remuneration for their additional responsibility in form of money and various types of fee, which have been disclosed for each director in clause 5.2.3 in Annual Report. Board of Directors approves the remuneration of the Executive Director to be equal to other director in performing its duty as Director. The managing director's remuneration is specified by Board of Directors according to the performance and the evaluation result will be communicated through the Chairman of Board of Directors. Moreover, the managing director shall receive regular salary, subsidy from provident fund, and bonus; but the compensations that are subsidy from provident fund and annual bonus shall be at the same rate with the other staffs. The salary and bonus which is short term compensation will depend on annual performance, while the contributions to the provident fund which is the long term compensation will depend on the duration of the work.

G. Development for Directors and the Management

The Board of Directors has set the policy and guide line in providing knowledge to new directors and present Directors about role of director and major business attribution of the company by such as visiting the factory to gain knowledge on manufacturing process. Moreover, each director and the persons involved in managing and supervising the business of the Company will be informed about training and seminar project on new development and improving matters that are organized by SET, IOD etc. as to receive proper training. The plan for successor has been emphasized and established for the persons, who will succeed the present management by continuously training prospectors to be sure that there are persons to fill in when top management cannot perform their duty.

5.2.5 Handling of Internal Information Usage

The Board of Directors of the company should oversee that directors and executives cannot get benefit for themselves or others by using internal information that is confidential of the company or the associated company and especially, the information that has not yet been disclosed to public including the use of internal information for trading securities especially during 1 month before the financial statement are disclosed to public.

In securities trading, directors, executives including spouses and children who reach the legal age and related persons according to Section 258 of Securities Act Por. Sor.2535 of the previous mentioned person has to prepare and send report of securities holding including report of change in security holding in every transaction, transfer to or receiving transfer within 3 day counted from the date of transaction to Securities and Exchange Commission. The directors and executives have acknowledged role, authority and duty in reporting the holding of security according to the announcement of Securities and Exchange Commission and regulation of Stock Exchange of Thailand (SET).

It is the policy of the company that Director and Management have an obligation to report any trading of the company's shares and securities to Board of Directors of the company.

5.2.6 Internal Control and Risk Management

The company has organized to have the system for controlling and making internal audit by having system for operational control on the report of finance, compliance with the rules regulations and policies of the company. The company also has internal audit department with its independent function that shall report directly to the Audit Committee, Chairman of the Executive Board of Directors and the Board of Directors of the company. In addition the Audit Committee has reviewed the appropriateness and the adequacy of the internal control system regularly, at least once a year and gives its opinion on the adequacy of internal controls in the Annual Report.

The Board of Directors has the opinion that the Company has sufficient and suitable internal control system and has enough personals to carry on this task with efficiency including follow up on supervision of the operation of the subsidiaries to make sure that

they can protect assets of the Company and subsidiaries from directors or executives with illegally or without authority in using them. No wrong doing has been found about internal control system up to present and the audit committee has the same opinion too.

The company has Office of Internal Audit with Mr. Bundit Woonbumrung as its manager. The Compliance Unit of the Company is under the supervision of the secretary of the company; Mr. Surin Wongkittipat, and the appointment of the manager of Office of Internal Audit has already passed the approval by the Audit Committee as his education, experience, and training is suitable enough to perform this task. However, the appointment, dismissal, and transfer of the person who holds the position of manager of Internal Audit Office shall get the approval from the Audit Committee.

The Board's policy on the aspects of risk management is to cover the entire organization with responsible persons for managing of risk in according to policy and regularly report to the Board of Directors. There is a systematic review of risk management including the effectiveness of risk management, as necessary. The company also focuses on early warning signs and irregularity transactions especially the main risks (Key Risk), for example: D/E ratio, energy costs, total inventories etc. which are reported to the Board of Directors on a quarterly basis. If the Board considers that there is any irregularity, they will get together to find a solution for both short and longer term.

5.2.7 Compliance of Subsidiaries and Affiliates

The Board of Directors has mechanism in good corporate governance that can supervise and responsible for the operation of the subsidiaries and affiliated companies in order to supervise the benefit of the company's investors by sending person as the representative of the company to be director, executive or supervisor of the said company at least according to proportion of shareholding which according to normal practice it has to report and get the opinion from the Board of Directors' meeting. Responsibility person shall be set to perform the duty about the disclosure of financial information on operation, the transaction between the said company and the relevant person, the acquisition or disposal of assets, or performing any material transaction of the said company completely and correctly by using rule that is related to disclosure of information and transactions of the said characteristics similarly to the rule of the Company.

5.2.8 Social Responsibility

The company has set the policy and vision to be manufacturer and distributor of tiles and related products that are the first alternative choice of consumers with sustainable growth. However, the retained obligation for practicing is to build satisfaction to every stakeholder besides keeping growth rate and make profit to shareholders in return including carrying on business with responsibility to social and environment and intent to develop personals, products, and services continuously.

The preparation of this report is based on the guide line of Corporate Social Responsibility Institute which is set up by Stock Exchange of Thailand (SET) and the group of stakeholders was defined by using related criteria to the organization. The stakeholders that the company considers important to its operation as follows: shareholders, employees, customers, trading partners, competitors, community and social, creditors, and environment. The methods that are used to communicate with the stakeholders are sub-meeting, opinion survey, complaint, and suggestion etc. The company shall use all the information as guide line to improve the operation as to continuously satisfy every group of stakeholders and it is also guide line for all affiliated company to put into practice.

Since tile production business is related to labor and the use of natural resources consisting of clay and stone as its main raw materials in production, there is a chance to cause pollution from fine dust and there are also the usage of water, fuel energy, and electricity energy in large quantity in production. Therefore, the company has emphasized the important to these issues in operating the business.

Ethical Business Operation: The company has set the policy to promote the free trading competition, not applying monopoly power, and not supporting the operation with characteristics in violating intellectual property and infringing a copyright. Besides, there is support for trading partner with social responsibility such as not using child labor or using illegal labor etc.

Anti-corruption: The company has set the policy that will not involve with any corruption whether it is inquire, acquire, and pay bribe; and oppose to those related to corruption including business partners, advisers, intermediaries or agents in business operation and partners of the company. The company shall strictly comply by relevant laws, as the company has the adequate system in checking and preventing including taking fairly and openly action, if there is any transaction with potential conflicts of interest.

The company's internal audit department shall have duty on assessing the system of control, prevention, and monitoring risk from corruption and report directly to the Audit Committee. The company has specified guideline about good governance by having checking system and set approval authority according to hierarchy. Training is provided to the company's employees to get knowledge about policy and practical guideline on anti-corruption. In addition, the Audit Committee shall have a quarterly meeting with internal audit department and a meeting with external auditors at least once a year as to follow up the operation results and acknowledge that there might be unusual transactions including corruption. If any wrongdoing is found, there shall be a report to the Board of Directors.

In case that there is any complaint, the complainant shall file a verbal complaint or sending the complaint letter to supervisors or upper level management. The complainant shall receive fully safeguard and fairness. As the result the company shall set up the fact finding committee to investigate such a matter.

For the past year, no complaint has been reported and the Company has no such case about any corruption that is under investigated, prosecuted or convicted.

Respect on Human Right: The company has set the policy that will not involve in violating the human right, no forced labor and anti-using child labor. On policy level and practical guideline, there is no discrimination on employment against gender, race, and religious etc.

Fair Treatment to Labor: The company has set up Personnel Administration Committee and Welfare Committee consisting of both the representatives of employers and employees. The meeting has been taken place regularly as to encourage the workers participation and to be the channel for making better understanding between the company and its workers. The company has also received commemorative certificate in good labor relation administration from Saraburi Province.

The company does not restrict the right to set up Labor Union. At present, Labor Union of the Union Mosaic Industry Public Company has already been officially set up by workers.

On development and promotion of workers: the company has set guideline in developing skill and training for equally opportunity to get promotion with course of study for workers in each level as on the job training and classroom training both inside and outside factory such as teamwork building with walk rally activities etc. For the year 2016, average hours in training is equally 6.28 hours per head and the quality management system has been brought in and adapting to be used all over the organization which are as follows: TQM, 5Ss, QCC, ISO 9001: 2008(certified by Lloyd's Register Quality Assurance Limited).

On health and safety the company has set the policy to promote health and safety by arranging for annual health check-up for employees providing health insurance and after work accidental insurance that is in addition to those specified by law. The company also provides vaccination against diphtheria and tetanus for its employees. Sport club of employees has been supported to set up such as football, badminton, and water sport etc. including organizing annual competition to build unity and for good health. The arrangement for contest on weight loss was organized as "Weight Loss Contest" including activity on ZUMBA Dance for health by

exercising after work once a week. Campaign on project to reduce the amount of accidents and safety week at work has been employed including establishing of Occupation Health and Safety System Management (TISI 18001/OHSAS18001-2007). In the year 2016 there was accident at work 9 times compared to the year 2015 which had accident at work 14 times; and the award for the campaign on 90 days and 270 days of non-accident at work was presented. There are also the implement of safety and delicious food including assessing food stalls in the factory cafeteria according to standard of Health Ministry. Courses on basic and serious fire prevention drill are trained yearly and the company staff team was sent to visit employees who are sick and cannot go to work as usual.

On welfare Besides wage, salary, allowance, bonus and overtime the company has provided its employees with provident fund name “Tisco Master Ruamtun 1, Provident Fund” with TISCO Asset Management Co., Ltd acts as fund manager. The employees who are fund members have to contribute counterpart funds by letting the Company to deduct from wage at rate of not less than 3 percent of wage but not more than 15 percent of wages. In the meantime, the employer has to make the counterpart fund in the same day that fund member make the counterpart fund at the rate in percentage of wage as the followings:

Amount of working years	Contribution (in Percent)
0-5 years	3
More than 5 years	4

Furthermore the company has also supported youth education by providing yearly 80 scholarships to children of low income employees at 2,000 Baht per scholarship. Welfare store has been set up to provide the employees at the factory with low price goods. Certificates are given annually to employees with the Annual Employee Award Certificate of Excellence, Runner-up and Honorable Mentioned. Presents are given to retired employees. On National Labor Day, presents are given to employees in the form of consumable goods.

Consumer responsibilities: the Company has set the policy to create products and services that are worthy to social and environment with the acceptance of International Standard as certified product industrial standard by Thai Industrial Standard Institute, Ministry of Industry. Products are continuity developed to serve the consumer satisfaction. There are wide variety of products with neutral price and many price levels for every group of customers. The wide channel of distribution thru distributors that cover all around the country and the export of tiles have been established to many countries in Asia, Australia, America and Europe etc.

The corrected and appropriated information of products and services: It has to be disseminated to consumers with details of products and manual of usage printing on packing. There are products categories, products guarantee and problem solving for customer when quality problems arise. But no complaint has been reported about the impact or any danger from using the products.

Customer rights protection, the company has set the policy to keep the information of customer privately and training its employees to better understand the rights of customer private.

Fair marketing: the company has carried on fair marketing practice with no exaggerated advertisement or unethical action.

Environment preservation: the company has set the policy to develop production process and service that are environmentally friendly by keeping on developing process which emphasizes on the continuity of negative impact to social and environment. TQM: Administration management system has been brought in as to make every employee to participate in increasing productivity, reducing cost, reducing loss, reducing energy usage etc. The activities that have already been done are as follows:

To install waste water treatment system in the factory to bring back water for recycling and using in the production process;

To implement project about recycling all scrapped tiles by re-crushing and reused in new tile production;

To move crushing plant to mine to reduce the problem of dust that might have any effect to the communities around factory;

To set up energy management policy and energy saving committee to support energy saving policy and to participate in energy saving activities by every level of employees and the implementation of an energy management system ISO50001: 2011 was improved and put to use;

To set up energy saving project by campaigning to switch off electricity and air conditioning system in the office during lunch break. Cooling tower and air compressors at the factory have been moved to save energy. The motors in production lines totally 73 units were changed from 0.75 KW to high efficient motor of 0.4 KW with the cost reduction result of 311,747 Baht annually; and totally 148 electrical light bulbs were changed to LED bulbs with the cost reduction of 49,728 Baht annually etc.

To minimize paper usage project by promoting recycle of used paper and electronics system has also been employed in office work to substitute for paper;

To receive Carbon Reduction Label from Thailand Environment Institute (TEI), for the product with control standard, and efficiency in reducing carbon dioxide gas by manufacturing environmentally friendly products and reducing the global warming problem at present;

To improve on keeping environment as a whole according to Green Factory Policy;

To strictly implement Zero Waste Policy by using 3Rs principle, which is Reduce, Reuse / Recycle, and Replenish;

To participate in the Environmental Good Governance Project by corporate with Ministry of Industry;

To campaign for saving water in the workplace as anti-drought.

Participation in the development of community and social: the Company has set the policy and has participated with various sectors such as government, local organization, and community etc. in social development. Some projects have implemented in 2016 and some projects have carried on continuously with details as follows:

- To join sustainable white factory project and receive the certification of preventing and solving the problems of drugs in work place;
- To arrange for blood donation by the company's workers, in 2016 with 24 persons take part in blood donors;
- To donate money to Tambon Phai Tam Municipal, Amphoe Nong Khae, Saraburi Province for supporting the organization of the Songkran Day;
- To donate books to Public Library, Wat Sahamitr Mongkol School Tangtrongchit , Wat Nong Samak School, Amphoe Nong Khae;
- To donate ceramic tiles to the Provincial Electricity Authority of Nong Khae, Labor Court Region 1, and Wat Nong Chok Yai, Saraburi Province totally more than 500 square meter to improve the place and floor area around the Ubosot of Wat;
- To donate money and ceramic tiles to support the needy home repair and improvement project. "Baan Pracharat" in honor of His Majesty the King and Her Majesty Queen Sirikit, Tambon Phai Tam Municipal, Amphoe Nong Khae, Saraburi Province;
- To donate money and things to Rangsit Baby Home;
- To donate money to support the Red Cross Fair at Saraburi Province.

Social Innovation: the company has set the policy to develop innovation from the operation with social responsibility to add value and continuity to business and social. Production formula to reuse scrapped tiles has been developed in production as raw material. Co-Generator has been installed to reduce the use of outside electricity in order to save energy. Production system using Digital Printing Machinery has been developed to manufacture tiles with various designs including natural design such as marble design and wooden design etc. with reality look that this kind of tiles shall be used to replace natural products is the result to reduce the use of natural products. There is “One Person One Idea for Our UMI” project by encouraging the employees to participate in proposing the improving method to develop their works including cost and loss reduction. There is also reward each month for proposer, whose suggestion has been chosen for practice. Monthly magazine naming “Interesting Story for Telling and Listening” (Rueng Na Roo Lao Soo Kan Fang) is distributed within the organization with the information about the company’s operation, safety in working, quality promotion and other social information that promote labor relation.

5.3 Dividend payment policy

The company has set up dividend payment policy by specifying that payment shall be not less than 50 percent of the net annual profit of the company. The dividend payment policy of subsidiary companies to pay dividend to the company has not yet been specified.

6. Parties with Shared Interests and Transactions

Ruampat Ceramic Co., Ltd.	:	49 percent of its registered capital is invested by UMI and there is management including related persons, who hold shares more than 10%. Ruampat Ceramic Co., Ltd. serves as up country agent for UMI, with the same price and condition are applied as same as those for other agents.
Inter-Company Transaction	:	About 111 million Baht
Cermas Co., Ltd.	:	24.90 percent of its registered capital is owned by UMI. Main business of Cermas is to manufacture and to serve raw material such as clay and feldspars that are used in producing ceramic tiles as to be confident that the domestic raw materials will not be shortage for continuing production. And to make sure that the price of raw material will not be expensive together with consistency quality.
Inter-Company Transaction	:	About 22 million Baht
UMI Property Co., Ltd.	:	37.57 percent of its registered capital is owned by UMI. The company is in real estate business that owns Chamnan Phenjati Business Center. Up to 70 percent of 30 floors Chamnan Phenjati Business Center building space, has been sold. The remaining space of 30 percent is for rent. UMI has onwer three and a half floors of the building to be the company's office on the 27 th , 28 th , 29 th floors and half of the 30 th floor. And showroom at 1 st floor.
Inter-Company Transaction	:	UMI Property Co., Ltd. has borrowed money from Directors and the related company to use in debt restructuring with creditors, with an amount about 28 million Baht using interest rate equal to MLR and deposit rate of fixed account of leading commercial banks plus 2 percent per year.

The company has set the policy on inter-related company transactions by mainly taking into account the best interests of the company; prices and conditions must be equal or better than the transactions with outsiders and this transaction shall not; result in individual stakeholders gain on the other financial benefits apart from the normal compensation, or cause damages to the Company, or be actions that are significantly conflict of interests to the Company.

Trend of future transactions shall are keep on going continuously at the rate closely to the previous year, on the condition that the said transactions are reasonable and can generate benefits to the company including being able to help the company to reduce the risk from business operation.

7. Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

Overview of the economy in the past year 2016, the Union Mosaic Industry PLC (UMI) faced with various surrounding factors that continue to challenge the business due to intense competition from domestic manufacturers and importers from abroad. The real estate sector has slowed down despite government stimulus earlier in the year. In addition, the debt burden of households is still at a high level, making financial institutions are cautious about credit approval, which affects the purchasing power in the market. However, from the economic outlook in 2017 forecast that the demand for construction materials will be driven by expanding in the investment of construction projects by the public sector, which is the main factor that promotes the construction project, whether it is transportation infrastructure project, energy infrastructure projects including road investment projects in general. These projects will continue to result in residential development projects and commercial projects that will stimulate demand for both building materials and, floor and wall tiles.

The Union Mosaic Industry PCL is prepared to handle economic problems in various fields by focusing on cost reduction and efficiently resource management. The company remains committed to its policy of developing and enhancing effective organizational management to cope with the changing circumstances starting from personnel development and product development to stand out to meet the new generation of lifestyles. At the same time, all levels of customers will be treated attentively.

The company sold its investment in one of its associated companies from the remaining 10.59 percent resulting in the termination of status from associates and all executives resigned.

In 2016, the company bought back the debentures totally 50 million Baht to reduce the interest burden on debentures, which was issued on July 18, 2014 and it was debentures with the names of their holders, unsubordinated, unsecured at the amount of 1 million shares with par value of 1,000 Baht totally 1,000 million Baht, and the interest rate of 5.2 percent for the 3 years with maturity date at July 18, 2016 as at December 31, 2015, as the result the debentures have outstanding balance of Baht 600 million *Baht*.

7.1 Performance of the Union Mosaic Industry PCL and its subsidiaries

Performance for the year 2016 compared to 2015 for the year ended December 31, 2016 and 2015 are as follows:

(Unit: in Baht)

Details	2016	2015	Increase (Decrease)	% increase (Decrease)
-Revenue from sales	2,793	3,739	(946)	(25)
-Cost of goods sold	2,122	3,045	(923)	(30)
-Gross profit margin	671	694	(23)	(3)
-Other incomes	112	83	29	36
-Selling expense	333	460	(127)	(28)
-Administration expense	288	525	(237)	(45)
-Financial cost	41	69	(28)	(40)
-Profit before income taxes	118	(277)	395	(142)
-Income taxes	28	113	(85)	(75)
-Profit (loss) sharing for the year, attributable to the equity holders of the parent company	108	(190)	299	(157)

Revenues from operations, the main business operation of the company; are from manufacturing and selling ceramic floor tiles, ceramic wall tiles and porcelain tiles under brand name “Duragres”, “Lila”, “Arte”, and “Cergres”. Revenues from sales of products come mainly from domestic sales accounted for 89 percent, exported to foreign countries of 6 percent, and from other incomes of 5 percent.

Revenue from sales in the year 2016, downed from the end of the year 2015 by 946 million Baht or 25 percent due to decreased from the end of control of a subsidiary by 20 percent and economic slowdown with high competition in the market which resulted in reducing prices in order to compete in the market and maintain existing customer base; and expanding the company’s customer base according to marketing plan including proactive sales promotion together with intention to build customer satisfaction on products and services. The main income of the company can be divided as follows: 65 percent from the floor tiles, 24 percent from wall tiles and 11 percent from the others.

Gross profit increased to 24 percent from the same period last year, which the gross margin was 19 percent. Another part comes from the cost of natural gas, which is the main factor of production, down by 18 percent and from the production planning with the use of resources to achieve maximum efficiency in order to reduce production costs. The other incomes increased by 29 million Baht or 36 percent, came from sales of all investment in one of associated companies.

Cost of sales decreased by 127 million Baht or 28 percent; the decline caused by decreasing in promotion expenses and transportation costs. Administrative expenses decreased by 237 million Baht or 45 percent as there was cost from closing kiln at 102 million Baht for the maintenance of machines and inventories control and from the impairment of assets of a subsidiary company of 99 million Baht, which was resulted in profit for the year attributable to equity holders of the parent company for the year 2016 at 108 million Baht an increase from the year 2015 by 299 million Baht.

7.2 Analysis of the financial position of the Union Mosaic Industry PCL and its subsidiaries as at December 31, 2016 as compared to December 31, 2015

Financial position of the Company and its subsidiaries as at December 31, 2016 as compared to December 31, 2015

(Unit: in million Baht)

Details	Consolidated Statements			
	Dec. 31, 2016	Dec. 31, 2015	Increase (Decrease)	Percent
Assets				
Current assets	1,587	1,447	140	10
Investment in associated company – net	0	94	(94)	(100)
Property, plant and equipment – net	2,080	2,321	(192)	(8)
Other non-current assets	88	104	(16)	(16)
Total assets	3,755	3,917	(162)	(4)
Liabilities				
Current liabilities	474	429	45	10
Non-current liabilities	1,536	1,674	(138)	(8)
Total liabilities	2,009	2,103	(93)	(4)
Shareholders' equity				
Paid-up share capital	837	837	-	-
Parent company shareholders' equity	732	783	(51)	(7)
Non – controlling interest	177	194	(17)	(9)
Total shareholders' equity	1,746	1,814	(68)	(4)
Total liabilities and shareholders' equity	3,755	3,917	(162)	(4)

Assets

As at December 31, 2016 the company and subsidiaries had total assets of 3,755 million Baht, decreased from the end of the year 2015 by 162 million Baht or 4 percent, which was from cash and cash equivalents decreased by 13 million Baht and from temporary investment increased by 95 million Baht. Accounts receivable and other receivables - net decreased by 31 million Baht. Inventories increased by 84 million Baht. Investments in associates were decreased by 94 million Baht from the sales of all shares. Property, plant and equipment - net decreased by 192 million Baht from the depreciation and impairment of property, plant and equipment at 31 million Baht.

Liabilities and Shareholders' Equity

As at December 31, 2016 the company and subsidiaries had total liabilities of 2,009 million Baht decreased from the end of year 2015 by 93 million Baht or 4 percent. Total net liabilities decreased by 93 million Baht from accounts payable increased by 24 million Baht, and it was a debt that has not yet matured. Liabilities due within one year were increased by 57 million Baht and there was debenture buy back at 50 million Baht to reduce the interest burden. Liabilities - net of current portion due within one year decreased by 76 million Baht, and other non-current liabilities decreased by 19 million Baht.

The shareholders' equity at the end of 2016 amounted to 1,746 million Baht, a decrease of 68 million Baht or 4 percent as the result of there are total comprehensive profit for the year of 90 million Baht and the dividend payment from performance of the parent company at the rate of 0.16 Baht per share totally 134 million Baht. Moreover, legal reserve has increased by 3 million Baht.

Liquidity

The liquidity of the company and subsidiaries as at December 31, 2016 had net cash decreased by 13 million Baht as net cash brought forward from the beginning of the year 2015 of 216 million Baht, resulting in net cash at the end of the year decrease to 203 million Baht with details of each cash activities as follows:

Details	Unit : in Baht
-Net cash came from (using in) operation activities	276
-Net cash came from (using in) investment activities	(39)
-Net cash came from (using in) funding activities	(250)
-Cash and cash equivalents increase (decrease) – net	(13)
-Cash and cash equivalents at the beginning date of period	216
-Cash and cash equivalents at the ending date of period	203

Net cash from operation was worth 276 million Baht came from profit based on the income statement of 118 million Baht adjusted by net profit in cash received (paid) from operation activities with main transactions that increased cash flow consisted of the following: depreciation and amortization at the amount of 227 million Baht, allowances for impairment of assets 31 million Baht, accounts receivable and other receivables decreased by 34 million Baht, inventories increased by 80 million Baht, interest expense payment of 41 million Baht, making payment of other debts at 5 million Baht and income taxes at 73 million Baht.

Net cash activities as follows: cash used in investing activities amounted to 39 million Baht, cash received from temporary investment of 98 million Baht; cash invested in land, buildings, and equipments of 39 million Baht; and cash received from disposal of investment in associates was 98 million Baht.

Net cash used in funding activities was 250 million Baht consisting of the repayment of loan to financial institution amounted to 26 million Baht, dividend payment of 134 million Baht, interest payment of 41 million Baht, and buying back of debenture at 50 million Baht.

Financial ratios and profit per share of the company and subsidiaries

Financial ratio and profit per share	Unit	2016	2015	2014
Liquidity ratio				
Current ratio	Times	3.35	3.37	2.39
Quick ratio	Times	1.92	1.99	1.18
Account receivable turnover	Days	78	69	79
Inventory turnover	Days	110	103	103
Account payable turnover	Days	51	51	66
Financial ratio				
Debt to equity ratio	Times	1.15	1.16	1.37
Profitability ratio				
Gross profit margin	%	24.03	18.56	14.82
Net profit margin	%	3.21	-10.44	0.90
Return on assets	%	2.39	-9.97	1.16
Return on equity	%	5.14	-21.52	1.60
Profit per share				
Profit per share	Baht/Share	0.13	-0.23	0.04

Liquidity ratio

Current ratio for the year 2016 as compared to the previous year worth 3.35 times and 3.37 times respectively, decreased slightly from the previous year. While quick ratio was at 1.92 times in 2016 and 1.99 times in 2015 respectively, decrease from the previous year. As current assets and current liabilities decreased in a similar proportion caused the decrease slightly in liquidity ratio. However, the company still has sufficient working capital to operate. Days account receivable turnover was increased to 78 days from 69 days by providing credit terms to customers that opened new stores and the effectiveness of debt tracking planning. Inventory turnover increased to 110 days from 103 days as compared to the previous year due to the economic slowdown.

Financial ratio

Debt to equity ratio in 2016 compared with the previous year was decreased to 1.15 times from 1.16 times. Although the Company's revenue was declined but the Company continued to manage liquidity by having enough cash to repay debt on schedule and buy back the bonds before maturity, making debt significantly reduced.

Profitability ratio

Gross profit margin in 2016 increased to 24.03 percent from 18.56 percent, this was partly due to the cost of natural gas, which was the main factor of production, downed by 18 percent and the focus on cost reduction and efficient resource management.

Operating efficiency ratio

Profit per share in 2016 increased as compared to the year 2015 by reporting profit at 0.13 Baht per share from a loss of 0.23 Baht per share by focusing on cost reduction and efficient resource management.

Obligations and liabilities that may arise

Obligation and liabilities that may arise as at December 31, 2016; the Company and its subsidiaries have an obligation under operating lease from 1-5 years at the amount of 9 million Baht which was normal operating leases.

Executive Perspectives

Overview of real estate in 2017 is expected to be improved. In terms of demand for construction materials which will gain momentum from the expansion of public sector construction projects. It will continue to result in additional housing development projects and commercial projects that will stimulate more demand for building materials, and floor and wall tiles.

In 2017, the company has prepared a strategy to continue to grow by focusing on new product development plans including developing innovative products and to add value to the product, especially in the production of products to meet customer demand, both public and private property projects throughout the country. In addition, it will promote the expansion of business in the ASEAN region to support economic growth in CLMV countries. There will also be new media developments to expand the channel to reach customers to increase marketing opportunities.

Currently, the UMI Group is a leading manufacturer and distributor of ceramic tiles in Thailand, which produces tiles covering both ceramic tiles and porcelain tiles to meet the needs of users at all levels, both domestics and abroad. The company remains committed to continue to produce quality products for the market to provide customers with a wide range of choices with the company's vision is "to strive and develop the DURAGRES brand as the first choice in the minds of consumers".

The company focuses on product development to enhance image and add value to the product by emphasizing on the development of personnel to the highest quality and efficiency. There is human resources management with fair evaluation including continuous development of knowledge and potential of employees at all levels; and can also maintain an existing customer base and add new customers. The company aims to reduce costs and use of resources to achieve maximum efficiency for sustainable development. In addition to its commitment to the business, the company continues to recognize and give importance to society and the environment by committing under the Code of Good Corporate Governance and conduct business with honesty, transparency, to bring maximum customer satisfaction and benefit to all stakeholders.

8. Remuneration of the Company's Auditors

The company's auditor for the year 2016 was Mr. Jadesada Hungsapruet, a certified public account registration no. 3759 from Karin Audit Co., Ltd which has been received the remuneration as follows:

Audit fee: 1,774,000. - Baht

Non-Audit fee: None

The company does not make any payment to persons or operations associated with the acquisition auditor and the audit office under auditor.

Investors can study information of the Company that issue additional securities from Annual Registration Statement (Form 56-1) of the Company that has been posted on www.sec.or.th or website of the Company www.umi-tiles.com.

REPORT OF AUDITOR

To The Board of Directors of Union Mosaic Industry Public Company Limited

Opinion

I have audited the financial statements of The Union Mosaic Industry Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31,2016, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of The Union Mosaic Industry Public Company Limited and its subsidiaries as at December 31,2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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Impairment of Assets in Subsidiary and Classification of Machinery

As discussed in Note 11 to the financial statements, a subsidiary might understate loss on impairment of assets due to having continuous loss on its operations. Test of impairment is significant for the audit because, as at December 31, 2016, the values of property, plant and equipment of the subsidiary are material amounts to the consolidated financial statements.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are summarized as follows:

- observed and reviewed report of non-operating or damaged assets;
- reviewed value-in-used of assets evaluation by conducting reasonableness analysis of future income projection and expenses information; and
- assessed assumptions and methods used by experts for value-in-use of assets evaluation, including assessment of professional competency of experts.

However, the Group has considered recoverable amounts of property, plant and equipment based on information of the independent appraiser and also recorded loss on impairment of assets and presented non-operating machinery properly.

Impairment of Investment in Subsidiary

Risk

As discussed in Note 10.2 to the financial statements, the Company might have an indication of impairment of investment in subsidiary due to having continuous loss on the subsidiary's operations. And this risk also associated with the risk of impairment of assets in subsidiary. If the subsidiary records loss on impairment of its assets, it will also have an impact to the impairment of investment in subsidiary as well.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are summarized as follows:

- compared recoverable amount (adjusted net book value) versus book values of investment at the end of accounting period;
- reviewed assumptions and methods used by experts, including assessment of professional competency of experts; and
- performed calculation test for recording loss on impairment of investment.

The Company has considered recoverable amount of investment in subsidiary based on information of the independent appraiser and also recorded loss on impairment of investment properly.

Allowance for Declining in Value of Inventory

Risk

As discussed in Note 8 to the financial statements, the Company might have indications of impairment of inventories, due to the risk of products obsolescence.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are summarized as follows:

- reviewed classification of inventories aging noted in the ending balance of inventory report and performed calculation test for recording allowance for declining in value of inventory in accordance with the Group's accounting policy;
- reviewed the management's judgment with respect to recording allowance for declining in value of inventories based on historical average selling price;
- compared cost versus net realizable value (selling price after year-end) of inventory

The Company has considered and recorded allowance for declining in value of inventory properly.

Other matters

The consolidated financial statements of The union mosaic industry Public Company Limited and its subsidiaries and the separate financial statement of The union mosaic industry Public Company Limited as at December 31, 2015 and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2015 , and notes to the consolidated financial statements were audited and reviewed by other auditor, who expressed unqualified opinions on those statements, under her reports dated February 24, 2016.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk



Mr. Jadesada Hungsapruerk

Certified Public Accountant (Thailand)

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand.

February 27, 2017

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS

(Unit : Baht)					
		Consolidated		Separate	
		As at	As at	As at	As at
	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Current assets					
Cash and cash equivalents	5	202,955,225	215,703,539	173,027,530	191,689,425
Current investments	6	55,732,946	19,903,853	39,475,492	-
Debt investments maturing within 1 year	9	60,000,000	-	60,000,000	-
Trade accounts receivable and other accounts receivable - net	7,30.1.1	577,999,210	608,576,112	497,281,973	553,144,783
Inventories - net	8	679,470,567	595,383,976	446,554,889	381,389,663
Account receivable under hire purchase agreement					
with a related company - current portion	30.1.2	-	-	2,359,483	2,066,770
Receivables loan to related parties	30.1.3	-	-	45,043,010	45,043,010
Other current assets		11,098,319	7,408,311	3,503,144	897,317
Total current assets		1,587,256,267	1,446,975,791	1,267,245,521	1,174,230,968
Non-current assets					
Deposits at banks of guarantees		2,402,988	-	-	-
Account receivable under hire purchase agreement					
with a related company - net from current portion	30.1.2	-	-	3,925,663	6,285,146
Investments in securities available for sale	26	11,880,000	13,643,901	11,880,000	13,643,901
Debt investments maturing - net	9	-	-	-	-
Investments in associated company - net	10.1	-	93,790,923	-	61,267,131
Investments in subsidiaries	10.2	-	-	332,619,193	371,369,684
Other long-term investments	10.3	2,000,000	2,000,000	2,000,000	2,000,000
Investment property - net	12	45,337,429	49,594,870	824,277	824,277
Property, plant and equipment-net	11	2,079,908,846	2,271,650,750	940,114,759	1,002,884,753
Assets not used in operations - net	14	-	-	-	-
Construction in progress and install - net	15	-	-	-	-
Intangible assets - net	16	2,065,694	2,761,139	-	-
Deferred tax asset	17	2,854,005	2,854,005	14,279,541	-
Other non-current assets	13	21,252,597	33,389,566	888,200	888,200
Total non-current assets		2,167,701,559	2,469,685,154	1,306,531,633	1,459,163,092
Total assets		3,754,957,826	3,916,660,945	2,573,777,154	2,633,394,060

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2016

LIABILITIES

(Unit : Baht)					
		Consolidated		Separate	
		As at	As at	As at	As at
	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	18	22,596,969	21,230,586	19,744,896	18,921,148
Trade accounts payable and Other accounts payable	19	308,948,344	284,967,639	207,709,397	182,148,195
Long-term loans from financial institutions - current portion	20	-	1,680,000	-	-
Liabilities under debt rehabilitation plan - current portion	22	74,966,382	19,758,818	-	-
Liabilities under financial leasing agreements - current portion		5,747,974	3,790,004	5,110,387	3,172,561
Short-term loans and accrued interest-related parties	30.1.5	-	-	-	-
Other current liabilities		61,525,593	97,352,064	57,203,886	85,178,552
Total current liabilities		473,785,262	428,779,111	289,768,566	289,420,456
Non-current liabilities					
Long-term loans from financial institution-net from current portion	20	-	-	-	-
Debentures	21	599,429,235	648,405,849	599,429,235	648,405,850
Liabilities under rehabilitation plan - net from current portion	22	741,173,008	814,262,596	-	-
Liabilities under financial leasing agreements - net from current portion		8,208,614	4,844,517	7,991,676	3,868,229
Long-term loans from related companies	30.1.6	27,690,000	30,890,000	-	-
Deferred tax liabilities	17	90,164,225	98,964,231	-	10,661,134
Estimated liability - employee benefit	23	59,100,681	66,590,319	48,308,024	59,580,735
Other non-current liabilities		9,800,270	10,035,755	-	-
Total non-current liabilities		1,535,566,033	1,673,993,267	655,728,935	722,515,948
Total liabilities		2,009,351,295	2,102,772,378	945,497,501	1,011,936,404

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2016

SHAREHOLDERS' EQUITY

		(Unit : Baht)			
		Consolidated		Separate	
	Note	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Shareholders' equity					
Share capital					
Authorized share capital					
836,504,795 ordinary shares of Baht 1.00 each		836,504,795	836,504,795	836,504,795	836,504,795
Issued and paid-up share capital					
836,504,741 ordinary shares of Baht 1.00 each		836,504,741	836,504,741	836,504,741	836,504,741
Paid-in share capital					
Premium on ordinary share		15,500,685	15,500,685	15,500,685	15,500,685
Retained earnings					
Appropriated					
Legal reserve	34	83,650,474	80,612,404	83,650,474	80,612,404
Unappropriated		518,530,128	546,950,361	580,398,921	574,851,092
Other components of shareholders' equity		114,118,134	140,163,122	112,224,832	113,988,734
Total shareholders' equity of parent company		1,568,304,162	1,619,731,313	1,628,279,653	1,621,457,656
Non-Controlling interests		177,302,369	194,157,254	-	-
Total shareholders' equity		1,745,606,531	1,813,888,567	1,628,279,653	1,621,457,656
Total liabilities and shareholders' equity		3,754,957,826	3,916,660,945	2,573,777,154	2,633,394,060

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit : Baht)					
	Notes	Consolidated		Separate	
		2016	2015	2016	2015
Sales	30.2	2,793,273,161	3,739,487,008	2,283,999,687	2,467,855,230
Cost of sales	30.2	(2,121,993,406)	(3,045,365,837)	(1,750,624,507)	(1,941,374,844)
Gross (loss) profit		671,279,755	694,121,171	533,375,180	526,480,386
Other income	30.2	111,958,880	82,619,141	101,416,745	408,341,977
Share of income (expense) from investment in associated company	10.1	(3,517,866)	-	-	-
Profit (loss) before expenses		779,720,769	776,740,312	634,791,925	934,822,363
Selling expenses		(332,547,133)	(459,615,252)	(278,677,839)	(277,751,914)
Administrative expenses		(265,671,882)	(505,696,444)	(147,135,861)	(233,175,644)
Director and management benefit expenses	30.2	(22,365,180)	(19,577,280)	(22,365,180)	(19,577,280)
Total expenses		(620,584,195)	(984,888,976)	(448,178,880)	(530,504,838)
Profit (loss) before financial costs and corporate income tax		159,136,574	(208,148,664)	186,613,045	404,317,525
Finance costs	30.2	(41,434,239)	(68,995,506)	(34,313,118)	(44,774,190)
Profit (loss) before corporate income tax		117,702,335	(277,144,170)	152,299,927	359,543,335
Income tax		(27,950,890)	(113,242,476)	(9,873,685)	(92,002,551)
Profit (loss) for the years		89,751,445	(390,386,646)	142,426,242	267,540,784
Other comprehensive income					
Item that are or may be reclassified to profit or loss					
Net change in fair value of available - for - sale investment	26	(1,920,937)	115,321	(1,763,902)	-
Items that will not be reclassified into profit Loss later					
Gain (loss) on remeasurement of Employee benefits are defined	23	(4,255,794)	-	-	-
Total comprehensive income (loss) for the years		83,574,714	(390,271,325)	140,662,340	267,540,784
Profit (loss) for the period attributable to:					
Equity holders of the Parent		108,458,180	(190,335,771)	142,426,242	267,540,784
Non-controlling interests		(18,706,735)	(200,050,875)	-	-
		89,751,445	(390,386,646)	142,426,242	267,540,784
Total comprehensive income (loss) attributable to:					
Equity holders of the Parent		104,124,808	(190,258,201)	140,662,340	267,540,784
Non-controlling interests		(20,550,094)	(200,013,124)	-	-
		83,574,714	(390,271,325)	140,662,340	267,540,784
Basic earnings (loss) per share					
Net profit (loss) (Baht : Shares)		0.13	(0.23)	0.17	0.32
Weighted average number of ordinary share		836,504,741	836,504,741	836,504,741	836,504,741

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit : Baht)												
CONSOLIDATED												
Notes	Share capital issued and paid-up	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity					Non-Controlling Interests	Total	
			Appropriated	Unappropriated	Defined benefit plan actuarial gains (loss)	Revaluation surplus of lands	Surplus on change in shareholding in subsidiary	Fair value changes on investments	Total other components of shareholders' equity			
Beginning balance as at January 1, 2015		836,504,741	15,500,685	67,235,365	566,088,143		135,358,734	5,084,547	(395,480)	140,047,801	798,693,765	2,424,070,500
Changes in ownership interests in subsidiaries of controlling interests												
without a change in control - from sale investment	10.1	-	-	-	-	-	-	263,760,010	-	263,760,010	141,279,768	405,039,778
Changes in ownership interests in subsidiaries of controlling interests												
without a change in control - from unuse warrant to convert to be share ordinary	10.1	-	-	-	-	-	-	12,829,868	-	12,829,868	208,590,304	221,420,172
Changes in ownership interests in subsidiaries of controlling interests												
with a change in control	10.1	-	-	-	276,589,813	-	-	(276,589,878)	-	(276,589,878)	(751,346,292)	(751,346,357)
Capital reserve	34	-	-	13,377,039	(13,377,039)	-	-	-	-	-	-	-
Dividends	25	-	-	-	(92,014,785)	-	-	-	-	-	-	(92,014,785)
Unrealize gain (loss) from current investment	26	-	-	-	-	-	-	-	115,321	115,321	(37,751)	77,570
Dividend of non-controlling interest		-	-	-	-	-	-	-	-	-	(2,971,665)	(2,971,665)
Total comprehensive income (loss) for the year		-	-	-	(190,335,771)	-	-	-	-	-	(200,050,875)	(390,386,646)
Ending balance as at December 31, 2015		836,504,741	15,500,685	80,612,404	546,950,361	-	135,358,734	5,084,547	(280,159)	140,163,122	194,157,254	1,813,888,567
Changes in ownership interests in subsidiaries of controlling interests without a chande in control		-	-	-	-	-	(21,370,000)	-	-	(21,370,000)	4,536,418	(16,833,582)
Capital reserve	34	-	-	3,038,070	(3,038,070)	-	-	-	-	-	-	-
Difference from changes in estimates of Actuaries												
In subsidiaries	23	-	-	-	-	(2,833,508)	-	-	-	(2,833,508)	(1,422,286)	(4,255,794)
Paid dividends	25	-	-	-	(133,840,343)	-	-	-	-	-	-	(133,840,343)
Unrealize gain (loss) from current investment	26	-	-	-	-	-	-	-	(1,841,480)	(1,841,480)	(79,457)	(1,920,937)
Total comprehensive income for the year		-	-	-	108,458,180	-	-	-	-	-	(18,706,735)	89,751,445
Dividend of non-controlling interest		-	-	-	-	-	-	-	-	-	(1,182,825)	(1,182,825)
Ending balance as at December 31, 2016		836,504,741	15,500,685	83,650,474	518,530,128	(2,833,508)	113,988,734	5,084,547	(2,121,639)	114,118,134	177,302,369	1,745,606,531

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit : Baht)									
SEPARATE									
Notes	Share capital issued and paid-up	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity			Total	
			Appropriated	Unappropriated	Fair value changes on investments	Revaluation surplus of lands	Total other components of		
Beginning balance as at January 1, 2015		836,504,741	15,500,685	67,235,365	412,702,131	-	113,988,734	113,988,734	1,445,931,656
Legal reserved	34	-	-	13,377,039	(13,377,039)	-	-	-	-
Cash dividend	25	-	-	-	(92,014,784)	-	-	-	(92,014,784)
Total comprehensive income (loss) for the year		-	-	-	267,540,784	-	-	-	267,540,784
Ending balance as at December 31, 2015		836,504,741	15,500,685	80,612,404	574,851,092	-	113,988,734	113,988,734	1,621,457,656
Legal reserved	34	-	-	3,038,070	(3,038,070)	-	-	-	-
Cash dividend	25	-	-	-	(133,840,343)	-	-	-	(133,840,343)
Unrealize gain (loss) from current investment	26	-	-	-	-	(1,763,902)	-	(1,763,902)	(1,763,902)
Total comprehensive income (loss) for the year		-	-	-	142,426,242	-	-	-	142,426,242
Ending balance as at December 31, 2016		836,504,741	15,500,685	83,650,474	580,398,921	(1,763,902)	113,988,734	112,224,832	1,628,279,653

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	(Unit : Baht)			
	Consolidated		Separate	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before corporate income tax for the year	117,702,335	(277,144,170)	152,299,927	359,543,335
Items to reconcile net profit (loss) to cash receipt				
(disbursement) from operating activities				
Dividends received from subsidiaries	-	-	(394,695)	(1,378,335)
Share of (Profit) loss of associates	3,517,866	-	-	-
Depreciation and amortization expenses	226,753,376	361,809,343	112,449,054	104,811,533
Employee benefit expense	5,911,123	10,151,308	5,227,447	5,142,646
Interest expenses	41,434,239	68,995,506	34,313,118	44,774,190
Doubtful debt (Reverse)	(3,503,208)	(7,036,218)	(2,316,662)	666,801
Allowance for impairment of asset (Reverse)	31,310,141	161,393,939	-	-
Unrealized gain (loss) on exchange rate	(110,025)	191,917	(185,021)	275,530
(Gain) loss sales of fixed assets	(13,044,212)	4,560,241	(13,023,818)	(1,498,789)
(Reverse) Loss from impairment of investment	-	192,600	38,750,491	99,700,916
Loss (Reverse) inventory valuation decrease	(4,253,981)	(17,093,648)	-	(1,398,452)
(Gain) loss on disposal of investment in associates	(24,536,327)	-	(36,875,114)	-
(Gain) loss on disposal of investment in subsidiaries	-	-	-	(359,993,913)
Profit (loss) from operations before changes in				
operating assets and liabilities	381,181,327	306,020,818	290,244,727	250,645,462
Changes in operating assets (increase) decrease				
Trade accounts receivable and other accounts receivable	34,087,400	82,753,084	58,186,762	10,564,075
Asset under hire purchase agreements in subsidiaries	-	-	-	-
Inventories	(79,832,610)	225,581,712	(65,165,226)	128,974,520
Other current assets	(3,651,687)	9,875,021	(2,605,827)	1,998,271
Other non-current assets	12,137,331	740,472	-	-
Changes in operating liabilities increase (decrease)				
Trade accounts payable and Other accounts payable	24,083,439	(229,834,975)	25,738,932	(102,334,250)
Other current liabilities	(1,302,957)	(14,278,484)	11,242,819	(8,479,790)
Other non-current liabilities	(235,483)	3,377,939	-	-
Income tax paid	(72,866,613)	(56,350,409)	(74,031,841)	(53,330,823)
Cash paid for - employee benefit obligations	(17,656,555)	(9,056,645)	(16,500,159)	(6,749,296)
Net cash provided by (used in) operating activities	275,943,592	318,828,533	227,110,187	221,288,169

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2016

	(Unit : Baht)			
	Consolidated		Separate	
	2016	2015	2016	2015
Cash flows from investing activities				
Deposits at banks of guarantees increase (Decrease)	(2,402,988)	-	-	-
Proceeds from sales of current investment	(3,523,574)	(20,230,708)	-	-
Cash received on disposal of investments	7,217,191	-	-	-
Cash paid for purchase of Debt investments maturing	-	-	-	455,311,606
Cash paid for purchase of associates investment	-	(254,694)	-	(254,694)
Cash paid for purchase of investments in securities available for sale	(99,475,493)	(64,092,942)	(99,475,493)	(13,643,901)
Proceeds from sales of property, plant and equipment	13,082,172	5,650,128	13,061,697	1,697,686
Cash paid for purchase of property, plant and equipment	(51,950,211)	(57,779,643)	(40,260,464)	(51,087,876)
Cash paid for loans to related parties	-	-	-	(45,043,010)
Cash received for loans to related parties	-	-	-	-
Cash paid for acquisition of intangible assets	-	-	-	-
Cash received on sale of investments associates	98,142,244	-	98,142,244	-
Cash received on sale of investments subsidiaries	-	405,039,778	-	-
Proceed for Dividend	-	-	394,695	1,378,335
Net cash provided by (used in) investing activities	(38,910,659)	268,331,919	(28,137,321)	348,358,146
Cash flows from financing activities				
Asset under hire purchase agreements-subsidiary company	-	(2,971,665)	2,066,770	1,810,370
Cash received from non-controlling interest				
subscription in share capital	-	221,674,866	-	-
Interest paid	(41,434,239)	(69,185,477)	(34,313,118)	(44,774,190)
Increase (Decrease) in bank overdrafts and short-term loans				
from financial institutions	1,366,383	26,588,879	823,748	(13,478,523)
Cash paid for redemption of bonds	(48,976,615)	(249,028,224)	(48,976,615)	(249,028,224)
Cash received from investments in subsidiaries	-	-	-	-
Cash received hire purchase	-	-	-	-
Payment under the finance lease	(4,134,409)	(6,732,712)	(3,395,203)	(4,331,025)
Cash Loans repaid under the Plan from financial institutions	(17,882,024)	(29,651,589)	-	-
Payments of long-term loans from directors and related parties	(3,200,000)	-	-	-
Payment of loan from directors	-	(3,100,000)	-	-
Payment of short-term loans from other parties	-	(15,000,000)	-	-
Cash paid for dividend	(133,840,343)	(92,014,784)	(133,840,343)	(92,014,784)
Payment of long-term loan	(1,680,000)	(194,160,000)	-	-
Net cash provided by (used in) financing activities	(249,781,247)	(413,580,706)	(217,634,761)	(401,816,376)

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2016

	(Unit : Baht)			
	Consolidated		Separate	
	2016	2015	2016	2015
Net increase (decrease) in cash and cash equivalents	(12,748,314)	173,579,746	(18,661,895)	167,829,939
Decrease in cash from lost in control subsidiaries	-	(8,092,625)	-	-
Cash and cash equivalents, at beginning of period (note 5)	215,703,539	50,216,418	191,689,425	23,859,486
Cash and cash equivalents, at ending of period (note 5)	<u>202,955,225</u>	<u>215,703,539</u>	<u>173,027,530</u>	<u>191,689,425</u>
Supplemental disclosures of cash flows information :				
<p>1. For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.</p> <p>2. In 2016, the company has purchased motor vehicle have four units by the financial lease Baht of 9.46 million baht.</p> <p>3. In 2015, the Parent company lost control of the subsidiary. Details that the statement of cash flows as follows:</p>				
	(Unit : Baht million)			
Current investments	(27.46)			
Trade accounts receivable and other accounts receivable	(124.87)			
Inventories	(323.30)			
Other current assets	(4.28)			
Investments in associated company	125.27			
Investments in securities available for sale	(50.45)			
Property, plant and equipment	(662.91)			
Intangible assets	(0.03)			
Other non-current assets	(2.25)			
Bank overdrafts and short-term loans from financial institutions	79.14			
Trade accounts payable and Other accounts payable	44.16			
Long-term loans from financial institutions - current portion	48.00			
liabilities under debt rehabilitation plan - current portion	1.61			
Other current liabilities	4.52			
Long-term liabilities - net from current portion	50.70			
Deferred tax liabilities	51.05			
Liabilities under financial leasing agreements - net form current portion	2.34			
Estimated liability - employee benefit	45.50			
Non-controlling interests	<u>751.35</u>			
Cash and cash equivalents	<u>8.09</u>			

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. GENERAL INFORMATION

1.1 The Company registered the conversion into a Public Company Limited on March 11, 1994. The Company's head office is located at 65 Chamnan Phenjati Business Center, 29th Fl., Rama 9 Rd., Huaykwang and Bangkok. The location of two branches are as follows :

Branch : 1st site at 54/1 Suwannasorn Road, Tumbol Kokeyae, Nongkhae District, Saraburi.

2nd site at 54 Moo 1, Tumbol Phaitum, Nongkhae District, Saraburi.

1.2 The Company engages in producing and distributing of floor and wall tile.

2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

2.1 The consolidated financial statements include the financial statements of the Union Mosaic Industry Public Company Limited and subsidiaries as follows:

			Percentage of holding (% of share capital)	
			As at	As at
	Type of Business	Head office	December 31, 2016	December 31, 2015
Direct Investment :				
Cermas Co.,Ltd.*	Sales of mineral and soil	Bangkok	24.90	24.90
UMI Property Co.,Ltd.*	Real estate	Bangkok	37.57	37.57
Ruampat Ceramic Co.,Ltd.*	Ceramic Agent	Bangkok	49.00	49.00
T.T. Ceramic Public Co.,Ltd.	Manufacturer and Ceramic Agent	Bangkok	66.58	66.58
Indirect Investment :				
By the associated company				
T.T. Ceramic Public Co.,Ltd.	Manufacturer and Ceramic Agent	Bangkok	-	0.88
Cermas Co., Ltd.*	Sales of mineral and soil	Bangkok	-	0.16

* The Company has prepared for the consolidated financial statement by included such three subsidiaries although holding percentage less than 50%, but due to the Company has the control in such three companies.

2.2 These consolidated financial statements are prepared by including the financial statements of its subsidiaries under control by the Union Mosaic Industry Public Company Limited after eliminating significant balance and inter-company transactions between the Union Mosaic Industry Public Company Limited and its subsidiaries.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. Basis of Financial Statement Preparation

3.1 Statement of compliance

The 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); applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3.2 New financial reporting standards

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

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

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

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

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

TAS 27 (revised 2016) Separate Financial Statements

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

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

3.3 Significant accounting policies

The Company and subsidiaries used significant accounting policies in the preparation of the annual financial statements are as follows:

Revenues and Expenses Recognition

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

Rental and service income are recorded on an accrual basis by follow the contact period.

Interest income and other income is recognized as accrual basis.

Expense is recognized as accrual basis.

Trade accounts receivable

Trade accounts receivable are carried in the statements of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at statements of financial position date. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

Allowance for doubtful accounts

The Company and subsidiaries provides an allowance for doubtful accounts. For the amount of debt that is expected to save money. Based on the ability to liquidate the debtor's income, according to management.

Inventory Valuation

Inventories are stated at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sales.

The Company and some subsidiaries valued their finished goods and work in process at the lower of cost or net realizable value. Raw materials and supplies are valued at cost on the average basis.

A subsidiary valued its office condominium units for sales at the lower of cost or net realizable value.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Property, plant, and equipment

The Company and subsidiary lands are valued at appraised value. The revaluation increment in land is shown under “Equity” in the statement of financial position. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment asset (if any).

Property, plant and equipment are depreciated on a straight-line method over the estimated useful lives of the assets as follows:

Building and structure	15-20	Years
Office improvements and fixture	20	Years
Machinery and Tools	5-20	Years
Furniture and office equipment	5	Years
Vehicles	5	Years

Investment properties

Investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from property, plant and equipment.

The Company has selected the cost model for accounting for its investment properties under the revised TAS

Deferred charges

Deferred charges are suspended based on the basis of benefit to the Company and subsidiaries and amortized on a straight-line basis within 1 – 5 years.

Concession fee is stated at net cost of amortization on a concession period.

Impairment of Assets

The Company has considered the impairment of assets - land, building, equipment, investment and intangible assets whenever events or change indicated that the book value of assets exceeded its net realizable value. The Company will consider the impairment of each asset item or each asset unit generating cash flows, whichever is practical.

In case that the book value of an asset exceeds its net realizable value, the Company will recognize as impairment loss in the statements of comprehensive income for the years. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment by recording as “other income”.

Foreign Currency Transactions

The Company and subsidiaries recorded the transactions in foreign currencies throughout the year at the rates prevailing at the date of transactions. Assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Thai Baht at the prevailing rates at those dates. Gains or losses from exchange rate are credited or charged to current operations.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Investments

Investments in subsidiaries and associated companies under the company only financial statements are stated in statements of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Investments in subsidiaries and associated companies under the consolidated financial statements are stated in statements of financial position by equity method.

Investment securities available for sales are carried at fair value less allowance for impairment of investments. The differences between book value and fair value are presented as unrealized gain or loss in the equity.

Other investments are stated in Statement of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Cost of short-term and long-term investments sold during the period were computed by the weighted average method. Gain or loss of those investment sales are stated in the Statement of comprehensive income.

Capitalization of Interest

Borrowing cost is capitalized as cost of assets that the Company has incurred borrowing cost on assets that required a period of time to get them ready for use. Capitalization of borrowing cost will be stopped when such assets are ready for their intended use.

Provision for employees' benefits

Short-term employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and employee have set up a provident fund. the provident fund is funded by payments from employees and by the Company. the monthly payments, of which the assets are held in a separate trust fund. the Company contributions to the provident fund are charged to profit or loss in the years to which they relate.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

Corporate Income Tax

Corporate income tax for four subsidiaries is calculated based on net income of the non-promoted activity after adding back certain expenses and allowances which are forbidden expenses in tax computation at 20 percent of net profit before income tax. (For the year 2014 : Income tax rate by 20 percent of net income before tax).

Finance Lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation to pay future rent, excluding the interest element. Finance charges are recorded to the current period operations by the effective interest rate basis.

Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense on a systematic basis over the lease term.

Related party transactions

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

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

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Segment information

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments of the Group's operations and divided into domestic and foreign.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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 reporting 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: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and 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 reporting date.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company 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 Company to change its 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.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Finance lease / operating lease.

The Company has entered into leases the vehicle. The Company and its subsidiaries and consider the scope of. The risks and rewards of ownership of the leased asset should be found by contract. Risk and return all or nearly all of the lessor. Such leases are classified as operating leases.

Allowance for doubtful accounts receivable.

Allowance for doubtful accounts receivable resulting from the revaluation of receivables from credit risk that may arise. Management uses Judgment to estimate losses expected to be incurred by each debtor. The analysis of the status of the debtor. Collection experiences in the past The aging analysis of accounts receivable and the current economic conditions, however, the use of estimates and assumptions different. May affect the amount of the allowance for doubtful accounts, thus improving the allowance for doubtful accounts may be held in the future.

Allowance for impairment of investments.

The Company considers allowance for impairment of investments. When the fair value of those investments dropped significantly and for a long time. The significant period and is based on management's judgment.

Depreciation

In calculating the depreciation of buildings and equipment. Management estimates the useful life and residual value of property, plant and equipment when not in use. And has reviewed the useful life and residual value if it has changed.

The estimated fair value

The Group estimates the fair value of investments available for sale. Investment Property And long-term loans The fair value estimate can be classified according to different levels of information are as follows.

- Bid trading (No improvement) in liquid assets or liabilities of the same (level 1).
- Data other than the purchase price, which is included in Level 1 that are observable either directly (ie prices) or indirectly (ie data derived from prices) for the asset or liability. (level 2)
- Data for assets or liabilities which are not derived from observable market data. (Information that can not be observed) (level 3).

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

The Group has disclosed the estimated fair value of the items listed above in the notes to the financial statements related.

Intangible assets

Intangible assets are amortized on a straight-line basis over the estimated useful lives. And to determine if there is any indication of impairment.

Provision for decline in value

The financial statements show the true value of inventories. And results of operations of the Company. The Company has reviewed the revised policy guidelines for impairment of inventories. To cover all types of finished goods, raw materials, spare parts and supplies. Considered impaired when the carrying amount of an asset exceeds its value is expected to be returned to the impairment of such assets. Over the long outstanding and no motion case.

Employee benefits

Note 23 The discount rate Salary increase.

5. CASH AND CASH EQUIVALENTS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cash on hand	82,886	70,896	-	21,363
Cash in bank - current	7,917,838	10,196,078	6,130,293	9,061,459
Cash in bank - saving	194,713,031	205,237,735	166,655,767	182,407,773
Checks due but have not led to more	241,470	198,830	241,470	198,830
Total	202,955,225	215,703,539	173,027,530	191,689,425

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

6. CURRENT INVESTMENTS - NET

Consist of:

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Fixed deposit				
(Over 3 months to 1 year)	15,685,020	15,661,446	-	-
Temporary investments - available				
for - sales equity securities	572,434	4,242,407	-	-
Bill of exchange	39,475,492	-	39,475,492	-
Total	55,732,946	19,903,853	39,475,492	-

Current investment for the years ended December 31, 2016 and 2015 have the following movement:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Opening balance	19,903,853	27,131,108	-	-
Additions during the year	42,975,492	20,153,136	39,475,492	-
Disposal during the year	(7,217,191)	-	-	-
Unrealized gain on measurement of				
available-for-sale securities	70,792	77,571	-	-
The decrease end of control	-	(27,457,962)	-	-
Closing balance	55,732,946	19,903,853	39,475,492	-

The Consolidated

As at December 31, 2016, investment in one listed security has cost of Baht 1.48 million and market price of Baht 0.03 million. (As at December 31, 2015: investment in one listed security has cost of Baht 1.48 million and market price of Baht 0.03 million)

The fair value of temporary investments available for sales - equity as at December 31, 2016 the fair value of investments available for sale. The trading price on the market with liquidity for the asset, which is the first level (note 3.3).

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

7. TRADE - ACCOUNTS RECEIVABLE AND OTHER – ACCOUNTS RECEIVABLE – NET

Consist of:

	(Unit :Baht)			
	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Trade accounts receivable				
- Related parties	1,409,832	80,094,544	29,391,796	137,334,067
- Others	580,034,463	540,173,544	463,337,149	414,017,845
Total Trade accounts receivable	581,444,295	620,268,088	492,728,945	551,351,912
<u>Less</u> Allowance for doubtful account	(23,220,905)	(26,724,112)	(8,556,368)	(10,873,029)
Trade accounts receivable – net	558,223,390	593,543,976	484,172,577	540,478,883
Other accounts receivable	19,775,820	15,032,136	13,109,396	12,665,900
Total trade accounts and Other accounts receivable - net	577,999,210	608,576,112	497,281,973	553,144,783

As at December 31, 2016 and 2015, accounts receivable classified by aging are as follows:

	(Unit :Baht)			
	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Related parties				
Not yet due	1,409,832	55,906,492	15,979,800	96,727,516
Overdue				
Less than 3 months	-	24,188,052	13,411,996	40,606,551
Over 3 months to 6 months	-	-	-	-
Over 6 months to 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	1,409,832	80,094,544	29,391,796	137,334,067

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Others				
Not yet due	352,830,375	281,368,011	304,828,857	235,456,877
Overdue				
Less than 3 months	193,284,979	222,177,099	146,985,869	166,845,627
Over 3 months to 6 months	10,088,254	7,370,664	2,221,418	94,152
Over 6 months to 12 months	1,243,609	4,479,579	382,381	1,377,113
Over 12 months	22,587,246	24,778,191	8,918,624	10,244,076
Total Other accounts receivable	580,034,463	540,173,544	463,337,149	414,017,845
Total Trade accounts receivable	581,444,295	620,268,088	492,728,945	551,351,912
Allowance for doubtful accounts	(23,220,905)	(26,724,112)	(8,556,368)	(10,873,029)

Allowance for doubtful accounts receivable have changed during the year as follows:-

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Beginning balance	(26,724,112)	(34,508,574)	(10,873,029)	(10,206,228)
Increase	(137,778)	(666,801)	-	(666,801)
Bad debt – written off	-	-	-	-
Decrease	3,640,985	7,703,019	2,316,661	-
The decrease end of control in a subsidiary	-	748,244	-	-
Ending balance	(23,220,905)	(26,724,112)	(8,556,368)	(10,873,029)

Separate

During the year 2016, a subsidiary has reversed allowance for doubtful debt accounts by Baht of 2.32 million. because receiving from clients.

Consolidated

During the year 2016, a subsidiary has reversed allowance for doubtful debt accounts by Baht of 3.64 million. because receiving from clients.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

During the year 2015, a subsidiary has reversed allowance for doubtful debt accounts by Baht of 7.70 million, because receiving from clients.

8. INVENTORIES – NET

As at December 31, 2016, and 2015 consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Finished goods	657,125,113	541,302,378	416,413,523	331,283,410
Work in process	3,289,591	9,546,831	438,713	641,477
Raw materials	24,958,130	25,986,842	17,275,325	17,701,038
Spare part and supplies	34,792,478	44,329,382	23,197,239	24,181,574
Goods in-transit	6,711,119	25,878,387	6,711,119	25,063,194
Total	726,876,431	647,043,820	464,035,919	398,870,693
<u>Less</u> allowance for declining in value of inventory	(47,405,864)	(51,659,844)	(17,481,030)	(17,481,030)
Net	679,470,567	595,383,976	446,554,889	381,389,663

Allowance for declining in value of inventory have changed during the year as follows:-

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Beginning balance	(51,659,844)	(85,227,305)	(17,481,030)	(18,879,482)
Increase	(1,831,092)	(3,568,258)	-	(713,862)
Decrease	6,085,072	20,661,906	-	2,112,314
The decrease end of control in a subsidiary	-	16,473,813	-	-
Ending balance	(47,405,864)	(51,659,844)	(17,418,030)	(17,481,030)

In during years 2016 and 2015 decreasing in allowance for declining in value of inventory due to sales for such inventory allowed.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

9. DEBT SECURITIES HELD TO MATURITY - NET

As at December 31, 2016, and 2015 consist of:

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Debt securities held to maturity				
Bond – WHA Corporation PLC.	30,000,000	-	30,000,000	-
Bond – True move H universal				
Communication co.Ltd.	30,000,000	-	30,000,000	-
Total debt securities held to maturity	60,000,000	-	60,000,000	-
Less Portion due within one year	(60,000,000)	-	(60,000,000)	-
Net	-	-	-	-

10. INVESTMENTS

Consist of:

10.1 Investments in associated companies-net

				(Unit : Baht)			
				Consolidated / Separate			
				Cost Method		Equity Method	
				As at	As at	As at	As at
				December 31,	December 31,	December 31,	December 31,
Company's name	Type of Business	Paid-up Capital	Holding Portion	2016	2015	2016	2015
Marketable securities							
The Royal Ceramic Industry Public Company Limited	Manufacturer and Ceramic Agent	462,629,524 (Baht)	0%	-	61,267,131	-	93,790,923
Non-marketable securities							
Tekno Cer S.R.L. Co., Ltd.*	Raw material Supply	20,000,000 (lir)	45.00%	192,600	192,600	192,600	192,600
Duragres Co., Ltd.	Consumer products	25,000,000 (Baht)	40.00%	10,000,000	10,000,000	10,000,000	10,000,000
Total				10,192,600	10,192,600	10,192,600	10,192,600
Less Allowance for impairment investment				(10,192,600)	(10,192,600)	(10,192,600)	(10,192,600)
Net				-	61,267,131	-	93,790,923

* Stop operation and during the settlement process.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

On June 1, 2016, the Company sold its investment in an associate in the par value of Baht 2 (cost 1.25 Baht per share) gain on the sale of investments in the statement of comprehensive income, the amount of Baht 24.54 million in consolidated cash and Baht 36.88 million in the Separate. The resulting company, Royal Ceramic Industry Public Company Limited, ending a joint.

The Company presents its investments in shares of a company (company Royal Ceramic Industry Public Company Limited), which is listed on the Stock Exchange of Thailand. Under the equity method in the consolidated financial statements. The fair value of these investments as at December 31, 2015 had a market value of Baht 2.82 per share.

During the year 2015, the company sold some investments in a subsidiary company (Royal Ceramic Industry Public Company Limited) value of Baht 405.04 million, with profits from the sale of such investments Baht 309.72 million shown. other income in the statement of comprehensive income of the Company and profit from changes in the equity of subsidiaries amounting to Baht 263.76 million and net profit of the change in equity from non-exercise of convertible warrants to purchase. Baht 12.83 million shares in the shareholder's shares. In the consolidated financial statements The company also has a controlling shares in the subsidiary.

In fourth quarter 2015 the company Royal Ceramic Industry Public Company Limited , changes in the Board of Directors. The group of outsiders Joined the Board with And companies such corrective action list has signed the check payable to the bank directors are outsiders as one of the two directors who signed the Company has no control over the company Royal. Ceramic industry Public Company limited , so as at December 31, 2015 Company presents its investments in such companies under the heading. Investments in associates The preparation of the consolidated financial statements until December 31, 2015, the Company transferred profits from changes in equity interest in a subsidiary, as mentioned above, totaling Baht 276.59 million directly to retained earnings. Since then, no control

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

10.2 Investments in subsidiaries consist of:

(Unit : Baht)										
		Paid-up Capital				Separate				
		(In Thousand Baht)		Holding Portion		Cost Method		Dividends income		
		As at	As at	As at	As at			As at	As at	
Company's name	Type of Business	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	Relationship	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Subsidiaries										
T.T. Ceramic Plc Co.,Ltd.	Manufacturer and Ceramic Agent	600,809	600,809	66.58%	66.58%	The same Shareholder and director	400,000,000	400,000,000	-	-
Cermas Co., Ltd	Sales of mineral and soil	21,000	21,000	24.90%	24.90%	The same Shareholder and director	4,728,000	4,728,000	392,175	784,350
UMI Property Co., Ltd.	Real estate	150,000	150,000	37.57%	37.57%	The same Shareholder and director	56,350,000	56,350,000	-	-
Ruampat Ceramic Co., Ltd.	Ceramic Agent	20,000	20,000	49.00%	49.00%	The same Shareholder and director	9,800,000	9,800,000	-	588,000
Total							470,878,000	470,878,000	392,175	1,372,350
Less Allowance for impairment investment							(138,258,807)	(99,508,316)	-	-
Net							332,619,193	371,369,684	392,175	1,372,350

For the years 2016 and 2015 the company was considering the impairment of investment in a subsidiary. The subsidiary suffered a loss from continuing operations. Amounting to 38.75 million baht and 99.51 million baht respectively. The asset impairment comparison between the book value of the items reported under valuation (Note 11), the amount expected to be recovered when calculating the proportion of impairment. Amounting to Baht 38.75 million and Baht 99.51 million respectively.

10.3 Investment in other company presented as long-term investment in equity securities consist of :

		Paid-up Capital		(Unit : Baht)	
Company's name	Type of Business	portion (In Thousand Baht)	Holding portion	Consolidated / Separate	
				Cost Method	
				As at December 31, 2016	As at December 31, 2015
<u>Other companies</u>					
Surf Dynamics Co., Ltd.	Water Sport equipment	14,000	14.28%	2,000,000	2,000,000

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

11. PROPERTY, PLANT AND EQUIPMENT – NET

	Consolidated (In Thousand Baht)										
	Cost				Accumulated Depreciation					Net-Book Value	
	As at	Increase	Decrease	As at	As at	Increase	Decrease		As at	As at	
	December 31,			Transferred	December 31,			Transferred	December 31,	December 31,	
	2015			In/(Out)	2016	2015		In/(Out)	2016	2015	2016
Appraise value											
Land of plant – at cost	123,086	-	-	-	123,086	-	-	-	-	123,086	123,086
Appraisal surplus of land of plant	171,612	-	-	-	171,612	-	-	-	-	171,612	171,612
Improvement of land of plant	62,694	-	-	-	62,694	-	-	-	-	62,694	62,694
Land of plant-appraise value	357,392	-	-	-	357,392	-	-	-	-	357,392	357,392
Cost											
Condominium units	442,311	-	-	-	442,311	(354,184)	(5,100)	-	-	(359,284)	88,127
Plant and construction	1,591,053	304	(1,701)	2,709	1,592,365	(943,205)	(48,169)	1,701	-	(989,673)	647,848
Building the publication added.	281,805	-	-	-	281,805	(52,420)	(19,958)	-	-	(72,378)	299,385
Office improvement and fixture	79,771	490	-	-	80,261	(75,718)	(1,907)	-	-	(77,625)	4,053
Machinery	4,245,572	6,430	(90,695)	(49,876)	4,111,431	(3,174,823)	(126,087)	90,695	41,701	(3,168,514)	1,070,749
Tools and office equipment	228,888	581	(2,402)	3,664	230,731	(208,188)	(8,727)	2,402	-	(214,513)	20,700
Furniture and office equipment	135,656	139	(414)	5,781	141,162	(121,256)	(7,359)	377	-	(128,238)	14,400
Vehicles	33,271	-	(9,364)	11,967	35,874	(21,692)	(4,494)	9,364	-	(16,822)	11,579
Machinery in process	3,994	53,463	-	(47,256)	10,201	-	-	-	-	-	3,994
Total	7,399,713	61,407	(104,576)	(73,011)	7,283,533	(4,951,486)	(221,801)	104,539	41,701	(5,027,047)	2,448,227
Less Allowance for impairment building and machine										(176,577)	(176,577)
Property, plant and equipment-net										2,271,650	2,079,909

Depreciation for the year ended 2016, amount of Baht 222 Million. (Baht 160 million included in cost of sales, and Baht 62 million included in selling and administrative expenses).

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

	Consolidated (In Thousand Baht)										
	Cost				Accumulated Depreciation				The decrease end of control in a subsidiary	Net-Book Value	
	As at	Increase	Decrease	As at	As at	Increase	Decrease	As at		As at	As at
	December 31, 2014			Transferred In/(Out) December 31, 2015	December 31, 2014			December 31, 2015		December 31, 2014	December 31, 2015
<u>Appraise value</u>											
Land of plant – at cost	170,017	-	-	-	170,017	-	-	-	(46,931)	170,017	123,086
Appraisal surplus of land of plant	253,470	-	-	-	253,470	-	-	-	(81,858)	253,470	171,612
Improvement of land of plant	62,694	-	-	-	62,694	-	-	-	-	62,694	62,694
Land of plant-appraise value	486,181	-	-	-	486,181	-	-	-	(128,789)	486,181	357,392
<u>Cost</u>											
Condominium units	442,311	-	-	-	442,311	(344,232)	(9,951)	-	(354,183)	-	88,127
Plant and construction	1,916,809	8,242	(16,896)	9,756	1,917,911	(1,214,779)	(63,966)	16,896	(1,261,849)	(87,685)	647,848
Building the publication added.	695,217	71	-	465	695,753	(74,867)	(57,830)	-	(132,697)	(263,324)	229,385
Office improvement and fixture	74,169	-	-	-	74,169	(68,447)	(1,968)	-	(70,415)	-	4,053
Machinery	6,286,852	14,454	(149,709)	93,448	6,245,045	(4,918,948)	(209,496)	141,859	(4,986,585)	(193,503)	1,367,904
Tools and office equipment	230,360	305	(5,960)	4,215	228,920	(206,558)	(6,825)	5,195	(208,188)	-	20,700
Furniture and office equipment	229,525	2,181	(1,647)	5,234	235,293	(209,338)	(7,998)	1,647	(215,689)	(5,204)	14,400
Vehicles	55,142	182	(1,014)	-	54,310	(28,780)	(7,070)	1,014	(34,836)	(7,895)	11,579
Machinery in process	93,880	59,113	(4,674)	(113,118)	35,201	-	-	-	-	(31,208)	93,880
Total	10,510,446	84,548	(179,900)	-	10,415,094	(7,065,949)	(365,104)	166,611	(7,264,442)	(717,608)	2,448,227
<u>Less Allowance for impairment building and machine</u>									73,254	(73,254)	(176,577)
Property, plant and equipment-net									(644,354)	3,371,243	2,271,650

Depreciation for the year ended 2015, amount of Baht 365 Million. (Baht 333 million included in cost of sales, and Baht 32 million included in selling and administrative expenses).

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Separate (In Thousand Baht)											
	Cost					Accumulated Depreciation					Net-Book Value	
	As at	Increase	Decrease	Transferred	As at	As at	Increase	Decrease	Transferred	As at	As at	
	December 31,			In/(Out)	December 31,	December 31,			(In)/Out	December 31,	December 31,	
	2015				2016	2015				2016	2015	2016
<u>Appraise value</u>												
Land of plant – at cost	74,245	-	-	-	74,245	-	-	-	-	-	74,245	74,245
Appraisal surplus of land of plant	142,485	-	-	-	142,485	-	-	-	-	-	142,485	142,485
Improvement of land of plant	5,430	-	-	-	5,430	-	-	-	-	-	5,430	5,430
Land of Plant-appraise value	222,160	-	-	-	222,160	-	-	-	-	-	222,160	222,160
<u>Cost</u>												
Condominium units	53,751	-	-	-	53,751	-	-	-	-	-	53,751	53,751
Plant and Construction	875,544	-	(1,701)	2,709	876,552	(668,268)	(21,614)	1,701	-	(688,181)	207,276	188,371
Office improvement and fixture	42,963	-	-	-	42,963	(39,303)	(1,616)	-	-	(40,919)	3,660	2,044
Machinery	2,780,152	-	(89,831)	23,135	2,713,456	(2,309,874)	(70,141)	89,831	-	(2,290,184)	470,278	423,272
Tools and office equipment	200,891	-	(2,399)	3,664	202,156	(180,356)	(8,237)	2,399	-	(186,194)	20,535	15,962
Furniture and office equipment	126,518	-	(415)	5,781	131,884	(113,928)	(7,242)	377	-	(120,793)	12,590	11,091
Vehicles	21,792	-	(8,369)	11,967	25,390	(13,075)	(3,599)	8,369	-	(8,305)	8,717	17,085
Machinery in process	3,918	49,717	-	(47,256)	6,379	-	-	-	-	-	3,918	6,379
Total	4,327,689	49,717	(102,715)	-	4,274,691	(3,324,804)	(112,449)	102,677	-	(3,334,576)	1,002,885	940,115
<u>Less</u> Allowance for impairment asset											-	-
Property, plant and equipment-net											1,002,885	940,115

Depreciation for the year ended 2016, amount of Baht 112 Million. (Baht 100 million included in cost of sales, and Baht 12 million included in selling and administrative expenses)

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Separate (In Thousand Baht)										
	Cost					Accumulated Depreciation					Net-Book Value
	As at	Increase	Decrease	Transferred	As at	As at	Increase	Decrease	Transferred	As at	As at
	December 31,			In/(Out)	December 31,	December 31,			(In)/Out	December 31,	December 31,
	2014				2015	2014				2015	2015
<u>Appraise value</u>											
Land of plant – at cost	74,245	-	-	-	74,245	-	-	-	-	-	74,245
Appraisal surplus of land of plant	142,485	-	-	-	142,485	-	-	-	-	-	142,485
Improvement of land of plant	5,430	-	-	-	5,430	-	-	-	-	-	5,430
Land of Plant-appraise value	222,160	-	-	-	222,160	-	-	-	-	-	222,160
<u>Cost</u>											
Condominium units	53,751	-	-	-	53,751	-	-	-	-	-	53,751
Plant and Construction	867,358	-	(1,570)	9,756	875,544	(651,377)	(18,461)	1,570	-	(668,268)	215,981
Office improvement and fixture	42,498	-	-	465	42,963	(37,546)	(1,757)	-	-	(39,303)	4,952
Machinery	2,767,315	-	(80,611)	93,448	2,780,152	(2,327,237)	(63,248)	80,611	-	(2,309,874)	440,078
Tools and office equipment	199,878	-	(3,202)	4,215	200,891	(173,153)	(10,345)	3,142	-	(180,356)	26,725
Furniture and office equipment	122,144	-	(860)	5,234	126,518	(108,117)	(6,671)	860	-	(113,928)	14,027
Vehicles	22,806	-	(1,014)	-	21,792	(10,386)	(3,703)	1,014	-	(13,075)	12,420
Machinery in process	66,713	50,323	-	(113,118)	3,918	-	-	-	-	-	66,713
Total	4,364,623	50,323	(87,257)	-	4,327,689	(3,307,816)	(104,185)	87,197	-	(3,324,804)	1,056,807
<u>Less Allowance for impairment asset</u>											-
Property, plant and equipment-net											1,056,807

Depreciation for the year ended 2015, amount of Baht 104 Million. (Baht 83 million included in cost of sales, and Baht 21 million included in selling and administrative expenses)

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Baht)

	Consolidated statements of comprehensive income for the years ended December 31,		Separate statements of comprehensive income for the years ended December 31,	
	2016	2015	2016	2015
Depreciation	221,800,489	365,134,280	112,449,054	103,940,454

As at December 31, 2016 and 2015, the subsidiary has classified machines that are not in working condition. The book value of Baht 31.31 million, and was evaluated for impairment of assets (Note 14).

As at December 31, 2016 and 2015, the fair value of the land by the report of the appraisal assessed using the market approach. By selling price of comparable land nearby to improve. The fair value is in the second level of the hierarchy of fair value (Note 3.3).

In 2015, the Company and a subsidiary assessed the impairment of their assets and recorded the allowance for impairment of building and machinery amounted to Baht 47 million and Baht 113 million, respectively.

As at December 31, 2016 and 2015, the Company and a subsidiary's land are stated at appraised value (the land of plant), reports of the independent appraiser in year 2013, valued by market value method. The excess of appraised value on the consolidated financial statements over cost by amount of Baht 113.99 million and Baht 135.36 million, respectively, (the Company financial statements by amount of Baht 113.99 million and Baht 113.99 million, respectively), are shown as "Revaluation surplus of land" under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of land is not available for dividend distribution.

As at December 31, 2016 and 2015, the Company has mortgaged of land, building and part of machineries by cost in consolidated amount of Baht 2,308.29 million and Baht 2,312.20 million, respectively, and in separate amount of Baht 400.26 million and Baht 404.17 million, respectively, and in the net from accumulated depreciation and provision for impairment in consolidated amount of Baht 1,230.16 million and Baht 1,324.56 million, respectively, and in consolidated amount of Baht 231.73 million and Baht 232.43 million, respectively, as collateral Bank overdrafts and short-term and long-term loans from banks.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

As at December 31, 2016 and 2015, the Company and subsidiaries have fully depreciated but still use the assets as follows:-

(Unit : Baht)				
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Machinery	1,768,096,371	1,904,485,886	1,663,580,691	1,791,271,441
Plant and construction	447,485,669	468,664,206	445,382,938	451,235,396
Tools and Office				
Equipment	319,568,897	302,681,326	273,248,656	254,435,549
Office Building	58,695,817	55,413,103	34,882,965	31,606,980
Vehicle	10,120,879	12,214,990	-	5,298,579

12. INVESTMENT PROPERTY - NET

As at December 31, 2016 and 2015, the Company and a subsidiary's investment property, presented at cost, depreciated by straight line method as the useful life, and partly has been used as collateral for short-term loans from financial institutions. (Note 18)

Investment Property as follow :

(Unit : Baht)				
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Land	824,277	824,277	824,277	824,277
Office building for rent -				
net	44,513,152	48,770,593	-	-
	<u>45,337,429</u>	<u>49,594,870</u>	<u>824,277</u>	<u>824,277</u>

Depreciation of office building for rent units for the years ended December 31, 2016 and 2015, amount of Baht 4.26 million. and Baht 9.11 million, respectively.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

13. OTHER NON - CURRENT ASSETS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Deposits with commitment	4,015,664	4,011,728	-	-
Guarantee and deposit	17,187,500	29,263,500	888,200	888,200
Others	49,433	114,338	-	-
Total	21,252,597	33,389,566	888,200	888,200

As at December 31, 2016 and 2015, the fixed deposits of subsidiaries companies are used as collateral for bank overdrafts and loans from banks (Note 18) and bank's issuance of letter of guarantee to the Metropolitan Power Authority for electricity usage. (Note 32.2) of subsidiaries.

As at December 31, 2016 and 2015, a subsidiaries companies had marginal deposit of Baht 16 million and Baht 16 million respectively and guarantee the use of electricity with government agencies of Baht 2.4 million and Baht 1.2 million respectively.

14. ASSETS NOT USED IN OPERATIONS - NET

As at December 31, 2016 and 2015, are as follows:

	(Unit : Baht)	
	Consolidated	
	2016	2015
Cost	73,011,138	-
<u>Less</u> : Accumulated depreciation	(41,700,998)	-
Impairment of assets	(31,310,140)	-
Net book value	-	-

As at December 31, 2016, the Company has assessed the impairment of assets. And allowance for impairment machines in the amount of baht 31.31 million.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

15. ASSETS UNDER CONSTRUCTION AND INSTALLATION - NET

As at December 31, 2016 and 2015, are as follows:

	(Unit : Baht)	
	Consolidated	
	2016	2015
Cost	267,217,384	267,217,384
<u>Less</u> Impairment of assets	(267,217,384)	(267,217,384)
Net book value	-	-

As at December 31, 2016 and 2015, the subsidiary company's management has reclassified non used of fixed assets by book value amount by to Baht of 267.22 million consists of machinery and equipment cannot used by Baht of 68.48 million and work in progress which have no the continuing construction plan by Baht of 198.74 million.

16. INTANGIBLE ASSETS-NET

As at December 31, 2016 are as follows :-

	(Unit: Baht)			
	Consolidated			
	January 1, 2016	Increase	Decrease	December 31, 2016
Computer software	12,870,757	-	-	12,870,757
<u>Less</u> Accumulated amortization	(10,109,618)	(695,445)	-	(10,805,063)
Net	2,761,139	(695,445)	-	2,065,694

Amortization expenses included in the statement of comprehensive income for the years ended December 31, 2016 and 2015 amount of Baht 0.70 million and 0.70 million, respective.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

As at December 31, 2016 and 2015, the components of deferred tax asset are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Total	2,854,005	2,854,005	14,279,541	-
Off set of tax	-	-	-	-
Net deferred tax assets	2,854,005	2,854,005	14,279,541	-

	(Unit : Baht)			
	Consolidated		Separate	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Total	90,164,225	98,964,231	-	10,661,134
Off set of tax	-	-	-	-
Net deferred tax liabilities	90,164,225	98,964,231	-	10,661,134

The movement on the deferred income tax is as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2016	2015	2016	2015
Deferred tax assets				
Beginning	2,854,005	2,854,005	-	-
Income tax recognized in statement of income	-	-	14,279,541	-
Ending	2,854,005	2,854,005	14,279,541	-
Deferred tax liabilities				
Beginning	98,964,231	132,271,123	10,661,134	10,188,674
Income tax recognized in statement of income	(8,800,006)	(931,115)	(10,661,134)	472,460
The decrease end of control in a subsidiary	-	(32,375,777)	-	-
Ending	90,164,225	98,964,231	-	10,661,134
Income tax recognized in statement of income	(8,800,006)	(931,115)	(10,661,134)	472,460

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Movements in total deferred tax assets and liabilities during the year were as follows:

	(Unit : Baht)			
	Consolidated			
	(Charged) / credited to:			
		Other	The decrease	
January 1,	comprehensive	end of control in	December 31,	
2016	Profit or loss	income / Equity	a subsidiary	2016
Deferred tax assets				
Allowance for doubtful account – Receivables	2,517,274	-	-	2,517,274
Allowance impairment of investment	-	-	-	-
Accumulated employees benefit	336,731	-	-	336,731
Total	2,854,005	-	-	2,854,005

	(Unit : Baht)			
	Consolidated			
	(Charged) / credited to:			
		Other	The decrease	
January 1,	comprehensive	end of control in	December 31,	
2016	Profit or loss	income / Equity	a subsidiary	2016
Deferred tax (liabilities)				
Allowance for doubtful account – receivable	2,423,696	(456,544)	-	1,967,152
Provision obsolete stock	3,496,206	-	-	3,496,206
Impairment of assets	9,518,612	-	-	9,518,612
Accumulated employees benefit	11,916,147	(2,254,542)	-	9,661,605
Difference in depreciation for tax and accounting	(46,119,640)	6,668,085	-	(39,451,555)
Appraisal surplus of Land-Factory	(28,497,183)	-	-	(28,497,183)
Gain on a bargain purchase	(51,702,069)	4,843,007	-	(46,859,062)
Total	(98,964,231)	8,800,006	-	(90,164,225)

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

	(Unit : Baht)			
	Separate			
	(Charged) / credited to:			
	January 1, 2016	Profit or loss	Other comprehensive income	Equity
	December 31, 2016			
Deferred tax (liabilities)				
Allowance for doubtful account - Receivable	2,423,696	(456,544)	-	-
Provision obsolete stock	3,496,206	-	-	-
Accumulated employees benefit	11,916,147	(2,254,542)	-	-
Allowance for impairment of investments	-	27,651,761	-	-
Appraisal surplus of Land-Factory	(28,497,183)	-	-	-
Total	(10,661,134)	24,940,675	-	-

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

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Bank overdrafts	2,852,073	2,309,437	-	-
Short-term loans from financial institution	-	-	-	-
Trust Receipt	19,744,896	18,921,149	19,744,896	18,921,148
Total	22,596,969	21,230,586	19,744,896	18,921,148

Consolidated

The Company bears interest for overdraft of a bank in 2016 and 2015 at the rate of MOR 7.12% per annum and of MOR -1.87% per annum.

Bank overdrafts and short-term loans from financial institutions were guaranteed by the mortgage of land, building and part of machineries as collateral (Note 11) and investment property (Note 12).

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

19. TRADE ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Trade accounts payable	258,092,296	225,898,265	178,295,841	143,483,432
Other - accounts payable	50,856,048	59,069,374	29,413,556	38,664,763
Total	308,948,344	284,967,639	207,709,397	182,148,195

Other account payable consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Advance payment for goods	1,354,811	2,113,420	1,260,218	957,122
Accrued sales promotion	2,704,300	95,000	2,704,300	95,000
Accrued transportation	21,535,753	22,059,762	14,219,999	10,900,000
Accrued expense	25,261,184	34,801,192	11,229,039	26,712,641
Total	50,856,048	59,069,374	29,413,556	38,664,763

20. LONG-TERM LOANS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>A subsidiary</u>				
Loans from banks	-	1,680,000	-	-
Total	-	1,680,000	-	-
<u>Less</u> Portion due within one year	-	(1,680,000)	-	-
Net	-	-	-	-

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Movements in the long-term loans account for the year ended December 31, 2016 are summarized below.

	(Unit : Baht)	
	Consolidated	Separate
Balance as at January 1, 2016	1,680,000	-
Addition loan	-	-
Repayment	(1,680,000)	-
Balance as at December 31, 2016	-	-

21. DEBENTURES

As at December 31, 2016, the Company with having registered and bond holders representative debentures as follow:

Debenture No.	No. of units (Million unit)	Principle (Million Baht)	Interest rate per annum (% p.a.)	Term of interest payment	Maturity Date	Outstanding balance as at December 31, 2016 (in million Baht)
UMI177A	1.0	1,000	5.20%	Quarterly	July 18, 2017	1,000.00
Repurchase Debentures						(400.00)
<u>Less</u> Debentures issuing expenses						(0.57)
Net						599.43

In 2016, the Company repurchase debentures by 50,000 units, per value Baht 1,000 total amount of Baht 50 million.

In 2015, the Company repurchase debentures by 250,000 units, per value Baht 1,000 total amount of Baht 250 million.

As at December 31, 2016 and 2015, the Company's director has held a debenture by 20,000 units, par value Baht 1,000 total amount of Baht 20 million.

22. LIABILITIES UNDER DEBT REHABILITATION PLAN

On April 10, 2012, the meeting of creditors passed resolution to approve the plan. On July 4, 2012, the Central Bankruptcy Court ordered a subsidiary company to rehabilitate its business and was summarized as follows;

Debt allocation and capital structure

A Subsidiary company defines the payment date as at September 19, 2012.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 1 st Financial institution creditors – secured – chose to repay by option 1	Amount of Baht 195,135,401.62 to be repaid in cash at the payment date. The remaining of Baht 780,541,606.48 will be forgiven at the payment date.	-	Accrued interest amount of Baht 938,616,032.61 will be forgiven at the payment date.
Creditor Group 1 st and 2 nd Financial institution creditors – secured and non secured – chose to repay by option 2	Amount of Baht 253,991,977.56 to be converted from debt to equity in an amount of 50,798,396 shares from its value of Baht 1 each to Baht 5 each. The debt amount of Baht 753,349,693.79 will be repaid within 8 years by 6-months period.	interest rate at 0.01% per annum with monthly repayment.	Accrued interest amount of Baht 708,078,761.44 will be forgiven at the payment date.
Creditor Group 3 rd Trade payable and services –chose to repay by option 1	Amount of Baht 23,186,395.69 to be repaid in cash at the payment date, the remaining of principle amount of Baht 139,687,225.59 will be forgiven at the payment date.	-	-
Creditor Group 3 rd Trade payable and services – chose to repay by option 2	Amount of Baht 37,555,850.81 will be repaid within 8 years by 6-months period.	-	-
Creditor Group 4 th – Professional service provider of debt restructuring	Cash payment in the amount of Baht 647,350 at the date of payment. The remaining of principle in the amount of Baht 1,284,000 will be forgiven in full amount at the date of payment.		
Creditor Group 5 th Payable – directors and related person	Cash repayment in an amount of Baht 756,952.50 within 30 days after the maturity date of 8-year. The remaining of principle and its accrued interest amount of Baht 6,833,685.51 will be forgiven in full amount at the payment date.		
Creditor Group 6 th Company's secured creditor.	Amount of Baht 12,121,326.08 is the creditors that secure the company's debt from the original creditors who had already applied for debt settlement in the case. However, the more Creditor Group 6 repay to the company's original creditor, the more right in company's debt they will have. Creditor Group 6 will have the same right as original creditor to receive from the company but not over the right under the rehabilitation plan.		

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Capital increasing by debt to equity conversion

Whereas, a subsidiary company has been approved on the Rehabilitation Plan from the Central Bankruptcy Court on July 4, 2012. Such Rehabilitation Plan, it is specified that a subsidiary company would operate on registered capital decrease unpaid as amount of Baht 1,050,000,000 divided into common stocks of 10,500 shares with par value for each Baht 100,000 by dividing into the registered capital issued and paid up already as of amount 10,500 Baht or 10,500 shares in order to reduce the company's deficit.

When the capital has been decreased already, a subsidiary company would increase the registered capital as amount of Baht 500,000,000 with par value each of Baht 1 ; by allocating as follows:

- (1) Allocated to Union Mosaic Industry Public Company Limited for 400,000,000 shares with par value each of Baht 1 as amount of Baht 400,000,000.
- (2) Debt conversion to common stocks as of amount 51,800,264 shares with par value for each 1 Baht to the conversion value for each of Baht 5 for Creditor Group 1st.
- (3) Debt conversion to common stocks as of amount 48,199,736 shares with par value for each 1 Baht to the conversion value for each of Baht 5 for Creditor Group 2nd.

A subsidiary company has registered of the amendment of Memorandum of Incorporation, the reduction of share capital and registration of the amendment of Memorandum of Incorporation increment of share capital to issue ordinary shares under this rehabilitation plan with ministry of Commerce and transferred its shares to Union Mosaic Industry Public Company Limited on August 14, 2012. After that, a subsidiary company has transferred its shares to Creditor Group 1st and Group 2nd on September 25, 2012 with ministry of Commerce. Subsequently, on December 21, 2012, the management plan of the subsidiary. Company filed a petition with the Court to reduce the amount of registered capital of Baht 49,201,604 (49,201,604 ordinary shares of Baht 1 each) for the balance. The plan does not specify how to allocate the remaining debt to creditors in any groups. A subsidiary company has registered capital and the amendment of Memorandum of Incorporation of Association at the ministry of Commerce on January 21, 2013.

In addition, a subsidiary company has to complete the implementation of the rehabilitation plan within a period of 5 years from the date the court approved the plan, and is able to file petition to amend the plan and request to extend period.

On August 13, 2013, the Central Bankruptcy court has assigned "Group of person – MR Planner" being the planner.

On February 11, 2014, the Central Bankruptcy court has canceled a petition of rehabilitation plan. So, the Company has to repayment as the condition in the rehabilitation plan, and The Company has reclassified Liabilities under debt rehabilitation plan.

On November 11, 2015, the creditor, bank only, approved to change the repayment schedule. By postponing the payment of principal the original pay principal since 2015 - 2020 move to settle a 2017 - 2020 instead.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

As at December 31, 2016 and 2015, a subsidiary's debts under restructuring plan are as follow;

	(Unit : Baht)	
	Consolidated	
	December 31, 2016	December 31, 2015
Liabilities under debt restructuring plan	816,139,390	834,021,414
<u>Less</u> due within one year	(74,966,382)	(19,758,818)
Liabilities under debt restructuring plan-net	741,173,008	814,262,596

Debts under restructuring plan of a subsidiary are secured by the assets of a subsidiary which are indicated in the original loan agreement before the restructuring, as the mortgage of the subsidiary's land and buildings, the pledge of machineries.

On November 11, 2015, the creditor, bank only, approved to change the repayment schedule. By postponing the payment of principal the original pay principal since 2015 - 2020 move to settle a 2017 - 2020 instead.

23. PROVISION FOR EMPLOYEES BENEFITS

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the provision for employees' long-term benefits as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Provision for employee benefits - beginning	66,590,319	110,992,518	59,580,735	61,187,385
<u>Add</u> Charges in actuarial estimates	4,255,794	-	-	-
recognized amount	5,911,123	10,151,308	5,227,447	5,142,646
<u>Less</u> liability decrease from actual paid	(17,656,555)	(9,056,645)	(16,500,158)	(6,749,296)
The decrease end of control in a subsidiary	-	(45,496,862)	-	-
Provision for employee benefits - ending	59,100,681	66,590,319	48,308,024	59,580,735
Present value of unfunded obligation				
as at December 31	59,100,681	66,590,319	48,308,024	59,580,735
Expense recognized in profit or loss				
Current service cost	3,144,868	7,924,432	2,684,267	2,665,359
Interest cost	2,766,255	2,226,876	2,543,180	2,477,287
Total – recognized in the statement of income	5,911,123	10,151,308	5,227,447	5,142,646

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Principal actuarial assumptions

	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Discount rate (%)	4.49 – 4.8	4.23 – 4.75	4.52 – 4.75	4.52 – 4.75
Retirement age (year old)	55 - 60	55 - 60	60	60
Salary increase rate (%)	4.7 – 6.19	4.7 – 8.18	5	4.70 – 5.00

24. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company and its subsidiary have contributed to provident fund for the years ended December 31, 2016 and 2015 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2016	2015	2016	2015
For the years ended December 31,	21,690,497	15,673,047	21,471,923	15,460,742

25. DIVIDEND

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2560 held on February 27 2016, Approved the statutory reserve up to 3,038,070 Baht and reached 10 percent of the share capital.

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2016 held on February 24, 2016, has approved the statutory reserve amounting to 5 percent Baht of 13.38 million. and a dividend in the rate per share Baht 0.16 in number 836.50 million shares totaling amount of Baht 134 million. The dividend payment dated on May 27, 2016. The 2015 ordinary shareholders approved to pay such dividend on April 29, 2016.

In the year 2016, a subsidiaries company declared a dividend of baht 7.50 per share. Total amount of Baht 1.58 million.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2015 held on February 25, 2015, it was unanimously resolved as the reservation amount of 9,170,016.65 Baht, and pay dividend in the rate per share by Baht of 0.11 in number 836.50 million shares totaling amount of Baht 92.01 million. The dividend payment date May 28, 2015. The 2014 ordinary shareholders approved to pay such dividend on April 29, 2015.

In the year 2015, two subsidiaries company declared a dividend of Baht 15 per share. and Baht 6 per share. Total amount of Baht 3.15 million. and Baht 1.20 million.

26. UNREALIZED GAIN (LOSS) FROM CHANGING IN FAIR VALUE OF INVESTMENTS

Movements during the year are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Beginning of the year	(280,159)	(395,480)	-	-
Changes during the year	(1,841,480)	115,321	(1,763,902)	-
Ended of the year	(2,121,639)	(280,159)	(1,763,902)	-

27. EARNINGS PROFIT (LOSS) PER SHARE

The calculation of basic earnings per share for the years ended December 31, 2016 and 2015 was based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	For the year ended December 31			
	Consolidated		Separate	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	108,458	(190,336)	142,426	267,541
Number of ordinary shares outstanding at January 1, (Thousand shares)	836,505	836,505	836,505	836,505
Effect of shares issued on the years	-	-	-	-
Weighted average number of ordinary shares (Thousand shares)	836,505	836,505	836,505	836,505
Basic loss per share (Baht : share)	0.13	(0.23)	0.17	0.32

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

28. INCOME TAX

Income tax recognized in profit or loss

For the years ended December 31, 2016 and 2015, income tax expense consisted of the following:

	(Unit : Baht)			
	For the year ended December 31			
	Consolidated		Separate	
	2016	2015	2016	2015
Income tax :				
Income tax for the year	35,368,662	92,647,217	34,814,360	91,530,091
Deferred tax :				
Relating to origination and reversal of temporary differences	(7,417,772)	20,595,259	(24,940,675)	472,460
Income tax in statements of comprehensive income	27,950,890	113,242,476	9,873,685	92,002,551

Income tax recognized directly in equity

	(Unit : Baht)			
	Separate			
	Rate		Rate	
	(%)	2016	(%)	2015
Profit before income tax expense		152,299,927		359,543,335
Income tax using the Thai corporation tax rate	20	30,459,985	20	71,908,667
Income not subject to tax		(9,952,201)		(2,482,690)
Expenses not deductible for tax purposes		14,306,576		22,104,114
Total		34,814,360		91,530,091

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

For the years ended December 31, 2016 and 2015, the Company has tax profit as follows;

	(Unit : Baht)	
	2016	2015
Net profit	142,426,242	267,540,784
Income tax expense	9,873,685	92,002,551
Profit before corporate income tax	152,299,927	359,543,335
<u>Plus(less)</u> add back expenses	(49,761,007)	(12,413,450)
Add back income	71,542,879	110,520,570
Tax profit	174,081,799	457,650,455
Income Tax Rate	20%	20%

29. EXPENSES BY NATURE

Significant expenses by nature as follows:

	(Unit : Million Baht)			
	Consolidated		Separate	
	for the years ended December 31,		for the years ended December 31,	
	2016	2015	2016	2015
Salary and wages and other employee benefits	519.41	601.14	367.35	337.04
Depreciation and amortization expenses	200.68	247.24	110.59	92.73
Rental expenses	33.24	71.13	12.57	29.03
Electricity and water expenses	163.25	134.62	117.31	128.92
Natural gas expenses	303.59	352.47	236.79	275.50
Transportation expenses	151.13	158.10	120.22	125.54
Grinding and chamfering expenses	16.46	12.82	-	-
Raw materials and consumables used	744.19	844.99	582.74	554.24
Changes in inventories of finished goods and work in progress	40.83	(114.99)	62.24	(147.35)
Loss (reversal) of the devaluation of inventories	(4.25)	(2.01)	-	-
Doubtful debts	(0.95)	(7.86)	-	-
Loss on impairment of equipment	31.31	113.80	-	-

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

30. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's and subsidiaries assets, liabilities, revenues and expenses of the Company and subsidiaries was derived from its related companies. Those companies have connection with the Company and subsidiaries through the co-shareholders and/or co-directors. The financial statements reflect the effects of these transactions on the basis determined by the companies concerns as follows:

Relationship

Company	Relationship
Cermas Co., Ltd.	Subsidiaries company
UMI Property Co.,Ltd.	Subsidiaries company
Ruampat Ceramic Co., Ltd.	Subsidiaries company
T.T.Ceramic Public Co., Ltd.	Subsidiaries company
Siam Art Ceramic Co.,Ltd.	Related company
T.N. Co., Ltd.	Related company
Imex International Co.,Ltd.	Related company
Royal Ceramic Industry Public Co., Ltd.*	Directors and senior managers common.
S & P Corporate Communications of Salt Limited.	Management of the Company and director of subsidiary
Mr. Pichit Pholpanichrasamee	Director of subsidiary

Pricing Policy

Related Transactions	Pricing Basis
Purchase of raw material and finished goods	
Cermas Co.,Ltd.	Cost plus margin
T.T. Ceramic Public Co. Ltd.	As determined by the parent company, and competitive price in the market
Royal Ceramic Industry Public Co., Ltd.*	The price agreed upon
Siam Art Ceramic Co., Ltd.	The price agreed upon
Sales of finished goods	
Siam Art Ceramic Co., Ltd.	Cost plus margin
Ruampat Ceramic Co., Ltd.	Cost plus margin
T.T.Ceramic Public Co., Ltd.	Cost plus margin
Imex International Co.,Ltd.	Cost plus margin
Royal Ceramic Industry Public Co., Ltd.*	Cost plus margin
Short-term loans and accrued interest- related parties	Interest rate 7.5% per annum

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Related Transactions	Pricing Basis
Rental income	Per agreement (basis by area), which approximately market price.
Royal Ceramic Industry Public Co., Ltd.	Rental rate of 270,000 per month.
Ruampat Ceramic Co., Ltd.	Rental rate of 101,790 per month.
Cermas Co., Ltd.	Rental rate of 57,000 per month.
Sales management	
T.T.Ceramic Public Co., Ltd.	By the rate of 2% of sales by the Company
Interest income	
T.T.Ceramic Public Co., Ltd.	7.5% per annum
Expense	
Rental	
T.T.Ceramic Public Co., Ltd.	Agreed price, as discussed on the agreement (Rental rate of 60,000 per month.)
Consultant expenses	
S & P Corporate Communications of Salt Limited	Per agreement (Baht 149,000 per month)
Mr. Pichit Pholpanichrasamee	Baht 40,000 per month
Director remuneration expenses	As approved in the shareholders' meeting.
Management remuneration are a meeting premium paid to directors, salaries and benefit for the management directors.	

*On November 30, 2016 the Board of Directors who are involved have resigned as directors of the Royal Ceramic Industry Public Company Limited. Make the connection between that date.

On June 1, 2016, The Royal Ceramic Industry Public Company Limited End of the associates.

During the year 2015, Siam Art Ceramic Co. ended its related companies. The Committee is concerned has resigned from the Board of Siam Art Ceramic Co., Ltd. terminated its relevance since such date.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

30.1 As at December 31, 2016 and 2015 the Company has transactions with its related parties as follows:

30.1.1 Account receivable

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Trade Account Receivable				
<u>Subsidiaries companies</u>				
Ruampat Ceramic Co., Ltd.	-	-	26,595,705	33,708,366
T.T.Ceramic Public Co., Ltd.	-	-	2,796,091	11,313,719
Cermas Co., Ltd.	-	-	-	-
<u>Related companies</u>				
Royal Ceramic Industry Public Co., Ltd.*	-	18,282,070	-	-
Siam Art Ceramic Co., Ltd.	-	77,076,436	-	15,393,594
Imex International Co.,Ltd.	1,409,832	1,696,259	-	77,076,436
Total	1,409,832	97,054,765	29,391,796	137,492,115

30.1.2 Account Receivable under hire – purchase agreement – related company.

As at December 31, 2016 and 2015, are as follow:

	(Unit : Baht)					
	Due within one year		Due over than one year		Total	
	December 31 ,	December 31,	December 31 ,	December 31,	December 31 ,	December 31,
	2016	2015	2016	2015	2016	2015
Account receivable under						
hire – purchase agreement	3,056,006	3,056,006	4,329,341	7,385,347	7,385,347	10,441,353
<u>Less</u> Deferred interest	(696,523)	(989,236)	(403,678)	(1,100,201)	(1,100,201)	(2,089,437)
Net	2,359,483	2,066,770	3,925,663	6,285,146	6,285,146	8,351,916

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

The minimum repayment from account receivable hire – purchase are as follows:

	(Unit : Baht)	
	As at	As at
	December 31, 2016	December 31, 2015
Due within one year	3,056,006	3,056,006
Due over than one year but not over than five years	4,329,341	7,385,347
	7,385,347	10,441,353
<u>Less</u> Future financial expenses	(1,100,201)	(2,089,437)
Present value of receivable.	6,285,146	8,351,916

On May 16, 2014, the Company has entered into hire – purchase agreement with a subsidiary (T.T.Ceramic Public Co., Ltd) by installments periods, agreed to be paid in 60 installments, each of Baht 272,493.83 (included Vat)

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
30.1.3 Accounts receivable on loans to related parties				
T.T.Ceramic Public Co., Ltd.	-	-	45,043,010	45,043,010
30.1.4 Account Payable				
<u>Subsidiaries company</u>				
Cermas Co., Ltd.	-	-	2,890,883	1,039,984
T.T.Ceramic Public Co., Ltd.	-	-	3,586,084	-
<u>Related company</u>				
Royal Ceramic Industry Public Co., Ltd.*	-	5,422,051	-	2,651,015
Siam Art Ceramic Co., Ltd.	-	14,588,768	-	1,508,065
Imex International Co.,Ltd.	202,209	319,160	202,209	319,160
Total	202,209	20,329,979	6,679,176	5,518,224

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
30.1.5 Short-term loans and accrued interest - related parties				
Consist of :				
<u>Principle</u>				
Short-term loan from director	-	-	-	-
Short-term loan from related companies.	-	-	-	-
	-	-	-	-
30.1.6 Long-term loan from related companies				
Consist of :				
Long-term loan from director	27,690,000	30,890,000	-	-
Long-term loan from related companies	-	-	-	-
	27,690,000	30,890,000	-	-
Movement during the years of Short-term loan from director as follows:				
Beginning balance of the year	-	15,000,000	-	-
Addition during of the year	-	-	-	-
Deduction during of the year	-	(15,000,000)	-	-
Ending balance of the year	-	-	-	-
Movement during the years of Short-term loan from related parties as follows:				
Beginning balance of the year	-	-	-	-
Addition during of the year	-	-	-	-
Deduction during of the year	-	-	-	-
Ending balance of the year	-	-	-	-
Movement during the years of Long-term loan from director as follows:				
Beginning balance of the year	30,890,000	33,990,000	-	-
Addition during of the years	-	-	-	-
Deduction during of the year	(3,200,000)	(3,100,000)	-	-
Ending balance of the year	27,690,000	30,890,000	-	-

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Movement during the years of Long-term loan from related company as follows:				
Beginning balance of the year	-	-	-	-
Addition during of the year	-	-	-	-
Deduction during of the year	-	-	-	-
Ending balance of the year	-	-	-	-

As at December 31, 2016 and 2015, estimated liabilities under the employee benefit project-management by Baht of 22.47 million and Baht 28.67 million, respectively.

As at December 31, 2016 and 2015, a subsidiary has short-term loans and accrued interest-directors and related parties amount of Baht 45 million and Baht 45 million, respectively. The unsecured The loans are repayable on demand.

As at December 31, 2016 and 2015, the Company has long-term loan by debentures issuing during third quarter in 2014, which have been held by the Company's former director, amount by Baht of 20 million (Note 21).

30.2 Revenue and expense transactions with the related parties for the years ended December 31, 2016 and 2015 were as follows:

(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2016	2015	2016	2015
30.2.1 Sales-goods and service				
Ruampat Ceramic Co., Ltd.	-	-	110,652,495	138,428,614
T.T.Ceramic Public Co., Ltd.	-	-	51,204,343	31,242,148
Royal Ceramic Industry Public Co., Ltd.*	-	-	58,711,242	51,016,184
Siam Art Ceramic Co., Ltd.	-	233,065,173	-	233,065,173
Imex International Co.,Ltd.	15,250,784	-	-	-
Total	15,250,784	233,065,173	220,568,080	453,752,119
30.2.2 Rental revenue				
Cermas Co., Ltd.	-	-	684,000	684,000
Ruampat Ceramic Co., Ltd.	-	-	1,221,480	1,087,160
Royal Ceramic Industry Public Co., Ltd.*	-	-	3,227,225	3,240,000
Total	-	-	5,132,705	5,011,160

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2016	2015	2016	2015
30.2.3 Sale management revenue				
T.T. Ceramic Public Co.,Ltd.	-	-	8,556,280	9,567,853
The Company has entered into Sales management agreement with the parent company, charged by the rate of 2% of sales by the parent company. The agreement period by one year (since July 1 to June 30) and renew by one year each if no ask for the cancellation.				
30.2.4 Interest income from account receivable under hire purchase machine				
T.T. Ceramic Public Co.,Ltd.	-	-	989,236	1,245,635
30.2.5 Interest income from Receivables loan				
T.T. Ceramic Public Co.,Ltd.	-	-	3,311,043	1,796,332
30.2.6 Purchase-raw materials and goods				
Subsidiaries and related company				
Cermas Co., Ltd.	-	-	21,719,841	25,152,240
T.T.Ceramic Public Co., Ltd.	-	-	145,709,194	131,458,567
Royal Ceramic Industry Public Co., Ltd.	-	-	17,772,604	7,777,454
Siam Art Ceramic Co., Ltd.	-	78,809,482	-	7,796,969
Imex International Co.,Ltd.	1,977,940	723,329	1,977,940	723,329
Total	1,977,940	79,532,811	187,179,579	172,908,559
30.2.7 Rental warehouse income				
T.T. Ceramic Public Co.,Ltd.	-	-	720,000	720,000

30.2.8 Directors and management benefit expenses

Consolidated and separate

- Short-term benefit expenses for the years ended December 31, 2016 and 2015, amount by Baht of 19.01 million and Baht of 19.71 million and Baht of 19.01 million and Baht of 19.71 million, respectively
- Long-term benefit expenses for the years ended December 31, 2016 and 2015, amount by Baht of 0.32 million and Baht of 0.36 million and Baht of 0.32 million and Baht of 0.36 million, respectively.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2016	2015	2016	2015
30.2.9 Consultant expenses				
S & P Corporate Communications of				
Salt Limited.	1,788,000	1,490,000	1,788,000	1,490,000
Mr. Pichit Pholpanichrasamee	480,000	480,000	480,000	480,000
	<u>2,268,000</u>	<u>1,970,000</u>	<u>2,268,000</u>	<u>1,970,000</u>

30.3 Commitments with an associated company - Royal Ceramic Industry Public Company Limited note 8.1, an associated company has reserved the right to sell all ordinary shares in TTC to UMI or to Miss Paweena Laowiwatwong at the same price that RCI invested in the first place, or at the book value price as of the latest year of such sale. And until the date of report was published. There has not signed any commitments between them.(As at December 31,2016 an associated company change to related company)

31. SEGMENT FINANCIAL INFORMATION

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

The company and subsidiaries' business operations involve 2 principle segments: (1) Import floor tiles and wall tiles (2) Export floor tiles and wall tiles. Segment performance is considered by revenue and gross profit, and its also measured based on the group operating profit or loss, on a basic consistent with that used to measure operating profit or loss in the financial statements. Below is the revenue and gross profit of the company and subsidiaries for the years ended December 31, 2016 and 2015 by segments.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Million Baht)

	Consolidated financial statements for the years ended December 31,							
	Floor and wall tile business							
	Local		Export		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales - net	2,493	3,517	165	222	136	-	2,794	3,739
Less cost of sales	(1,910)	(2,871)	(126)	(173)	(86)	-	(2,122)	(3,044)
Gross profit (loss)	583	646	39	49	50	-	672	695
Other income							112	83
Share of profit (loss) from investments in associate							(4)	-
Selling expenses							(333)	(460)
Administrative expenses							(266)	(506)
Management benefit expenses							(22)	(20)
Finance costs							(41)	(69)
Income tax expenses							(28)	(113)
Profit (loss) for the years							90	(390)
Profit (loss) for the years, Equity holders of the parent							109	(190)
Profit (loss) for the years, Non-Controlling interests of the subsidiaries							(19)	(200)
							90	(390)
Assets as at December 31, 2016 and 2015 :								
Fixed assets							2,080	2,272
Other assets							1,675	1,645
Total assets							3,755	3,917

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Unit : Million Baht)

	Separate financial statements for the years ended December 31,							
	Floor and wall tile business							
	Local		Export		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales - net	2,140	2,286	140	182	4	-	2,284	2,468
<u>Less</u> cost of sales	(1,639)	(1,790)	(109)	(151)	(3)	-	(1,751)	(1,941)
Gross profit (loss)	501	496	31	31	1	-	533	527
Other income							101	408
Selling expenses							(279)	(278)
Administrative expenses							(147)	(233)
Management benefit expenses							(22)	(19)
Finance costs							(34)	(45)
Income tax expenses							(10)	(93)
Profit (loss) for the years							142	267
Assets as at December 31, 2016 and 2015 :								
Fixed assets							940	1,003
Other assets							1,634	1,630
Total assets							2,574	2,633

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Commitments

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Capital commitments				
- Purchasing Assets	-	-	-	-
Operating lease commitments				
Within 1 year	41,071	17,194	38,765	12,705
More than 1 to 3 years	51,369	19,443	40,346	16,174
More than 3 to 5 years	2,355	1,840	2,355	1,840
	94,795	38,477	81,466	30,719

The Company has commitments under operating leases Forklift truck. The key to a company The contract was three years On January 1, 2013, the Company has agreed with the company. Renewal of three years from 1 January 2013 until 31 December 2015) and the contract. Renewing the term of one year. If no termination (Forklift truck rental paid to the said company for the years 2016 and 215 amounted to 22.64 million baht and 17.29 million baht respectively).

32.2 Contingency liabilities

As at December 31, 2016 and 2015, the Company and subsidiaries have commitments to bank as follows.

	(Unit : Million Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Letter of Credit (Million USD) not used	0.51	1.45	0.51	1.45
Letters of Guarantee				
- Electricity Guarantee	12.40	22.00	10.00	10.00
- Gas Guarantee	16.00	16.00	-	-
- Other Guarantee	1.25	0.30	-	-

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

	(Unit : Million Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Credit Line Baht of 340 and 410 million in 2016 and 2015				
- Credit not used	291.91	311.62	291.91	311.62

33. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have no policy to hold financial instrument for speculation and hedging.

a) Credit risk

The Company is exposed to credit risk primarily with respect to trade and accounts receivable. The Company's prudent credit policy and its diversified customer. The Company has export credit insurance with bank for export accounts receivable which has risk in collectible. The maximum credit risk exposure is equal to the book value of accounts receivable in the statements of financial position net from amount of such accounts receivable credited insurance with bank.

As at December 31, 2016 and 2015, the Company has made contracts for export credit insurance and has hedged foreign currencies outstanding of account receivable as follows:

	(Unit : Baht)	
	Consolidated/Separate	
	As at	As at
	December 31, 2016	December 31, 2015
Credit line of contracts for export credit insurance	5,000,000	5,000,000

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

b) Foreign currency risk

As at December 31, 2016 and 2015, the Company has accounts receivable, accounts payable and trust receipt in foreign currency which were not hedged by forward exchange contracts or similar hedging instrument are as follow :-

	Currency	As at December 31, 2016	As at December 31, 2015
Accounts receivable in foreign currencies	US Dollar	17,950.97	172,564.95
	Pound Sterling	-	-
Accounts payable in foreign currencies	US Dollar	261,208.02	798,063.98
	EURO	114,982.65	155,606.53
	YEN	-	-
	Pound Sterling	8.08	8.08
Trust receipt	EURO	-	-
	US Dollar	553,487.90	525,803.46
Foreword contract	EURO	83,939.23	74,659.40
	US Dollar	748,865.15	465,670.67

c) Liquidity risk

Liquidity risk, or funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Company's financial assets comprises of cash, deposits at financial institutions, accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Company wishes to raise fund.

d) Credit risk of discharge obligation

Credit risk derives from failure by counterparts to discharge their obligation resulting in financial damage to the Company and subsidiaries.

For the financial assets shown in the statements of financial position at the book value deducted by allowance for doubtful account is maximum value of credit risk.

For off-statement of financial position, the Company expects that the amount of credit risk is immaterial.

e) Interest rate risk

Interest rate risk derives from changes in interest rate. The Company and subsidiaries have interest rate risk because their loans bear interest at the floating interest rate.

THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

f) The fair value of financial instrument

Financial assets shown in statement of financial position consist of cash and deposit at banks, accounts receivable and notes receivable, investment, deposits with commitment. Financial liabilities shown in statements of financial position consist of bank overdrafts, loans from banks, accounts payable, long-term liabilities.

The fair value of significant financial assets and financial liabilities does not differ from carrying value except for the fair value of long-term investment and long-term liabilities, which cannot be properly calculated, accordingly, no disclosure is made.

34. LEGAL RESERVE

According to the Public Companies Act, the Company has appropriated its reserve as a legal reserve not less than 5% of the annual net profit deducted by the total accumulated deficit brought forward (if any) until the reserve reaches an amount not less than 10% of the issued and paid-up share capital. The legal reserve may not be distributed as dividends.

35. THAI FINANCIAL REPORTING STANDARD (TFRS) THAT HAS BEEN ISSUED BUT IS NOT YET EFFECTIVE

The Group has not adopted the revised TFRS that has been issued but is not yet effective. That revised TFRS that is applicable to the Group, which becomes effective for annual financial periods beginning on or after January 1, 2016.

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the financial statements of those new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

36. SUBSEQUENT EVENTS

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2017 held on February 27, 2017, it was unanimously resolved to pay dividend in the rate per share Baht 0.085 in number 836.50 million shares totaling amount of Baht 71.10 million. The dividend payment dated on May 26, 2017. And approve in Meeting of Shareholders.

37. CAPITAL MANAGEMENT

The primary objectives of the Company's and its subsidiaries' capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2016, debt to equity ratio in the consolidated financial statements is 1.15 : 1 (the separate financial statements: debt to equity ratio is 0.58 : 1).

38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's management on February 27, 2017



THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED

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