



บริษัท ไทยทอเร็กซ์ไทร์มิลล์ จำกัด (มหาชน)
Thai Toray Textile Mills Public Company Limited

Opinion of the independent financial advisor

The Amalgamation between Thai Toray Textile Mills Public Company Limited
and Luckytex (Thailand) Public Company Limited

January 16, 2019

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Glossary

Entities / Organizations

TTTM	Thai Toray Textile Mills Public Company Limited
LTX	Luckytex (Thailand) Public Company Limited
TORAY	Toray Industries, Inc, (Japan)
SEC	The Securities and Exchange Commission
SET	The stock Exchange of Thailand
MergedCo	Amalgamation between TTTM and LTX in accordance with Public Company Limited Act
GBS	Globlex Securities Public Company Limited
TRD	The Revenue Department

Others

Amalgamation	Amalgamation in accordance with Public Company Limited Act
BOI	Board of Investment
FBI	Foreign Business License
CAPEX	Capital Expenditure
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EBT	Earnings before Tax
FCFF	Free cash flow to firm



[Translation]

This document is translated solely for convenience purpose. In the event of any inconsistency,

the Thai version should be relied upon as official and definitive.

January 16, 2019

Re: Independent financial advisor's opinion on the Amalgamation between Thai Toray Textile Mills Public Company Limited and Luckytex (Thailand) Public Company Limited
To: Thai Toray Textile Mills Public Company Limited Shareholders

The Amalgamation between Thai Toray Textile Mills Public Company Limited ("TTTM") and Luckytex (Thailand) Public Company Limited ("LTX") has been approved by The Board of Directors' meeting of Thai Toray Textile Mills Public Company Limited ("TTTM" or the "Company") No. 5/2018 held on December 25, 2018 and proposed to the extraordinary general shareholders' meeting which will be held on January 31, 2019. In order to expand variety of products, increase business opportunities, strengthen financial position and enhance competitive advantage of both companies as in the new company ("MergedCo"), the Amalgamation is one of the alternative strategies to serve for future growth purpose. MergedCo will be more attractive to investors as increment in market capitalization and better positioning in textile market. The ratios of share allocation will be allowed for TTTM and LTX's shareholders as following

	Share in MergedCo
1 exiting share in TTTM	1.65113730
1 exiting share in LTX	0.92463689

The MergedCo will have registered and paid-up capital of Baht 578.40 million divided into 57.84 million common shares at par Baht 10, augmented from the paid-up capital of TTTM and LTX.

The Public Company Limited Act, B.E. 2535 (1992) (the PCL Act) procedures is needed to be allied for The Amalgamation between TTTM and LTX, in order to proceeding the Amalgamation it is required no less than three-fourths of the total votes from eligible shareholders who attend the meeting and have the right to vote. If there are dissenting shareholders of the Amalgamation, the arrangement of purchasing shares from dissenting shareholders will be made and Toray Industries, Inc. (Japan) ("TORAY") has expressed the intention to be as purchaser of dissenting shares under TORAY's terms and conditions with acknowledgement of the Board of Director's meeting. Under the PCL Act, a company cannot hold its own shares which will occur after the completion of the Amalgamation so LTX as shareholder of TTTM has to complete TTTM shares sale and Toray Industries, Inc. ("TORAY") has expressed an intention to LTX to purchase such shares in TTTM which will be

subject to (1) the approvals from the shareholders' meetings of TTTM and LTX resolve to approve the Amalgamation and (2) TORAY has sent the purchase offer to the shareholders who vote against the Amalgamation at the shareholders' meetings of TTTM ("Dissenting Shareholders") and LTX resolve to approve the Amalgamation, which will be sent on the same day of TORAY's decision to act as a purchaser. Moreover, TTTM and LTX have to Sale in order to remove the cross-shareholding structure prior to the completion of the Amalgamation.

Globlex Securities Co.,Ltd. ("GBS" or the "IFA") approved by the Securities and Exchange Commission, Thailand and independent from TTTM is appointed as the Independent Financial Advisor to provide opinion to the Shareholders of TTTM as a part of information for Shareholders in considering for amalgamation. From the Consideration and study of the information regarding the Amalgamation including TTTM's data and information in the disclosure to the Stock Exchange of Thailand, public disclosure, the audited financial statements of TTTM and related companies, information from TTTM and TTTM's advisors, and TTTM's management and related officers interview, IFA assumed that the information and document are finished and accurate for the prevailing period.

The information are considered and studied with rational and reasonable practice as IFA professional standards, IFA's opinion should be considered by the audit committee and the shareholders as attached in this report.

In order to considering the Amalgamation in the extraordinary general meeting of shareholders on January 31, 2019, IFA would like to summarize the opinion as follows.

1. Executive Summary

The Amalgamation between Thai Toray Textile Mills Public Company Limited (“TTTM”) and Luckytex (Thailand) Public Company Limited (“LTX”) has been approved by The Board of Directors’ meeting of Thai Toray Textile Mills Public Company Limited (“TTTM” or the “Company”) No. 5/2018 held on December 25, 2018 and proposed to the extraordinary general shareholders’ meeting which will be held on January 31, 2019. In order to expand variety of products, increase business opportunities, strengthen financial position and enhance competitive advantage of both companies as in the new company (“MergedCo”), the Amalgamation is one of the alternative strategies to serve for future growth purpose. MergedCo will be more attractive to investors as increment in market capitalization and better positioning in textile market. The ratios of share allocation will be allowed for TTTM and LTX’s shareholders as following

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Globlex Securities Co.,Ltd. (“GBS” or the “IFA”) approved by the Securities and Exchange Commission, Thailand and independent from TTTM is appointed as the Independent Financial Advisor to provide opinion to the Shareholders of TTTM as a part of information for Shareholders in considering for amalgamation. From the Consideration and study of the information regarding the Amalgamation including TTTM’s data and information in the disclosure to the Stock Exchange of Thailand, public disclosure, the audited financial statements of TTTM

and related companies, information from TTTM and TTTM's advisors, and TTTM's management and related officers interview, IFA assumed that the information and document are finished and accurate for the prevailing period.

According to relevant information, IFA's opinion is summarized conditions of the Amalgamation, advantages and disadvantages of the Amalgamation, risks from the Amalgamation and appropriateness of share allocation ratio as follows.

1. MergedCo is likely to have better growth opportunity in textile industry not only for recent products but also high value-added products. Moreover, MergedCo may have opportunity from Japanese textile companies to produce large volume due to more production facilities since The Amalgamation would increase business opportunities of the MergedCo from increasing capacity, investing high technology, applying economies of scales. After the Amalgamation, the MergedCo will have a growth opportunity, capturing high value-added products combining strength of TTTM in producing woven fabric, knitted fabric and car seat fabric with strength of LTX in producing spun fabric, filament fabric, denim yarn and industrial material product. Moreover, the MergedCo will have a solid financial position which will provide sufficient sources of fund for future investment expansion and will also have better opportunities of reaching various fund resources, including the power to negotiate with creditors. The Merged shares would be more attractive to both domestic and international investors regarding to an expected higher market capitalization. Besides, MergedCo will have opportunity in term of risk diversification by having potential to cover all product types that TTTM and LTX currently produce which may seasonally change through customer's needs or trends which help strengthen operational performance.
2. Implementation of the Amalgamation may have delaying risk in accordance with the PCL Act from restructuring process, risk of creditors dissenting from the Amalgamation, risk related to different systems and culture of the organization, risk concerning on tax matters, risk concerning on legal issues and uncertainty of business plan after Amalgamation. However, the discussion, preparation and consultation for the Amalgamation plan from all parties are concerned in advance, thus TTTM expected to proceed as planned and concluded by both parties after Amalgamation.
3. Share allocation ratio for the Amalgamation is considered appropriate. TTTM share price is valued Baht 291.20 – 406.09 per share and LTX share price is valued Baht 160.63 – 207.62 per share by the IFA. According to the valuation, the allocation of 1 existing share in TTTM is to 1.59436049 – 1.77947175 shares in MergedCo and 1 existing share in LTX is to 0.90978336 – 0.93120828 shares in MergedCo. By comparing the allocation ratio as in specified in the report as 1 existing share in TTTM to 1.65113730 shares in MergedCo and 1 existing share in LTX to 0.92463689 shares in MergedCo, the specified allocation ratio is considered appropriate which it is within range of share allocation ratio calculated from the valuation.

From the consideration as above reasons, IFA is of the opinion that the shareholders should have resolution to approve the Amalgamation

As from reviewed the current Amalgamation terms and conditions as the assumption used for preparation of the financial forecast are reasonable and consistent with the economic condition and information during the time of study, moreover, IFA's opinion is based on accurateness and correctness of all information, documents, any agreements, management's interview and parties concerned. Any changes in information, material, data information or any circumstance may affect the IFA's opinion on TTTM forecast. The shareholders have to consider the appropriateness and opinion, the decision to approve the Amalgamation rests solely upon the shareholders' discretion.

2. Practice and information used in the preparation of the IFA's opinion

Globlex Securities Co.,Ltd., as an independent financial advisor approved by the Securities and Exchange Commission and independent from TTTM, has considered and studied information related to the Amalgamation from TTTM's information and other relevant information that are provided by TTTM or are publicly available, including:

- Resolutions of the Board of Directors' meeting and related information memorandum
- Annual registration statement (Form 56-1) of TTTM and related company
- Annual Report of TTTM and related company
- Auditor's reports and financial statements
- TTTM's Financial projection and underlying assumptions
- Contracts and related documents such as loan from some financial institutions agreements, etc.
- Relevant report prepared by specialists/professionals such as Financial and Tax Due Diligence which was prepared by KPMG AZSA LLC and Legal due diligence reports which were prepared by Chandler MHM Limited, etc.
- Interview with the management and related officers of TTTM and related companies
- Statistical data regarding the SET, economic condition, and relevant industries

The IFA also reviewed the current amalgamation terms and conditions as the assumption used for preparation of the financial forecast are reasonable and consistent with the economic condition and information during the time of study, moreover, IFA's opinion is based on accurateness and correctness of all information, documents, any agreements, management's interview and parties concerned.

Moreover, the agreements and business arrangements are assumed enforceable and legally binding without any information, incident or condition change that may affect the Amalgamation. Moreover, there is no probable cause that IFA believe such information is significantly incomplete to the validity of received information may be affected.

Any changes in information, material, data information or any circumstance may affect the IFA's opinion on TTTM forecast. IFA has no obligation on any update or any confirmation the IFA's opinion. The information are considered and studied with rational and reasonable practice as IFA professional standards, IFA's opinion should be considered by the audit committee and the shareholders as attached in this report.

The IFA's opinion is prepared for Company's shareholders, while shareholders are who would make the decision on approve or disapprove. Shareholders should educate and study the information related and attached to the meeting in order to exercise discretion in determining the appropriate resolution. .

3. General Information of the Amalgamation

The Amalgamation between Thai Toray Textile Mills Public Company Limited (“TTTTM”) and Luckytex (Thailand) Public Company Limited (“LTX”) has been approved by The Board of Directors’ meeting of Thai Toray Textile Mills Public Company Limited (“TTTTM” or the “Company”) No. 5/2018 held on December 25, 2018 and proposed to the extraordinary general shareholders’ meeting which will be held on January 31, 2019. In order to expand variety of products, increase business opportunities, strengthen financial position and enhance competitive advantage of both companies as in the new company (“MergedCo”), the Amalgamation is one of the alternative strategies to serve for future growth purpose. MergedCo will be more attractive to investors as increment in market capitalization and better positioning in textile market. The ratios of share allocation will be allowed for TTTM and LTX’s shareholders as following

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The Public Company Limited Act, B.E. 2535 (1992) (the PCL Act) procedures is needed to be allied for The Amalgamation between TTTM and LTX, in order to proceeding the Amalgamation it is required no less than three-fourths of the total votes from eligible shareholders who attend the meeting and have the right to vote. If there are dissenting shareholders of the Amalgamation, the arrangement of purchasing shares from dissenting shareholders will be made and Toray Industries, Inc. (Japan) (“TORAY”) has expressed the intention to be as purchaser of dissenting shares under TORAY’s terms and conditions with acknowledgement of the Board of Director’s meeting. Under the PCL Act, a company cannot hold its own shares which will occur after the completion of the Amalgamation so LTX as shareholder of TTTM has to complete TTTM shares sale and Toray Industries, Inc. (“TORAY”) has expressed an intention to LTX to purchase such shares in TTTM which will be subject to (1) the approvals from the shareholders’ meetings of TTTM and LTX resolve to approve the Amalgamation and (2) TORAY has sent the purchase offer to the shareholders who vote against the Amalgamation at the shareholders’ meetings of TTTM (“Dissenting Shareholders”) and LTX resolve to approve the Amalgamation, which will be sent on the same day of TORAY’s decision to act as a purchaser. Moreover, TTTM and LTX have to Sale in order to remove the cross-shareholding structure prior to the completion of the Amalgamation.

3.1 Detail of the amalgamation

1. Name of the new company from the Amalgamation (“MergedCo”)

The Public Company Limited Act, B.E. 2535 (1992) (the PCL Act) procedures is needed to be allied for The Amalgamation between TTTM and LTX. Joint shareholders meeting between TTTM and LTX are needed in order to considering the name of the MergedCo and other matters related to the MergedCo in the period required by Laws.

2. Summary information of TTTM and LTX

Table 1 : Brief information of TTTM

	Detail
Name of the company	Thai Toray Textile Mills Public Company Limited
Type of business	The manufacturing, national distribution and exporting of textiles comprising woven fabrics, knitting fabrics and car seat fabrics.
Date of incorporation	March 1, 1963
Registered and paid-up capital	Baht 60 million

Table 2 : Brief information of LTX

	Detail
Name of the company	Luckytex (Thailand) Public Company Limited
Type of business	The manufacturing of spun fabric, filament fabric, denim yarn, cord for rubber material reinforcement and fabric for airbags.
Date of incorporation	March 18, 1960
Registered and paid-up capital	Baht 518.40 million

3. General information of MergedCo

The responsible for all assets, obligations, right, duties and others responsibility of both companies are assumed combining to MergedCo according to PCL Act. The responsible for obligation are as follows which both companies have to make arrangements with all relevant parties in order to completely proceeding, as soon as possible, transferring or any conducting for business licenses, or other licenses to MergedCo after received resolution from shareholder of each company and the Amalgamation is registered with the Ministry of Commerce.

- Creditors and debtors
- Any obligation under contracts

- Contractual counterparties

By operation of law as mentioned above, the businesses of the MergedCo will comprise of the manufacturing, national distribution and exporting of textiles comprising woven fabrics, knitting fabrics, car seat fabrics, spun fabric, filament fabric, denim yarn, cord for rubber material reinforcement and fabric for airbags, of which will be a solid foundation for expanding businesses through expanded lines of products, and selling channel. As a result, the MergedCo will become one of leading textile manufacturers that provides the wide range of textile products in the country and the region. In addition, the MergedCo will be able to expand its business to other businesses which has better growth opportunity and higher returns such as high value-added products etc.

Shareholders structure before the Amalgamation and after the Amalgamation and restructuring of (1) LTX completed the sale of its share in portion of 5.22% in TTTM to TORAY and (2) Thai Toray Synthetics Co. Ltd. ("TTS") completed the sale of its share in the portion of 2.06% in LTX in order to remove the cross-shareholding structure which are shown as below

Figure 1 : Shareholding structure before the Amalgamation

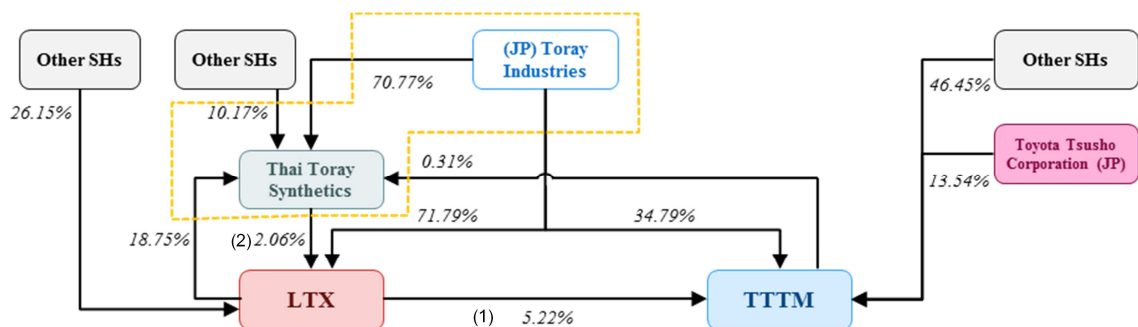
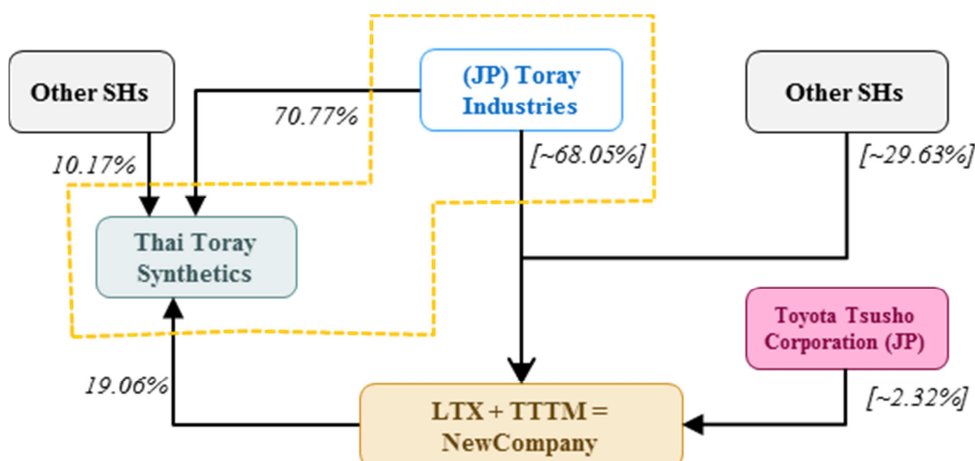


Figure 2 : Shareholding structure after the Amalgamation and restructuring

Shareholders structure is based on the assumption that the Amalgamation agenda passed the shareholders' meeting of TTTM and LTX whereas no Dissenting Shareholders offer their shares for sale to TORAY as the purchaser arranged by LTX and/or TTTM.



Currently, TTTM and LTX are in the process of considering information of the MergedCo in order to propose to the joint meeting of shareholders of TTTM and LTX for further consideration. After the registration of the Amalgamation with the Ministry of Commerce and the approval by the Board of Governors of the SET, the MergedCo will be a listed company on the SET based on criteria for maintaining the listing status of a listed company rather than the initial listing application.

4. Capital of MergedCo

The MergedCo will have registered and paid-up capital of Baht 578.40 million divided into 57.84 million common shares at Baht 10 at par from the Amalgamation of TTTM and LTX paid-up capital.

3.2 Conditions of the Amalgamation

The completion of the Amalgamation between TTTM and LTX is subject to the conditions necessary or related to the Amalgamation, including the following material conditions:

1. Resolution in approving the Amalgamation between TTTM and LTX from The Board of Directors' meeting and the shareholders' meeting.
2. All arrangement of buyers in buying shares from dissenting shareholders is completed which TTTM and LTX have acknowledged that TORAY has expressed the intention to be as purchaser of dissenting shares under TORAY's terms and conditions with acknowledgement of the Board of Director's meeting. TORAY shall subject to the terms and conditions as set forth in Terms and Conditions regarding the Offer to Purchase Shares from the Dissenting Shareholders to the Amalgamation, which include the conditions that the total purchase amount (multiplying the number of LTX's and TTTM's shares offered by the Dissenting Shareholders with the last traded price of LTX's and TTTM's shares on the day prior to the date on which the shareholders' meetings approve the Amalgamation) shall not exceed THB 300 million for both LTX and TTTM. As that there is only one purchaser of shares from the Dissenting Shareholders, the condition of the total purchase amount therefore has only one amount in total. However, if the accumulated amount exceeded the budget, TORAY may consider withdrawing itself from acting as a purchaser.
3. LTX completed the sale of its share in TTTM before implementation of the Amalgamation.
4. Thai Toray Synthetics Co. Ltd. ("TTS") completed the sale of its share in LTX in order to remove the cross-shareholding structure.
5. Approval, authorization, permission, or waiver obtained from concerned or related organization or officials which are necessary for, or pertaining to, the amalgamation. Any changes and/or transfer right and benefit or any certificate are granted.
6. TTTM and LTX being able to take proper steps, with respect to the debt owed to these creditors, as their board of directors, executive committee, chairman of the board of directors, managing director and/or the persons designed by their board of director, executive committee, chairman of the board

of director, managing director as appropriate, If creditors of TTTM's or LTX's dissent from the Amalgamation.

7. Obtain approval, consent or waiver from their financial institution creditors, contractual parties which are necessary for, or pertaining to, the Amalgamation, as specified in relevant contracts or documents (such as memorandum of association), or change in shareholding ratio of majority shareholders, including the amendments to the financing agreements or relevant terms and conditions. TTTM and/or LTX are able to take proper steps with respect to relevant parties if there is fail to get any approval, consent or waiver.
8. Obtain approval, consent or waiver from other contractual parties as specified in relevant contracts or documents. TTTM and/or LTX are able to take proper steps with respect to relevant parties if there is fail to get any approval, consent or waiver.
9. Joint shareholders meeting of TTTM's and LTX's shareholders being held, and the meters stated in the agenda are approved by it within the time prescribed by laws.
10. The registration of the Amalgamation being lawfully approved by the public companies registrar.
11. There is no circumstance or change which is or might be adversely or materially detrimental to the success of the Amalgamation, or the operations, financial condition, or assets of TTTM and/or LTX.

3.3 Shareholding structure before and after the Amalgamation

Table 3 : Major shareholders of TTTM before the Amalgamation

No.	Name	No. of shares	%
1.	Toray Industries, Inc.	2,087,500	34.79%
2.	Toyota Tsusho Corporation	812,500	13.54%
3.	LUCKYTEX (THAILAND) PUBLIC COMPANY LIMITED	313,000	5.22%
4.	BANGKOK BANK PUBLIC COMPANY LIMITED	306,850	5.11%
5.	SMBC MANAGEMENT SERVICE CO.,LTD.	200,000	3.33%
6.	Mr. Charn Sophonpanich	199,100	3.32%
7.	Mr. Choedchu Sophonpanich	123,600	2.06%
8.	Mr. Mana Sripithak	106,500	1.78%
9.	2,Lt. Kitti Bunphoaphichat	102,000	1.70%
10.	TOYOTA TSUSHO (THAILAND) CO.,LTD.	100,000	1.67%
11.	Other shareholders	1,648,950	27.48%
	Total	6,000,000	100.00

Source : SET website as record dated January 8, 2019

Table 4: Major shareholders of LTX before the Amalgamation

No.	Name	No. of shares	%
1	Toray Industries, Inc.	37,215,800	71.79%
2	Mr. Veraphan Theepsuwan	1,221,800	2.36%
3	Mrs. Chantima Theepsuwan	1,191,300	2.30%
4	THAI TORAY SYNTHETICS CO., LTD.	1,066,800	2.06%
5	2,Lt. Kitti Bunphoaphichat	996,500	1.92%
6	Mr. Pitak Nopprapun	741,800	1.43%
7	SOLAR - LUNAR COMPANY LIMITED	671,000	1.29%
8	Mr. Phadej Asai	650,000	1.25%
9	Mr. Kamolpat Theepsuwan	553,300	1.07%
10	Miss Anong Theepsuwan	442,300	0.85%
11	Other shareholders	7,089,400	13.68%
	Total	51,840,000	100.00

Source : SET website as record dated January 8, 2019

Table 5 : Major shareholders of MergedCo after the Amalgamation

No.	Name	No. of shares	% ¹
1	Toray Industries, Inc.	39,361,059	68.05%
2	Toyota Tsusho Corporation	1,341,549	2.32%
3	Mr. Veraphan Teepsuwan	1,129,721	1.95%
4	Mrs. Chantima Theepsuwan	1,101,520	1.90%
5	2,Lt. Kitti Bunphoaphichat	921,401	1.59%
6	Mr. Pitak Nopprapun	685,896	1.19%
7	SOLAR - LUNAR COMPANY LIMITED	620,431	1.07%
8	Mr. Phadej Asai	601,014	1.04%
9	Mr. Kamolpat Theepsuwan	511,602	0.88%
10	BANGKOK BANK PUBLIC COMPANY LIMITED	506,651	0.88%
11	Other shareholders	11,059,156	19.12%
	Total	57,840,000	100.00

- Note:
1. Number of shares and proportion of share held are calculated from shareholders list as record dated January 8, 2019, and in the ratio of 1 existing share in TTTM to 1.65113730 in MergedCo and 1 existing share in LTX to 0.92463689 in the MergedCo. TORAY is the balancer in rounding off of share transactions and shall pay to or receive compensation from the MergedCo for such balancing.
 2. Do not receive additional shares from buying of TTTM and LTX back from dissenting shareholders.
 3. According to Board of Director Resolution regarding to the Amalgamation between TTTM and LTX on December 25, 2018, BOD approved to sell TTTM shares to TORAY. Shareholding portion is calculated from the completion of cross-holding restructuring.

4. Rationale for the Amalgamation

4.1 Objectives of the Amalgamation

TTTM and LTX each has specific expertise in the manufacturing of textiles business in which each company operates and has different kind of products. TTTM main products are woven fabric, knitting fabric and car seat fabric, while LTX main products are spun fabric, filament fabric, denim yarn, cord for rubber material reinforcement and fabric for airbags.

Synergy from the Amalgamation between TTTM and LTX is considered as a strategy to expand business opportunity to expand and extend its businesses, enhance the MergedCo's financial capability, operational capability and competitiveness, increase investment opportunity domestically and internationally; as well as improving of image from the investors' perspective. The Amalgamation will combine the strength of both companies to supplement each other. As a result, the MergedCo formed by the Amalgamation will have a strong financial position and capability to secure sufficient capital sources at appropriate cost of fund, increased opportunity to expand investment in future projects, which will create value added to the MergedCo and maximize benefit of the shareholders.

4.2 Advantages of the Amalgamation

1) Synergy of the strength of both companies

Currently TTTM and LTX have own specific products which targeting different customers. Combining two companies would increase business opportunity in order to expand to new product variety and focus on high value-added product. From management's interview, it is believed that Amalgamation will help increase Economies of Scale which can reduce cost in the future, will integrate Thailand facility to be textile hub, and in the future it is believed that it would be able to compete with China in textile market.

Synergy the strength of both companies would increase a chance to acquire new customers, launch new high value-added products and increase competitive advantage of both companies together.

2) Enhancement of financial capability

After the Amalgamation, the MergedCo will have a solid financial position which will provide sufficient sources of fund for future investment expansion. The MergedCo will also have better opportunities of reaching various fund resources, including the power to negotiate with creditors. The financial highlights of the MergedCo (Pro Forma Financial Statement) for the year ended March 31, 2018 and for 6-month period ended September 30, 2018 are as follows:

Table 6 : Financial highlights of the MergedCo (Pro Forma)

Million baht	For the year ended			6 months period ended		
	March 31, 2018			September 30, 2018		
	TTM	LTX	MergedCo	TTM	LTX	MergedCo
	(Audited)		(Pro Forma)	(Audited)		(Pro Forma)
Financial highlights						
Total assets	1,702.38	8,761.17	10,463.05	1,722.06	8,615.26	10,336.32
Total Liabilities	208.95	2,935.61	3,144.07	195.27	2,605.60	2,799.86
Total Shareholder's equity	1,493.43	5,825.56	7,318.99	1,526.79	6,009.66	7,536.45
Total Revenues	1,202.31	8,768.40	9,968.89	679.81	4,224.31	4,903.21
Net Income	20.45	542.42	562.25	39.09	244.36	283.14
Net Profit Per share (Baht/Share) ¹	3.41	10.46	9.72	6.52	4.71	4.90
Book Value per share (Baht/Share)	248.90	112.38	126.54	254.47	115.93	130.30
Key Financial Ratios						
Gross Profit Margin (%) ²	12.30	11.45	11.55	17.09	10.67	11.56
Net Profit Margin (%) ³	1.70	6.19	5.64	5.75	5.78	5.77
Return on assets ratio (%) ⁴	1.20	6.19	5.37	4.54	5.67	5.48
Return on equity ratio (%) ⁵	1.37	9.31	7.68	5.12	8.13	7.51

Note : The Amalgamation is a business amalgamation under common control and not amalgamation as defined in Financial Reporting standard (No. 3). Thus, the pro forma financial statements are prepared by combining interests of the amalgamated company. Assets, liabilities and equities of each company are combined at the book value net of key related transactions. There will be no goodwill arising from Amalgamation. The Board of Directors resolved to approve the pro forma consolidated financial information of the New Company formed as a result of the Amalgamation to ensure that the shareholders have complete and sufficient information to consider and pass the resolution in relation to the Amalgamation, which will be further reviewed by an accounting firm.

¹ Earnings Per share = Net Income / Number of shares

² Gross profit margin = (Revenue– Cost of sales of goods) / Revenue

³ Net profit margin = Net profit / Revenue

⁴ Return on Assets = Net profit / Assets

⁵ Return on Equity = Net Profit / Shareholders' Equity

3) Increase in operational capability

After Amalgamation, the MergedCo could be one of the high-capable textile companies in the country, and will have the potential to grow and expand further in the region. Moreover, the Amalgamation will integrate facility to produce more units, more possibilities in order to be a leader of textile industry of Thailand.

4) Improve attractiveness to investors

As of December 4, 2018, the market capitalization of TTTM and LTX were Baht 1,107 million and Baht 5,210 million respectively. After the Amalgamation, the registered and paid-up capital of the MergedCo will be Baht 578.40 million with par value of Baht 10 each. When MergedCo trade in the stock market, it is expected to have total value higher than TTTM and LTX which will be more attractive to both domestic and international investors. Additionally, the MergedCo's shares would be more attractive regarding to abilities to expand and utilization of resources including strong financial position coming with strong relationship with customers. This will strengthen TTTM's and LTX's operation and business position in the market.

5) Diversification of risks

The MergedCo will diversify risks of depending on one product categories better than TTTM or LTX. Since TTTM main products are woven fabrics, knitting fabrics and car seat fabrics, while LTX main products are spun fabric, filament fabric, denim yarn, cord for rubber material reinforcement and fabric for airbags. The MergedCo will have potential to cover all product types which may seasonally change through customer's needs or trends. Moreover, MergedCo can expand to new business in high value-added product for both business expansion and risk diversification purposes.

4.3 Disadvantages of the Amalgamation

Effect from the allocation of shares of the MergedCo

Allocation of shares of MergedCo of existing share in TTTM shares into 1.65113730 shares in MergedCo, the share fraction which is greater than or equal to half of a share, such fraction shall be rounded up and vice versa which is lesser than half of a share will be disregarded. The MergedCo will only pay compensation to shareholders who are not allocated shares in the MergedCo for the fraction of share that is disregarded, at the price and within the period of time to be designated. The details and principles for rounding off the share fractions may be subject to further consideration, as appropriate.

In addition, some shareholders may not be allocated shares in a full trading unit (Board-lot). Such shares can only be traded as subunits (Odd lot) which is less liquid. The stock trading units will be traded at a hundred or more units and sale of subunit (Odd lot) is traded at a discount of the stock trading unit (Board-lot) which may affect the benefits of the shareholders.

4.4 Risks from of the Amalgamation

1) Risk from delay in the implementation of the Amalgamation in accordance with the PCL Act

The Amalgamation must be implemented in accordance with the PCL Act and must comply with laws. The guidelines to disclose relevant information and significant steps that TTTM and LTX have to perform are: 1) Resolution approving the Amalgamation of The shareholder's meeting of each company and actions related to the Amalgamation 2) The arrangement of dissenting shares is completed purchased 3) Creditors of each

company are informed and have opportunity to dissent regarding to the Amalgamation 4) Joint shareholders meeting of both TTTM and LTX are arranged 5) Both companies deliver their operations, assets, accounts and others to the MergedCo 6) The MergedCo and effects of the Amalgamation, including the disclosure of the information to the SET, are registered.

In addition, approval, authorization, permission or waiver from relevant parties including as following must be required for TTTM and LTX.

- 1) The Office of Securities and Exchange Commission
- 2) The Stock Exchange of Thailand
- 3) Thailand Securities Depository Co., Ltd
- 4) The Board of Investment (BOI)
- 5) Department of Business Development, Ministry of Commerce
- 6) The Revenue Department
- 7) Other authorities related to the licenses to operate businesses
- 8) Contractual parties
- 9) Creditors

Any delay or disrupt in MergedCo listing on the SET can be occurred by operating procedures which take time and involve many agencies.

2) Risk from creditors dissenting the Amalgamation

In the Amalgamation, LTX have plans to negotiate with the creditors to create a better understanding about the Amalgamation. TTTM is exposed to the risk that the creditors may dissent from the Amalgamation which can obstruct and delay the process. If there are dissenting on Amalgamation from creditors, TTTM will take proper steps, with respect to the debts owed to these creditors, as their board of directors, executive committee, Chairman of the board of directors, managing director and/or the persons designated by the board of directors, executive committee, chairman of the board of directors, or managing director as appropriate.

3) Risk from uncertainty in business plan after the Amalgamation

In the Amalgamation, there are some major issues cannot be clearly identified such as objective, managing directors, etc. TTTM and LTX joint shareholder's meeting is necessary to conclude on these issues which will be arranged after the Amalgamation. Thus there is business plan risk from the Amalgamation; however, major shareholders of MergedCo will be the same so it is expected that there would have no any significant change in the business plan.

4) Risk from differences in operational processes and organizational cultures

Since there are differences between TTTM and LTX operational processes, organizational cultures, the Amalgamation may affect operational flexibility, familiarity of employees in short term. TTTM and LTX have to take action to preserve important personnel by clearly discussing on operational guidance and procedure corresponding to employees understanding. Moreover, it is needed to consider on strategies and compensation in order to retain employees.

5) Risk from the request of the transfer of permits, licenses, and privileges

Both TTTM and LTX currently hold permits, licenses, and other rights and privileges for their business operations, which have been granted by various authorities. Although these permits and licenses, as well as rights and privileges, will be transferred to the MergedCo, both companies may need to ask the concerned authorities to make amendments. This process can be formally commenced after the approval of Board of Directors' meetings and the shareholders' meetings of both companies. Therefore, there is a risk that TTTM may not get approval to transfer licenses, or the permission is obtained later than expected. Moreover, both companies have to consider any risks regarding to legal due diligence.

6) Risk relating to tax matters

TTTM and its shareholders will eligible for tax exemption provided in accordance with principles and conditions under the Revenue Code under the Amalgamation regarding to PCL Act, as well as the relevant royal decrees and notifications of the Director General of the Revenue Department.

The personal income tax exemption, to which shareholders are entitled in respect of their capital gains derived from an amalgamation, is subject to the essential condition that the merging companies have no outstanding tax payables to the Revenue Department on the date of the amalgamation, unless the guarantee for such debts has been provided to the Revenue Department. Nevertheless, TTTM and LTX may have risk of tax investigation from Revenue Department for prescription period before the cease of its juristic person status according to Amalgamation process. Even there is no requisition by Law to liquidate before the registration of the Amalgamation and the MergedCo will be assumed all obligations that may be caused from the tax evaluation of TTTM and / or LTX. However, both companies have to consider any risks regarding to tax due diligence.

7) Risk relating to limitation of completeness of Asset Valuation

There is risk of share valuation because of the limitation of completeness of Asset Valuation. The value of the assets may differ from the fair value hence the IFA had limitation on validation on the completeness of the assets reconciliation. Since asset appraised value is used for share valuation, but there is limitation in completeness confirmation on asset value of TTTM and LTX which may affect value of share price.

4.5 Summary of rationale for the Amalgamation

From the above analysis, the Amalgamation between TTTM and LTX will unify the strength of both companies together, which will increase financial capability, competitiveness, investment opportunity in the future, and attract investors to invest in the MergedCo. In addition, both companies have prepared the Amalgamation plan and consulted all parties concerned in advance. The Amalgamation is therefore expected to proceed as planned. As a result, the IFA is of the opinion that the Amalgamation is reasonable.

5 Share valuation of Thai Toray Textile Mills PCL (“TTTM”)

The IFA forecasted these valuation approaches using the data based on TTTM' fiscal year ranged from (April-March) and the latest financial statements of second quarter as at 30 September 2018

5.1 Book Value Approach

This valuation approach reflects the value shown on the accounting book at a specific point in time. Thus, based on the book value of TTTM from latest financial statements of the second quarter ended at September 30, 2018, which were reviewed by Mr. Sakda Kaothanthong registration no. 4628, KPMG Phoomchai Audit Ltd.

Table 7 : Book Value per Share Summary of TTTM

As at September 30, 2018	Million Baht
Paid-up Capital	60.00
Retained Earnings –Legal Reserve	21.00
Retained Earnings –General Reserve	614.00
Unappropriated Retained Earnings	831.20
Other Components of Shareholders' Equity	0.59
Equity Attributable to Shareholders of TTTM	1,526.79
Number of common shares as at 30 September 2019 (million shares)	6.00
Book Value Per Share (Baht)	254.47

Based on the Book Value Approach, the share value of TTTM is Baht 254.47 per share

Despite the fact that this valuation approach encompassed the total assets and liabilities which are reported at the acquisition cost; thus, reflected the shareholders net worth perspective and was readily available, however, the fair value of the assets and liabilities were not taken to account. Therefore, this valuation approach should be seen as a secondary approach to the valuation.

5.2 Adjusted Book Value Approach

This valuation approach determines the fair value by adjusting the book value of TTTM from financial statements as at September 30, 2018 with various items entails the TTTM's key assets to better reflect the true intrinsic value or the current financial position.

As at September 30, 2018, despite TTTM's operating assets; such as, its cash and cash equivalents, trade accounts receivable, and inventories; the TTTM's Property, Plant and Equipment (“PPE”) was accounted for Baht 680.18 million, or equivalent to 39.5 percent of the total assets. In addition, as for the liabilities; TTTM's main liability was attributable to trade accounts payable and did not have any outstanding interest-bearing-debt. Moreover, during the quarter ended September 30, 2018, TTTM had reported approximately Baht 831.20 million of unappropriated equity and did not have accumulated tax loss carried forward.

In deriving the value of TTTM's common shares, the IFA used the book value as shown in the latest financial statements as at September 30, 2018, and considered the significant adjustments from the revaluation reports of TTTM's land and building, machineries and equipment through the market approach conducted by Siam City Appraisal Company Limited ("SCA") as follows;

Table 8 : Property Valuation Report for Public Purpose of TTTM

Property Valuation (Million Baht)		
Asset Type	Replacement Cost	Fair Value
Land Address: Sukhaphiban Road, District/ Subdistrict Nakhon Chai Sri , Nakhon Pathom Province Land area: 136 Rai 3 Sq.wah	507.31	507.31
Total Land	507.31	507.31
Office Building, Factories Building, and Warehouse	733.82	302.48
Total Office Building, Factories Building, and Warehouse	733.82	302.48
Machineries		
-Spinning Section Machineries	868.42	260.35
-Weaving Section Machineries	351.80	122.97
-Dyeing Section Machineries	149.89	52.89
-Engineering Section Machineries	673.71	232.29
Total Machineries	2,365.74	795.12
Total	3,606.87	1,604.91

Remark: -The stated value of the assets may differ from the fair value hence the IFA had limitation on validation on the completeness of the assets reconciliation.

-The majority of the buildings were built more than 30 years ago; however, according to the revaluation report, the assets were in moderate condition and maintenance.

-Additionally, the cost method was used for the revaluation which is derived from the replacement cost of the asset adjusted with the depreciation; whereas, the market approach was used for the revaluation of land by comparing recent sales of similar properties.

Table 9 : Fair Value Adjustment of Property Revaluation.

Statement of financial position (Million Baht)		
As of September 30, 2018		
Book Value	Fair Value	Fair Value higher (lower) than Book Value
680.18	1,604.91	924.73

Table 10 : Adjusted Book Value per Share Summary of TTTM

As at September 30, 2018	Million Baht
Paid-up Capital	60.00
Retained Earnings –Legal Reserve	21.00
Retained Earnings –General Reserve	614.00
Unappropriated Retained Earnings	831.20
Other Components of Shareholders' Equity	0.59
Equity Attributable to Shareholders of TTTM (Before Adjustment)	1,526.79
Add Adjusting items on Land and Building, Machineries and Equipment	924.73
(Less) Dividend payout	(15.00)
Equity Attributable to Shareholders of TTTM (After Adjustment)	2,436.52
Number of common shares as at September 30, 2018 (Million Shares)	6.00
Book Value Per Share (Baht)	406.09

The IFA had considered the appropriateness of the report by the independent property appraiser and viewed that the appraised value could be used to adjust to reflect the intrinsic value hence the revaluation had been made since August 2018 and there was no indication for material alteration. Additionally, on December 12th, 2018 the Board of Directors of TTTM approved the interim dividend payment of the first half year 2018 in the rate of 2.50 Baht per share in total of Bath 15 million which would reduce value per share under the Adjusted Book Value Approach.

This valuation approach encompassed the fair value of the total assets and liabilities; thus, reflect true fair market value to the shareholders net worth perspective and was readily available. Additionally, the IFA had also evaluated the latest Notes to the Financial Statements prepared by the External Auditor, the Financial and Tax Due Diligence Report from KPMG AZSA LLC. ; as well as, the Legal Due Diligence Report from Chandler MHM; and, the IFA did not discover any material off-book assets nor contingent liabilities that shall be included in this adjustment. Therefore, the IFA believed that the valuation approach is an appropriate method.

As the consequence, the share value of TTTM under the Adjusted Book Value approach is equivalent to Baht 406.09 per share.

5.3 Weighted Average Market Value Approach

This valuation approach was derived from the historical weighted average market price of TTTM's common shares in the Stock Market of Thailand that was traded during the 7 to 360 trading-days horizon, counted backward from the last trading day before the BOD approval

In regard to the analysis of the price movement of TTTM's common shares which were traded during the 360 trading-days-period, ranging from July 6, 2017 to December 24, 2018, the highest value of the stock was

equal to Baht 191.28 per share and lowest price was equal to Baht 151.85 per share, thus, the movement of the price and the trading volume of TTTM can be concluded as follows.

Table 11 : Weighted Average Valuation Summary of TTTM

Comparable Company	Weighted Average Market Value							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
TTTM-Thai Toray Textile Mills Public Company Limited	191.28	189.75	191.18	184.88	180.63	175.00	165.14	151.85
Number of common shares as at September 30, 2018 (million shares)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Market Capital (million baht)	1,147.71	1,138.47	1,147.10	1,109.27	1,083.79	1,050.02	990.87	911.10

Consequently, the IFA decided not to use this valuation approach because the weighted average market share price does not encompass the accurate intrinsic value, because, the market value is usually subjected to many variables, including the market sentiment and investment demand over the share, leading to possible undervaluation of TTTM.

5.4 Market Comparable Approach

This valuation approach compares various financial ratios of listed companies with similar business to TTTM to derive the appropriate value; thus, the IFA has selected 7 comparable companies as follows.

Table 12 : Comparable companies of TTTM

Tickers	Name	Business nature
AFC	Asia Fiber Public Company Limited	The Company produces and sells nylon products in both pellet and fiber forms to be used as raw materials in the industry spinning, weaving and knitting. The 5 main types of products and services are as follow: 1. Nylon Chip: used as raw material in textile industry and dry gin 2. Filament Yarn: used in weaving and stretch yarn production 3. Textured Yarn: used to produce Knitted Fabrics and hosiery 4. Fabric: woven from synthetic fibers 5. Dyeing services: provides services to other manufacturers
PG	People's Garment Public Company Limited	The Company is the producer of menswear, women wear, children's wear and swimwear. Most products carry trademarks which are widely known both domestically and internationally such as ARROW, LACOSTE, ELLE, BSC and Felix Buhler.
SUC	Saha-Union Public Company Limited	It is the flagship company of the Saha-Union Group. The group's operations can be divided into 5 categories: (1) Manufacturing : textile, plastic, rubber and metal products, (2) Computer, (3) Energy and others in China, (4) Hotel

Tickers	Name	Business nature
		and (5) Investment and others.
TPCORP	Textile Prestige Public Company Limited	Manufacturing and distribution of non-Woven Fabric, products made of non-Woven Fabric such as Automotive Parts; car roof, carpet, air filter, face mask and raw materials of Industrial Textile and the outsourcing.
TR	Thai Rayon Public Company Limited	The Company is the manufacturer of viscose rayon staple fiber for sales to both domestic and export markets.
TTI	Thai Textile Industry Public Company Limited	The Company operates as a textile manufacturer, importer and distributor of raw cotton, cotton yarn, blended yarn, polyester yarn and fabrics such as white fabric, color dyeing, garment product and product designed by the customers. The Company sells both domestic and international under the trademarks TTI.
UT	Union Textile Industries Public Company Limited	The Company manufactures and distributes of textile products, greige fabrics made of 100% cotton, blend of cotton and polyester and/or other synthetics fiber having specification according to customers' requirements. The Company also provides service on yarn spinning and fabric weaving.

Source: SETTRADE

1) Price-to-Earning Approach

This valuation approach was based on the 12-month trailing earnings per share multiplied by the average price-to-earnings ratio (P/E) of the comparable peers who operate in the similar manner as TTTM, encompassed 7 to 360 trading days counting backward from December 24, 2018, which is the last Trading day before TTTM's Board of Directors resolved to approve the Amalgamation.

In summary the Price-to-earnings ratios (P/E) of comparable companies under the horizon of 7 to 360 trading days counting backward from December 24, 2018 is as follows;

Table 13 : Price-to-Earning Valuation Summary of TTTM

Comparable company	P/E Value							
	7 day	15 day	30 day	60 day	90 day	120 day	180 day	360 day
AFC -Asia Fiber Public Company Limited	67.22	67.10	67.06	67.06	67.06	67.06	115.22	131.84
SUC -Saha-Union Public Company Limited	11.31	11.27	11.34	11.32	11.26	11.09	10.73	10.44
TPCORP-Textile Prestige Public Company Limited	20.70	20.86	21.07	21.07	21.06	20.36	19.28	16.01
TR-Thai Rayon Public	4.73	4.81	4.75	4.70	4.73	4.67	4.59	4.41

Comparable company	P/E Value							
	7 day	15 day	30 day	60 day	90 day	120 day	180 day	360 day
Company Limited								
UT-Union Textile Industries Public Company Limited	17.80	18.03	18.14	19.21	19.25	19.31	19.29	20.85
Average PER	24.35	24.41	24.47	24.67	24.67	24.50	33.82	36.71
EPS (Baht per share)	9.59	9.59	9.59	9.59	9.59	9.59	9.59	9.59
Price per share (Baht per Share)	233.54	234.13	234.69	236.60	236.60	234.94	324.35	352.05

Remark: The IFA did not use PG and TTI into calculation P/E due to negative EPS.

Based on the Price-to-Earning Approach, the share value of TTTM is equivalent to Baht 233.54-352.05 per share.

2) Price-to-Book Value Approach

This valuation approach was based on the book value per share as at September 30, 2018 multiplied by the average Price-to-Book Value ratio (P/BV) of the comparable peers who operate in the similar manner as TTTM, encompassed 7 to 360 trading days counting backward from December 24, 2018, which is the last Trading day before the TTTM's Board of Directors resolved to approve the Amalgamation.

In summary the Price-to-Book Value ratio (P/BV) of comparable companies under the horizon of 7 to 360 trading days counting backward from December 24, 2018 is as follows.

Table 14: Price-to-Book Valuation Summary of TTTM

Comparable Company	P/B Value							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
AFC -Asia Fiber Public Company Limited	0.34	0.34	0.34	0.35	0.34	0.34	0.34	0.34
PG -People's Garment Public Company Limited	0.39	0.40	0.41	0.43	0.44	0.44	0.45	0.47
SUC -Saha-Union Public Company Limited	0.69	0.69	0.69	0.68	0.68	0.67	0.66	0.66
TPCORP-Textile Prestige Public Company Limited	0.67	0.67	0.68	0.70	0.70	0.70	0.72	0.81
TR-Thai Rayon Public Company Limited	0.37	0.37	0.37	0.38	0.39	0.40	0.41	0.44
TTI-Thai Textile Industry Public Company Limited	0.50	0.50	0.54	0.79	0.87	0.91	0.94	0.99

UT-Union Textile Industries Public Company Limited	0.89	0.90	0.90	0.90	0.89	0.89	0.88	0.90
Average P/BV	0.55	0.55	0.56	0.60	0.62	0.62	0.63	0.66
EPS (Baht per Share)	254.47	254.47	254.47	254.47	254.47	254.47	254.47	254.47
Price per share (Baht)	139.96	140.68	142.86	153.77	156.68	158.13	159.95	167.58

Based on the Price-to-Earning Approach, the share value of TTTM is equivalent to Baht 139.96-167.58 per share. Thus, the market prices of TTTM should be not be used because the market price is based on expectation and market sentiment; thus, the value could be deviated from the intrinsic value of the firm.

5.5 Discounted Cash Flow Approach

As a manufacturer of fabrics, TTTM's products include Woven Fabrics, Knitted Fabrics, Car Seat Fabric Products. During the period of the analysis, the domestic revenue contributed more than 54% of the total revenue and the remaining is attributable to the export sales; for instance, Indonesia, UAE, Japan, South Africa, and others.

1) Revenue assumptions of TTTM

Total Revenue from Sales = Price x Quantity
--

Where

Quantity = the product quantity sold (million yard/ year)

Price = the average selling price of the product throughout the year (baht/ yard)

Production Capacity

As advised by the management of TTTM, the current capacity was approximately 30 million yard, therefore the utilization can be summarized as follows

Table 15 : Capacity and Quantity Sold of TTTM

	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Total Capacity (million yard)	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Quantity Sold (million yard)	16.16	14.91	16.03	16.70	16.96	17.11	17.25	17.39
Utilization	54%	50%	53%	56%	57%	57%	57%	58%

Thus, from analysis of the Due Diligence Report from KPMG AZSA LLC as well as the auditor's notes to financial statements, TTTM's segment can be summarized as follow

Woven Fabrics

Table 16 : Sales Quantity and Price Assumption for Woven Fabrics of TTTM

Woven Fabrics	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (million yard)	14.15	12.37	12.35	12.28	11.30	11.39	11.47	11.56
Quantity growth (%)	n/a	(12.56%)	(0.12%)	(0.58%)	(8.00%)	0.76%	0.76%	0.76%
Average Selling Price (Baht / yard)	66.45	68.83	64.44	68.90	68.90	68.90	68.90	68.90

From the analysis of the total quantity produced per year, during FY2015-FY2017, the Woven Fabric was accounted for approximately 75 percent of the total production, ranged between 12.35 – 14.15 million yard per year. However, in the FY2018 due to the change in the market penetration strategy, TTTM would slim down the export sales and shift the production to more profitable product segment; as a result, the IFA forecasted the Woven Fabric Selling quantity to diminish slightly at the same rate as in the first half of FY2018, thus, the IFA forecasted the sales quantity to reach its peak at 12.28 million yard in FY2018 and drop by 8.00% in FY2019 due to the export production downsizing in the following years.

During FY2015–FY2017, the average selling price for Woven Fabric ranged from Baht 64.44-68.83 per yard. According to the management, the competition in the export market for Woven Fabric had been intensified by excess supply and price competition from the Chinese exporters and was expected to increase; to counter this situation, TTTM would downsize its export segment and emphasize more on the domestic market and on high value-added product that yields higher selling price. Hence, the selling price can be subjected to the market price and the products sold are high value-added, therefore the IFA forecasted it to be resemblance to the latest average price at Baht 68.90 per yard and remain stable until FY2022.

Sales growth- Woven Fabric

According to Financial Due Diligence Report from KPMG AZSA LLC., TTTM's sales of Woven Fabric had been declining due to lower domestic demand and declining sales growth in oversea sales during FY2015-FY2017; as a result, TTTM planned to downsize its oversea business, although, in the late of FY2017, TTTM gained a key customer account that subsequently boosted up the TTTM's revenue from sales. As the consequence, the IFA forecasted the growth for Woven Fabrics to be as follows.

Table 17 : Sales growth- Woven Fabric of TTTM

Sales Growth (%)	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Woven Fabrics	(9.43%)	(6.49%)	6.31%	(7.59%)	0.79%	0.79%	0.80%

Knitted Fabrics

Table 18 : Sales Quantity and Price Assumption for Knitted Fabrics of TTTM

Knitted Fabrics	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (million yard)	2.01	2.54	3.68	4.41	5.66	5.72	5.78	5.84
Quantity growth (%)	n/a	26.34%	44.64%	20.06%	28.32%	1.00%	1.00%	1.00%
Average Selling Price (Baht / yard)	94.12	86.68	99.67	103.23	103.23	103.23	103.23	103.23

During FY2015-FY2017, Knitted Production was attributable for 25 percent of the Total Quantity or equivalent to 2.01 – 3.68 million yard per year. In recent years of operation, Knitted Fabric segment had gained a higher profitability in comparison to the other segment. To capitalize the profit making segment, TTTM planned to utilize its resources in producing higher proportion of the Knitted Fabric product. As a result, the IFA forecasted the quantity growth to be at the same rate as in the first half of in FY2018 and to experience high growth during its expansion growth stage until FY2019 and subsequently decelerate until FY2022.

As for Knitted Fabric average selling price, during FY2015-FY2017 fluctuated slightly in the range between Baht 94.12 – 99.67 per yard. In a similar situation to the Woven Fabric, the price of the knitted in 2018 had escalated from the average price in FY2017 by 3.57% at Baht 103.23 per yard due to the higher demand in the export market. As stipulated by the management about the market expansion in the foreign market, meanwhile, focus less on the domestic market that had a relatively lower average selling price, the IFA forecasted that the selling price for Knitted Fabric to remain close to the current selling price at Baht 103.23 per yard

Sales growth- Knitted Fabric

Knitted Fabric Segment contributed the second-highest sales percentage after Woven Fabrics, outperformed other company's products in term of sales growth; hence, the revenue increase was driven by demand for uniform manufacturers. However, the IFA estimated that the value-adding production technique will boost up the sales in the short-term and subsequently decline as follows.

Table 19 : Sales growth- Knitted Fabric of TTTM

Sales Growth (%)	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Knitted Fabrics	16.36%	66.31%	24.34%	24.34%	1.00%	1.00%	1.00%

Car Seat Fabric

Since the Car Seat Fabric segment will be suspended in the future operation until the expiry of the committed supply contract, the IFA forecasted the supply quantity to remain stable until the expiry of commitment.

Sales growth- Car Seat Fabric

Car Seat Fabric segment had been a loss-making business due to its products mispricing, also, TTTM had committed to deliver the product until FY2021 at the same selling price. Respectively, to cease the loss, the management planned to discontinue production due to lower demand and inability to generate profit. Therefore, the IFA forecasted no sales growth for this segment from FY2019.

Table 20 : Sales growth- Car Seat Fabric of TTTM

Sales Growth (%)	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Car Seat Fabric	(36.42%)	12.51%	68.65%	0%	0%	0%	(100%)

Accordingly, to forecast the Total Revenue from Sales, the IFA had assumed the relationship regarding to the selling quantity and price as follows.

Table 21 : Total Revenue by Segment of TTTM

Products Segment (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Woven Fabrics	940.06	851.40	796.11	846.36	782.15	788.35	794.62	800.94
Knitted Fabrics	189.33	220.32	366.41	455.61	566.52	572.19	577.91	583.69
Car Seats Fabrics	23.89	15.19	17.09	28.82	28.82	28.82	28.82	-
Total Revenue	1,153.28	1,086.90	1,179.61	1,330.79	1,377.49	1,389.36	1,401.35	1,384.63

Other revenue Assumption

Other revenue mainly represented factory and land rental income, provident fund income, income from disposal; thus, the IFA expected it to persist indistinguishably to the historical amount.

2) Gross Profit Assumptions

Table 22: Gross Profit Assumption by segment of TTTM

Gross Profit by segment (%)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Woven Fabric	10.10%	10.75%	8.74%	16.00%	15.18%	15.15%	14.06%	13.37%
Knitted Fabric	16.39%	13.13%	16.13%	15.58%	15.40%	15.51%	15.43%	15.56%
Car Seat Fabric	(39.00%)	(5.00%)	(20.00%)	(23.54%)	(23.54%)	(23.54%)	(23.54%)	-
Total	10.12%	11.01%	10.62%	15.00%	14.46%	14.50%	13.85%	14.30%

During FY2015-FY2017, TTTM's overall historical gross profit fluctuated in the range between 10.12% - 11.01%. Despite this historical data, TTTM attained a higher profit margin throughout its 6-months operation in FY2018 in all products due to the shift in direction to produce high value-added product and differentiated knitting-technique.

For recent years of operation, the gross profit for Woven Fabric segment had weakened slightly due to economic slowdown in both domestic and international market, coupled with the oversupply and lower-price products from China in the export market. However, during the 6 months period of FY2018 both international market and domestic market had started to recover, as well as the price climb that resulted in a higher overall margin for the product. Nevertheless, in the foreseeable future, TTTM planned to alter the strategy in competing less against the competitors in the oversea market and emphasized more on the domestic market by delivering high value-added products that has higher bargain on the margin. Hence, the current market price ultimately affects the margin, coupled with the introduction of high-value added product; the IFA deemed that the margin for the segment to remain high as in the first half of FY2018 and gradually decrease from 16.00% to 13.37% hence TTTM operated in a competitive market.

As for the Knitted Fabric segment that are the materials for sportswear and uniforms products, the gross profit during FY2015-2017 was relatively higher than Woven Fabrics especially in the oversea department, due to the increasing demand in the export market. Respectively, to exploit the high demand in the oversea market, TTTM planned to capture the opportunity by downsizing the domestic sales and focus more on the export. Accordingly, the IFA forecasted the gross profit for the Knitted Fabric segment to remain at the range between 15.40%-15.58%

Furthermore, the Car Seat Fabric segment will be suspended in the future operation until the expiry of supply commitment, therefore, the IFA forecasted the Car Seat Fabric gross profit to remain stable until the contract expiry Hence the management had a passive strategy and been unable to pass the cost to the customer.

3) Distribution Cost Assumptions

Table 23: Distribution Cost Assumptions of TTTM

Distribution Costs (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Employee benefit expenses	22.54	23.15	20.14	20.99	21.87	22.79	23.75	24.74
% to revenue	1.95%	2.13%	1.71%	1.58%	1.59%	1.64%	1.69%	1.79%
Distribution fees	15.74	14.42	16.67	16.14	18.20	18.84	19.01	19.17
% to revenue	1.36%	1.33%	1.41%	1.37%	1.37%	1.37%	1.37%	1.37%
Sale commission expenses	13.79	12.10	11.23	11.23	12.66	13.11	13.22	13.34
% to revenue	1.20%	1.11%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Others	12.50	16.53	12.05	14.26	16.09	16.65	16.80	16.94
% to revenue	1.08%	1.52%	1.02%	1.07%	1.17%	1.20%	1.20%	1.22%
Total Distribution Costs	64.57	66.21	60.09	62.61	68.83	71.39	72.77	74.19

Remark: Others distribution costs comprised of expenses such as compensation expenses and trademark fees of the products.

TTTM reported Distribution Cost for FY2015-2017 at Baht 64.57 million, Baht 66.21 million and Baht 60.09 million; which were equivalent to 5.60% 6.09% and 5.09% to the revenue from sales. Thus, the main components are Employee Benefit Expenses, Distribution Fee Expenses and, Sale Commission Expenses.

In FY2017, the expense reduction from the previous year was resulted from the downsizing the production headcount and cost-controlling of TTTM's Employee benefit expenses which was accounted for 34% of the distribution cost and was considered as fixed cost. Respectively, in the financial forecast, the Employee benefit expenses are assumed to escalate 4.20% per annum from the base year of FY2017 because of salary incremental norm.

Furthermore, during FY2015-2017, TTTM's Distribution fees was accounted for 24.63% of distribution cost; were reported at Baht 15.74 million, Baht 23.15 million, Baht 20.14 million ; or equivalent to 1.36%, 1.33% and 1.41%; thus, the IFA forecasted this selling cost to remain proportionate to the revenue from sales as its historical average of 1.37%.

During FY2017-FY2018, the Commission Expenses that were paid to foreign agency for international sales were accounted for 19.44% of the Distribution Cost and had been declining in proportion to the revenue from sales, due to tighten policy and the withdrawal of oversea sales. In regard, the IFA forecasted the commission to revenue from sales to remain stable from the prior year at 0.95%.

4) Administrative Expenses Assumptions

TTTM reported Administrative Expenses for FY2015-FY2017 at Baht 50.46 million, Baht 69.02 million and Baht 61.96 million; which were equivalent to 4.38%, 6.35% and 5.25% to the revenue from sales. Thus the major administrative expenses and their assumptions are as follows.

Table 24: Administrative Expenses Assumption of TTTM

Administrative Expenses (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Employee benefit expenses	24.27	23.82	28.10	29.28	30.51	31.79	33.13	34.52
% to revenue	2.10%	2.19%	2.38%	2.21%	2.20%	2.28%	2.35%	2.46%
Professional fees	3.91	5.77	7.42	5.70	5.70	5.70	5.70	5.70
% to revenue	0.34%	0.53%	0.63%	0.50%	0.50%	0.50%	0.50%	0.50%
Service fees	2.21	3.86	4.37	4.07	4.21	4.25	4.28	4.23
% to revenue	0.19%	0.36%	0.37%	0.31%	0.31%	0.31%	0.31%	0.31%
Others	20.07	35.57	22.07	22.53	23.46	24.05	24.54	24.58
% to revenue	1.74%	3.27%	1.87%	1.69%	1.70%	1.73%	1.75%	1.78%
Total Distribution Costs	50.46	69.02	61.96	61.58	63.87	65.79	67.65	69.03

Remark: Others administrative costs comprised of expenses such as depreciation and amortization of the assets expenses, transportation expenses, and impairment of assets.

The main Administrative expense during FY2015-FY2017 was attributable for the Employee Benefit Expenses, which was equivalent to 42.65% to the total Administrative Expenses. As stipulated by the management, salary incremental rate is approximately 4.20% per year, thus, the IFA forecasted the headcount and salary incremental rate to remain stable.

To assist the general operation, TTTM hired various professions such as accounting and legal advisors during FY2015-FY2017 at the average of 9.36% to the total administrative expenses, thus, the IFA deemed that the expenses are necessary and would likely to persist; therefore, the IFA forecasted it to remain constant.

Nevertheless, TTTM had arranged a service agreement regarding general administration, business planning, marketing and sales, human resources management and training throughout with Toray Industries (Thailand) Company Limited ("TTH"); who manages various companies in the group, thus, the fee will be allocated to each company according to proportion of each company revenue, thus, the IFA deemed that the expenses are necessary and would likely to persist, therefore, the IFA forecasted it to be equivalent to its historical average of 0.31%.

5) Corporate income tax Assumption

Corporate income tax rate of 20% is assumed throughout the projection period.

6) Capital Expenditures Assumption

Based on historical data during FY2015-FY2017, TTTM's main capital expenditure was spent on Machineries and Equipment. In addition as at March 2018, TTTM had committed to procure the Machineries amounting to Baht 16.6 million and was expected to increase to Baht 84.3 million by FY2018. In addition, according to the business plan, FY2018-FY2021, the IFA expected the capital expenditure to be in the range between Baht 84-160 million per year for replacement purpose and maintenance, however, as for 2022, the

business plan remained uncertain; thus, the IFA forecasted the Capital Expenditure for FY2022 to be Baht 120.48 million which is equivalent to the depreciation amount of the previous period.

7) Assets and Liabilities Turnover Assumption

Based on TTTM's historical data of FY2015 – FY2017 and considered the suitability of the ratios, throughout the projection period as follows:

Table 25: Trade account receivable assumption of TTTM

- Trade account receivable - 64.40 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Trade A/R	Sales	205.47	169.70	251.97	234.82	243.06	245.15	247.27	244.32
	AR Collection	65.03	62.99	65.24	64.40	64.40	64.40	64.40	64.40
	Period (days)								

Table 26: Inventories assumption of TTTM

- Inventories - 72.99 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Inventories	COGS	1,036.58	967.19	1,054.38	1,127.54	1,174.45	1,183.67	1,203.55	1,183.35
	Inventory	73.40	76.48	69.43	72.99	72.99	72.99	72.99	72.99
	Conversion Period (days)								

Table 27: Trade account payable assumption of TTTM

- Trade account payable – 22.93 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Trade A/P	COGS	1,036.58	967.19	1,054.38	1,127.54	1,174.45	1,183.67	1,203.55	1,183.35
	AP Payment	18.28	22.38	31.80	22.93	22.93	22.93	22.93	22.93
	Period (days)								

Table 28: Fixed assets turnover assumption of TTTM

- Fixed assets turnover- 1.90 time on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Fixed Assets	Sales	876.95	788.49	719.78	684.29	715.86	742.30	751.24	687.57
	Fixed Asset								
	Turnover (times)	1.32	1.38	1.64	1.94	1.92	1.87	1.87	1.91

The Financial Projection of TTTM for FY2018 - FY2023 can be summarized as follows

Table 29 : Statement of financial position of TTTM

Statement of financial position (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Assets								
Total current assets	712.45	775.78	899.33	982.55	1,034.56	1,085.50	1,142.39	1,235.11
Total non-current assets	932.05	859.02	803.05	761.01	785.69	805.24	811.58	778.26
Total assets	1,644.50	1,634.80	1,702.38	1,743.56	1,820.24	1,890.74	1,953.97	2,013.37
Liabilities and Equity								
Total current liabilities	120.29	115.65	175.55	138.37	143.86	144.98	147.22	144.83
Total non-current liabilities	40.03	39.32	33.40	33.40	33.40	33.40	33.40	33.40
Total liabilities	160.33	154.97	208.95	171.77	177.26	178.38	180.62	178.23
Total Equity	1,484.17	1,479.83	1,493.43	1,571.79	1,642.98	1,712.36	1,773.35	1,835.14
Total liabilities and equity	1,644.50	1,634.80	1,702.38	1,743.56	1,820.24	1,890.74	1,953.97	2,013.37

Table 30 : Statement of comprehensive income of TTTM

Statement of Comprehensive Income (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Net Sales	1,153.28	1,086.90	1,179.61	1,330.79	1,377.49	1,389.36	1,401.35	1,384.63
Woven	940.06	851.40	796.11	846.36	782.15	788.35	794.62	800.94
Knitted	189.33	220.32	366.41	455.61	566.52	572.19	577.91	583.69
Car seats	23.89	15.19	17.09	28.82	28.82	28.82	28.82	-
Gross Profit	116.70	119.71	125.23	199.65	199.18	201.41	194.16	197.96
Woven	94.99	91.54	69.56	135.44	118.71	119.47	111.74	107.12
Knitted	31.04	28.93	59.09	70.99	87.26	88.72	89.20	90.85
Car seats	(9.32)	(0.76)	(3.42)	(6.78)	(6.78)	(6.78)	(6.78)	-
Other Revenue	29.10	18.34	21.20	21.20	21.20	21.20	21.20	21.20
Expenses								
Distribution costs	64.57	66.21	60.09	62.61	68.83	71.39	72.77	74.19
Administrative expenses	50.46	69.02	61.96	61.58	63.87	65.79	67.65	69.03
EBIT	35.65	6.12	25.89	98.16	89.18	86.93	76.43	77.44
Financial cost	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.20
EBT	35.46	5.93	25.69	97.96	88.98	86.73	76.23	77.24
Tax expense	7.09	1.19	5.28	(19.59)	(17.80)	(17.35)	(15.25)	(15.45)
Net Profit	28.37	4.75	20.41	78.37	71.19	69.38	60.99	61.79

8) Discount Rate

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC), which derived from the weighted average of Cost of Debt (Kd) and Cost of Equity (Ke) based on the following formula;

$$WACC = Ke * E / (D + E) + Kd * (1 - T) * D / (D + E)$$

Ke = Cost of equity or shareholders' required rate of return (Re)

Kd = Cost of debt or loan interest rate of TTTM

T = Corporate income tax rate

E = Total shareholders' equity

D = Interest-bearing debt

Cost of equity (Ke) or the required rate of return for shareholders (Re) is derived from the Capital Asset Pricing Model (CAPM) as follows;

$$Ke \text{ (or Re)} = Rf + \beta (Rm - Rf)$$

Whereby

Risk Free Rate (Rf) = 3.30% per annum based on 30-year government bond yield (as at December 24, 2018)

Beta (β) = 0.31 times based on unlevered beta of peers (December 24, 2016 – December 24, 2018) and then adjusted at estimated D/E ratio for the year ended.

Market Risk (Rm) = 15.35% per annum, which is the 30-year average rate of return from the investment in market portfolio of the Stock Exchange of Thailand adjusted by dividend yield. (as at December 24, 2018)

Kd = TTTM did not possessed any interest bearing liability, therefore, Kd will not be used as the input to derive the discount rate

T = Estimated corporate income tax rate 20% per annum.

Therefore, the discount rate or TTTM's WACC is equal to **7.01%** per annum.

9) Terminal Value

$$\text{Terminal Value} = [TVFCFF \times (1+g)] / (WACC - g)$$

Where by

TVFCFF	=	The forecasted free cash flow to firm in the terminal year (as at 2022)
Growth Rate (g)	=	The long-term growth rate of free cash flow to firm at 0.50 % per annum. (Going concern basis), which is the assumption that the IFA considered by interviewing the management who still has the continuous growth strategy; however, the IFA believed that the growth would revert back to the level of long-term growth rate of the industry that had started to mature.
WACC	=	Weighted Average Cost of Capital of TTTM (explanation 8)

Therefore, the discount rate or TTTM's terminal value is equal to Baht 1,548.01 Million

By using above information and assumptions, calculation of TTTM's future cash flow and value are as follows

Table 31: Free cash flow to firm (FCFF) of TTTM

Million Baht	2018F	2019F	2020F	2021F	2022F
EBIT	98.16	89.18	86.93	76.43	77.44
Tax (20%)	(19.63)	(17.84)	(17.39)	(15.29)	(15.49)
NOPAT	78.53	71.34	69.54	61.14	61.95
Depreciation and Amortization	126.38	134.33	140.45	148.66	153.80
Working Capital	(45.36)	(5.81)	(3.10)	(3.93)	4.95
Capital Expenditure	(84.00)	(159.00)	(160.00)	(155.00)	(120.48)
Free Cash Flow to Firm	75.54	40.86	46.88	50.87	100.23
Present Value of Free Cash flow to Firm	73.03	36.91	39.58	40.13	73.89
Present Value of Terminal Value (Terminal growth 0.50%)					1,141.24

In respect to the information given above, the Equity Value can be calculated as follows;

Table 32 : TTTM DCF Valuation Summary

TTTM DCF Valuation Summary	Million Baht
Present Value of total cash flow	1,404.79
Add: Cash and cash equivalent as of September 30, 2018	463.91
(Less): Liabilities	0.00
(Less): Dividend payout	(15.00)
Total Equity Value	1,853.70
Total Common Shares (million shares)	6.00
Price/ Share (Baht)	308.95

Remark: On December 12, 2018 the Board of Directors of TTTM approved the interim dividend payment of the first half year 2018 in the rate of 2.50 Baht per share in total of Bath 15 million which would reduce the valuation under the Discounted Cash Flow approach.

Despite the drawback of the valuation is subjected to the overconfidence in the long-term operation and the estimation challenge of the fluctuation in WACC that is also subjected to the market factors and performance, DCF valuation approach encompassed the future cash flows and business growth strategy in the valuation.

Sensitivity Analysis

WACC of TTTM may cause a significant impact on the valuation; therefore, the IFA performed the sensitivity analysis by varying key assumption which has significant impact to value in the range between +/- 0.50%

Table 33 : TTTM Sensitivity Analysis

WACC	WACC +0.50%	WACC +0.25%	WACC	WACC -0.25%	WACC -0.50%
Baht per Share	291.20	299.74	308.95	318.90	329.69

Based on the sensitivity analysis, the share value of TTTM is equivalent to Baht 291.20-329.69 per share

5.6 Summary of the IFA's Opinion on the Fair Value of TTTM's Shares

Table 34 : TTTM Valuation summary

TTTM Valuation Summary	Fair Value of TTTM's Shares (Baht per share)	Firm Value (Million Baht)
Book Value Approach	254.47	1,526.79
Adjusted Book Value Approach	406.09	2,436.52
Weighted Average Market Value Approach	171.57	1,029.40
Price to Earnings Multiple Approach : P/E Ratio	292.79	1,756.75
Price to Book Value Ratio Approach: P/BV Ratio	153.77	922.62
Discounted Cash Flow Approach	291.20-329.69	1,747.19-1,978.17

From the summary table above, the value of TTTM's share is in the range of Baht 153.77 – 406.09 per share or firm value of Baht 922.62 – 2,436.52 million.

The Book Value Approach reflects the value of the Equity perspective net worth as at September 30, 2018 but does not encompass the real asset value and future profitability, as well as the overall economic and industry outlook. Thus, valuation of TTTM's shares using Book Value Approach could not reflect the fair value of some assets after the book closing date of TTTM , therefore, this valuation method is not appropriate.

In contrary, Adjusted Book Value valuation approach encompassed the fair value of the total assets and liabilities; thus, reflect true fair market value to the shareholders net worth perspective and was readily available.

Additionally, the IFA had also evaluated the latest Notes to the Financial Statements prepared by the External Auditor, the Financial and Tax Due Diligence Report from KPMG AZSA LLC.; as well as, the Legal Due Diligence Report from Chandler MHM; and, the IFA did not discover any material off-book assets nor contingent liabilities that shall be included in this adjustment. Moreover, TTTM operates in mature industry, thus, might be subjected to business uncertainty; therefore, the IFA believed that the Adjusted Book Value valuation approach is an appropriate method.

Alternatively, the Market Value Approach is determined from the trading market price of TTTM's shares that reflect the overall demand and supply of similar stocks, coupled with publicly available information as well as the investors' future expectation. However, the Market Value Approach should be not be used because the market price is based on expectation and market sentiment; thus, the value could be deviated from the intrinsic value of the firm.

The Price to Book Value Ratio estimated the value of TTTM's shares using past financial information to compare with the past selected industrial average of the comparable companies in the same industry. Whereby, the IFA deemed this approach for valuation of TTTM inappropriate; hence, the size, the nature of business, the firm strategy is not identical to TTTM's business. Therefore, using the ratios of those comparable using Price to Book Value Ratio as benchmark for valuation of TTTM's share might not be appropriated.

Moreover, the Price to Earnings Ratio Approach estimated the value of TTTM's share using net profits of TTTM for 12 trailing period; to compare with the past selected industrial average of the comparable companies. Respectively, by applying the ratios of those comparable companies using Price to Earnings Ratio Approach as benchmark for valuation of TTTM's share might not be appropriated due to lag profit estimation and has the same drawback as the market multiples mentioned above.

In spite of the drawback from overconfidence in the long-term operation and the estimation challenge of the fluctuation in WACC that is also subjected to the market, the Discounted Cash Flow Approach is the method that considers the historical operating results and the future growth prospects; capturing the underlying fundamental drivers of the business, Discounted Cash Flow Approach explicitly provides an insight of the true measure of the money left over for shareholders; Therefore, the IFA believed that the Discounted Cash Flow valuation approach is an appropriate method.

In conclusion, the IFA viewed that the Adjusted Book Value Approach and Discounted Cash Flow Approach are the appropriate method in valuing TTTM. Thus, the appropriate share price for TTTM is Baht 293.70-408.59 per share.

6 Share valuation of Luckytex (Thailand) PCL (“LTX”)

The IFA forecasted these valuation approaches using the data based on LTX’ fiscal year ranged from (April-March) and the latest financial statements as at (30 September 2018)

6.1 Book Value approach

This valuation approach reflects the value shown on the accounting book at a specific point in time. In case the Valuation is based on the book value of LTX from financial statements as at September 30, 2018, which were reviewed by Ms. Munchupa Singsookawat registration no. 6112, KPMG Phoomchai Audit Ltd.

Table 35: Book Value per Share Summary of LTX

As at September 30, 2018	Million Baht
Paid-up Capital	518.40
Retained Earnings –Legal Reserve	51.84
Retained Earnings –General Reserve	211.00
Unappropriated Retained Earnings	4,800.99
Other Components of Shareholders’ Equity	93.944
Equity Attributable to Shareholders of LTX	6,009.66
Number of common shares as at September 30, 2018 (million shares)	51.84
Book Value Per Share (Baht)	115.93

Remark: The par value of Baht 10.00 each

Based on the Book Value Approach, the share value of LTX is Baht 115.93 per share

Despite the fact that this valuation approach encompassed the total assets and liabilities which are reported at the acquisition cost; thus, reflected the shareholders net worth perspective and was readily available, however, the fair value of the assets and liabilities were not taken to account. Therefore, this valuation approach should be seen as a secondary approach to the valuation.

6.2 Adjusted Book Value Approach

This valuation approach determines the fair value by adjusting the book value of LTX from financial statements as at September 30, 2018 with various items entails LTX’s key assets to better reflect the true intrinsic value or the current financial position.

As at September 30, 2018, despite LTX’s operating assets; such as, its cash and cash equivalents, trade accounts receivable, and inventories; LTX’s Property, Plant and Equipment (“PPE”) was accounted for Baht 4,053.19 million, or equivalent to 47.05 percent of the Total Assets. In addition, as for the liabilities; LTX’s main Liability, the Trade accounts payable was Baht 574.00 million, or equivalent to 22.03 percent of the Total Liabilities.

In deriving the value of LTX's common shares, the IFA used the book value as shown in the latest financial statements as at September 30, 2018, and considered the significant adjustments from the Revaluation Reports of LTX's Land and Building, Machineries and Equipment through the Market Approach method conducted by Siam City Appraisal Company Limited ("SCA") as follows

Table 36 : Property Valuation Report for Public Purpose of LTX

Asset Type		Replacement Cost	Fair Value
Land	Mill 1 Address: Suksawad Road, Tambon Bangphueng, Amphur Phrapradaeng, Samutprakan Land area: 104 Rai 1 Ngan 13 Sq.wah	2,261.90	2,261.90
	Mill 2 Address: Sukhumvit Road K.M.38, Tambon Bangpoomai, Amphur Muang Samutprakan, Samutprakan Land area: 104 Rai 1 Ngan 59.1 Sq.wah	819.76	819.76
	Mill 3 Address: Sukhumvit Road K.M.39, Tambon Bangpoomai, Amphur Muang Samutprakan, Samutprakan Land area: 116 Rai 3 Ngan 46 Sq.wah	937.53	937.53
	Vacant Land Address: Sukumvit Road. (Highway No. 3) Phraeksa Sub-District Mueng Samut Prakarn District. Samut Prakarn Province Land area: 1 Ngan 98 Sq.wah	1.58	1.58
	Total	4,020.78	4,020.78
Mill, Office and Warehouse Building		2,731.41	1,109.73
Machineries	Weaving & Warping & Engineering Section	1,588.83	813.74
	Spinning a Mill & Spinning B Mill Section	1,984.92	579.68
	Denim Spining Section	214.40	97.14
	Filament Section	798.11	414.71
	Cord Section	280.69	130.30
	Air Bag Section	1,110.75	660.83
	Engineering Section	170.87	99.76
	Full range of production for Dyeing and Finishing machines	2,649.17	957.87
	Total	8,797.74	3,754.04
Total		15,549.93	8,884.55

Remark: -The stated value of the assets may differ from the fair value hence the IFA had limitation on validation on the completeness of the assets reconciliation.

-The majority of the buildings were built more than 30 years ago; however, according to the revaluation report, the assets were in moderate condition and maintenance.

-Additionally, the cost method was used for the revaluation which is derived from the replacement cost of the asset adjusted with the depreciation; whereas, the market approach was used for the revaluation of land by comparing recent sales of similar properties.

An investment in associated is recorded in the consolidated financial statements using the equity method but none of LTX's associate is publicly listed and consequently do not have published price quotation; the summary of the investment in associated is as follows:

Table 37 : Details of Investment in associate of LTX

TTTTM has investment in associate of Thai Toray Synthetics Co., Ltd. Manufacture of yarn with the detail as below

	Ownership Interest (Percentage)	Paid-up Capital (Million Baht)	Cost Method (Million Baht)	Equity Method (Million Baht)
September 30, 2018	18.75%	3,078.14	494.43	1,367.60
March 31, 2018	18.75%	3,078.14	494.43	1,361.71

Source: Notes to the interim financial statements for the three-month and six-month periods ended September 30, 2018 (Unaudited) – Note 5

From the above table, although the common size of investment in associate is 15.87% of total assets but the IFA had calculated the valuation that has no significant change according to KPMG financial due diligence has no sign of impairment, therefore, the IFA viewed that the value of investment in associate in equity method value is appropriate.

Table 38 : Fair Value Adjustment of LTX

Statement of financial position (Million Baht)			
As of September 30, 2018			
	Book Value	Fair Value	Fair Value higher (lower) than Book Value
Property, plant and equipment	4,053.19	8,884.51	4,831.32
Investment in associate	1,367.60	1,367.60	-
Total	5,420.79	10,252.11	4,831.32

Table 39: Adjusted Book Value per Share Summary of LTX

As at September 30, 2018	Million Baht
Paid-up Capital	518.40
Retained Earnings –Legal Reserve	51.84
Retained Earnings –General Reserve	211.00
Unappropriated Retained Earnings	4,800.99
Other Components of Shareholders' Equity	93.944
Equity Attributable to Shareholders of LTX (Before Adjustment)	6,009.66
Add Adjusting items on Land and Building, Machineries and Equipment	4,831.32
(Less) Dividend payout	77.76
Equity Attributable to Shareholders of LTX (After Adjustment)	10,763.22
Number of common shares as at September 30, 2018 (Million Shares)	51.84
Book Value Per Share (Baht)	207.62

The IFA had considered the appropriateness of the report by the independent property appraiser and viewed that the appraised value could be used to adjust to reflect the intrinsic value hence the revaluation had been made since August 2018 and there was no indication for material alteration. Additionally, on December 20th, 2018 the Board of Directors of TTTM approved the interim dividend payment of the first half year 2018 in the rate of 1.50 Baht per share in total of Bath 77.76 million which would reduce value per share under the Adjusted Book Value Approach.

This valuation approach encompassed the fair value of the total assets and liabilities; thus, reflect true fair market value to the shareholders net worth perspective and was readily available. Additionally, the IFA had also evaluated the latest Notes to the Financial Statements prepared by the External Auditor, the Financial and Tax Due Diligence Report from KPMG AZSA LLC. ; as well as, the Legal Due Diligence Report from Chandler MHM; and, the IFA did not discover any material off-book assets nor contingent liabilities that shall be included in this adjustment. Therefore, the IFA believed that the valuation approach is an appropriate method.

As the consequence, the share value of LTX under the Adjusted Book Value approach is equivalent to Baht 207.62 per share.

6.3 Weighted Average Market Value Approach

This valuation approach was derived from the historical weighted average market price of LTX's common shares in the Stock Market of Thailand that was traded during the 7 to 360 trading-days horizon, counted backward from the last trading day before the BOD approval or December 24, 2018

In regard to the analysis of the price movement of LTX's common shares which were traded during the 360 trading-days-period, ranging from July 6, 2017 to December 24, 2018, the highest value of the stock was equal to Baht 110.87 per share and lowest

Price was equal to Baht 60.27 per share, thus, the movement of the price and the trading volume of LTX can be concluded as follows.

Table 40: Weighted Average Valuation Summary of LTX

Comparable Company	Weighted Average Market Value							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
LTX - Luckytex (Thailand) Public Company Limited	101.91	101.66	100.55	98.28	99.78	96.58	89.44	79.24
Number of common shares as at September 30, 2018 (million shares)	51.84	51.84	51.84	51.84	51.84	51.84	51.84	51.84
Market Capital (million Baht)	5,283.01	5,270.05	5,212.51	5,094.84	5,172.60	5,006.71	4,636.57	4,107.80

Consequently, the IFA decided not to use this valuation approach because the share price does not encompass the accurate intrinsic value, because, the market value is usually subjected to many variables, including the market sentiment and investment demand over the share, leading to possible undervaluation of LTX.

6.4 Market Comparable Approach

This valuation approach compares various financial ratios of listed companies with similar business to LTX to derive the appropriate value; thus, the IFA has selected 7 comparable companies as follows.

Table 41: Comparable companies of LTX

Tickers	Name	Business nature
AFC	Asia Fiber Public Company Limited	The Company produces and sells nylon products in both pellet and fiber forms to be used as raw materials in the industry spinning, weaving and knitting. The 5 main types of products and services are as follow: 1. Nylon Chip: used as raw material in textile industry and dry gin 2. Filament Yarn: used in weaving and stretch yarn production 3. Textured Yarn: used to produce Knitted Fabrics and hosiery 4. Fabric: woven from synthetic fibers 5. Dyeing services: provides services to other manufacturers
PG	People'S Garment Public Company Limited	The Company is the producer of menswear, women wear, children's wear and swimwear. Most products carry trademarks which are widely known both domestically and internationally such as ARROW, LACOSTE, ELLE, BSC and Felix Buhler.
SUC	Saha-Union Public Company Limited	It is the flagship company of the Saha-Union Group. The group's operations can be divided into 5 categories: (1) Manufacturing : textile, plastic, rubber and metal products, (2) Computer, (3) Energy and others in China, (4) Hotel and (5) Investment and others.
TPCORP	Textile Prestige	Manufacturing and distribution of non-Woven Fabric, products made of non-Woven Fabric

Tickers	Name	Business nature
	Public Company Limited	such as Automotive Parts; car roof, carpet, air filter, face mask and raw materials of Industrial Textile and the outsourcing.
TR	Thai Rayon Public Company Limited	The Company is the manufacturer of viscose rayon staple fiber for sales to both domestic and export markets.
TTI	Thai Textile Industry Public Company Limited	The Company operates as a textile manufacturer, importer and distributor of raw cotton, cotton yarn, blended yarn, polyester yarn and fabrics such as white fabric, color dyeing, garment product and product designed by the customers. The Company sells both domestic and international under the trademarks TTI.
UT	Union Textile Industries Public Company Limited	The Company manufactures and distributes of textile products, greige fabrics made of 100% cotton, blend of cotton and polyester and/or other synthetics fiber having specification according to customers' requirements. The Company also provides service on yarn spinning and fabric weaving.

Source: SETTRADE

1) Price-to-Earnings Approach

This valuation approach was based on the 12-month trailing earnings per share from July 6, 2017 to December 24, 2018, multiplied by the average price-to-earnings ratio (P/E) of the comparable peers who operate in the similar manner as LTX, encompassed 7 to 360 trading days counting backward from December 24, 2018, which is the last Trading day before LTX's Board of Directors resolved to approve the Amalgamation.

In summary the Price-to-earnings ratios (P/E) of comparable companies under the horizon of 7 to 360 trading days counting backward from December 24, 2018 is as follows;

Table 42: Price-to-Earnings valuation summary of LTX

Comparable company	P/E Value							
	7 day	15 day	30 day	60 day	90 day	120 day	180 day	360 day
AFC -Asia Fiber Public Company Limited	67.22	67.10	67.06	67.06	67.06	67.06	115.22	131.84
SUC -Saha-Union Public Company Limited	11.31	11.27	11.34	11.32	11.26	11.09	10.73	10.44
TPCORP-Textile Prestige Public Company Limited	20.70	20.86	21.07	21.07	21.06	20.36	19.28	16.01
TR-Thai Rayon Public Company Limited	4.73	4.81	4.75	4.70	4.73	4.67	4.59	4.41
UT-Union Textile Industries Public	17.80	18.03	18.14	19.21	19.25	19.31	19.29	20.85

P/E Value								
Comparable company	7 day	15 day	30 day	60 day	90 day	120 day	180 day	360 day
Company Limited								
Average PER	24.35	24.41	24.47	24.67	24.67	24.50	33.82	36.71
EPS (Baht per share)	10.40	10.40	10.40	10.40	10.40	10.40	10.40	10.40
Price per share (Baht per Share)	253.30	253.94	254.55	256.63	256.63	254.82	351.80	381.84

Remark: The IFA did not use PG and TTI into calculation due to negative EPS.

Based on the Price-to-Earning Approach, the share value of LTX is equivalent to Baht **253.30 - 381.84** per share.

2) Price-to-Book Value Approach

This valuation approach was based on the book value per share as at 30 September 2018 multiplied by the average Price-to-Book Value ratio (P/BV) of the comparable peers who operate in the similar manner as LTX, encompassed 7 to 360 trading days counting backward from December 24, 2018, which is the last Trading day before LTX's Board of Directors resolved to approve the Amalgamation.

In summary the Price-to-Book Value ratio (P/BV) of comparable companies under the horizon of 7 to 360 trading days counting backward from December 24, 2018 is as follows;

Table 43: Price-to-Book Value Approach valuation summary of LTX

Comparable Company	P/B Value							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
AFC -Asia Fiber Public Company Limited	0.34	0.34	0.34	0.35	0.34	0.34	0.34	0.34
PG -People'S Garment Public Company Limited	0.39	0.40	0.41	0.43	0.44	0.44	0.45	0.47
SUC -Saha-Union Public Company Limited	0.69	0.69	0.69	0.68	0.68	0.67	0.66	0.66
TPCORP-Textile Prestige Public Company Limited	0.67	0.67	0.68	0.70	0.70	0.70	0.72	0.81
TR-Thai Rayon Public Company Limited	0.37	0.37	0.37	0.38	0.39	0.40	0.41	0.44
TTI-Thai Textile Industry Public Company Limited	0.50	0.50	0.54	0.79	0.87	0.91	0.94	0.99
UT-Union Textile Industries Public Company Limited	0.89	0.90	0.90	0.90	0.89	0.89	0.88	0.90

Comparable Company	P/B Value							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Average P/ BV	0.55	0.55	0.56	0.60	0.62	0.62	0.63	0.66
EPS (Baht per share)	115.93	115.93	115.93	115.93	115.93	115.93	115.93	115.93
Price per share (Baht per share)	63.76	64.09	65.08	70.05	71.38	72.04	72.87	76.35

Based on the Price-to-Earning Approach, the share value of LTX is equivalent to Baht **63.76 - 76.35** per share. Thus, the market prices of LTX should be not be used because the market price is based on expectation and market sentiment; thus, the value could be deviated from the intrinsic value of the firm.

6.5 Discounted Cash Flow Approach

As a manufacturer of fabrics, LTX's products include

1. Textile business is composed of
 - 1.1 Spun Fabric: polyester fabrics, polyester and cotton blended fabrics, and 100 percent cotton fabrics for shirt, school uniform and traditional wear of the Middle East etc.
 - 1.2 Filament Fabric: 100 percent polyester filament fabric for lining and outerwear, twill, satin and nylon for jacket.
 - 1.3 Yarn for Denim: 100 percent cotton yarn or cotton/ Lycra blended for Denim or Stretch Denim.
2. Industrial materials: airbag fabrics and cord

1) Revenue assumptions of LTX

Total Revenue from Sales = Price x Quantity
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Where

Quantity = the product quantity sold (million yard per year)
 Price = the average selling price of the product throughout the year

Production Capacity

Table 44 : Capacity and Quantity Sold

Sales Quantity	Capacity	Quantity in 2018F	Utilization Rate
Spun Fabric (million yard per year)	176.40	78.06	44.25%
Filament Fabric (million yard per year)	66.00	36.85	55.84%
Yarn for Denim (million lb per year)	4.80	4.23	88.17%
Cord (ton per year)	1,080.00	1,004.25	92.99%
Air Bag (kilometer per year)	42,000.00	41,480.41	98.76%

Thus, from analysis of the Due Diligence Report from KPMG AZSA LLC as well as the auditor's notes to financial statements, LTX's segment can be summarized as follow;

Spun Fabric Revenue

Table 45: Sales Quantity and price Assumption for Spun Fabrics of LTX

Spun Fabric	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (million yard per year)	95.60	96.65	89.63	78.06	78.06	78.06	78.06	78.06
Quantity Growth (%)	n/a	1.09%	(7.26%)	(12.91%)	0.00%	0.00%	0.00%	0.00%
Average Selling Price (Baht per yard)	41.91	39.30	36.03	36.07	36.07	36.07	36.07	36.07

Source: breakdown information from LTX (FY2015 – six-month periods ended September 30, 2018 (“1H/ 2018”))

From the analysis of the total quantity sales per year, during FY2015 - FY2017, the Spun Fabric was accounted for 70.56 percent in average of the total textile business production (Unit: yard), ranged between 89.63 – 95.60 million yards per year. This main business is hard to increase the market share in the competitive mass fabric market that concerns only the price of the products. Thus it make the assumption of the sale volume of the product not increasing as usual, but the price is stable in the level that LTX can accept not getting loss in gross profit. In FY2018, the IFA make the assumption by annualizing the first half number, because it dramatically decreased more than the historical number

As for the price, during FY2015 – FY2017, the average selling price for Spun Fabric was Baht 36.03 – 41.91 per yard. The competition became more intense in FY2017 due to the unbalanced of demand and supply from the incremental of production capacity from global market.

LTX continuously maintains and develops quality to meet the Japan standard along with creating their own-brand. Furthermore, their attempt on expanding market to the neighbor countries and India beyond the middle-east zone still has the uncertainty of economy, politics and oil price.

Sale growth - Spun Fabric

The spun fabric business had slightly decreased because of high competition in mass market that make the forecast of Spun Fabric has no growth during FY2019 to FY2022 related to the actual number of the first half of FY2018, Sales of Spun Fabric was under estimated from the business plan. The IFA forecasted the growth for Spun Fabric to be as follows;

Table 46: Spun Fabric Sale Growth of LTX

	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Growth (%)	(5.20%)	(14.97%)	(12.81%)	0.00%	0.00%	0.00%	0.00%

Filament Fabric Revenue

Table 47: Sales Quantity Assumption for Filament Fabrics of LTX

Filament Fabric	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (million yard per year)	40.24	40.85	36.57	36.85	36.85	36.85	36.85	36.85
Quantity Growth (%)	n/a	1.52%	(10.46%)	0.77%	0.00%	0.00%	0.00%	0.00%
Average Selling Price (Baht per yard)	26.84	26.75	31.80	35.30	35.30	35.30	35.30	35.30

Source: breakdown information from LTX (FY2015 – 1H/ 2018)

From the analysis of the total quantity sale per year, during FY2015 - FY2017, the Filament Fabric was accounted for 29.62 percent in average of the total textile business production, ranged between 36.57 – 40.24 million yards per year. The IFA forecasted no growth during FY2018 - FY2022 due to the fact that LTX shift to the niche market.

As for the price, during FY2015 – FY2017, the average selling price for Filament Fabric was Baht 26.84 – 31.80 per yard. In spite of the fact that the Filament Fabric has an intense competition, LTX has developed its quality to tap a new high price market instead of domestic sales. Besides, LTX has increased the Filament Fabric wearing production, by developing and improving materials quality for jacket production.

Sale growth - Filament Fabric

Filament Fabric sale has slightly increased during FY2015 – FY2017 LTX can produce with high technology and quality to tap high value-added market. The IFA expect the sales of the Filament Fabric has no growth because LTX tends to shift away from the mass to the niche market. The IFA forecasted the growth for Filament Fabric to be as follows

Table 48 : Filament Fabric Sale Growth of LTX

	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Growth (%)	1.17%	6.43%	11.85%	0.00%	0.00%	0.00%	0.00%

Yarn for Denim Revenue**Table 49: Sales Quantity Assumption for Yarn for Denim of LTX**

Yarn for Denim	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (Million lb per year)	1.85	2.30	4.98	4.23	4.23	4.23	4.23	4.23
Quantity Growth (%)	-	24.32%	116.72%	(15.00%)	0.00%	0.00%	0.00%	0.00%
Selling Price (Baht per lb)	96.90	57.07	59.20	59.31	59.31	59.31	59.31	59.31

Source: breakdown information from LTX (FY2015 – 1H/ 2018)

From the analysis of the total quantity sale per year, during FY2015 - FY2017, the Yarn for Denim ranged between 1.85 – 4.98 Million lb per year. To response the strong demand of yarn, LTX operates at full capacity of yarn for denim since FY2017. Our normal type yarn will gradually be added and turned to some special characteristics to serve the customers' needs, and the yarn with elastic polymeric still remain at the same production level. The IFA assumed that sale volume has no growth during FY2019 – FY2022, after LTX invested new machines for Denim during FY2015 to FY2016 and produce Yarn for Denim with almost full capacity.

During FY2015–FY2017, the selling price of Yarn for Denim was approximately Baht 59.20 – 96.90 per lb. LTX has predicted the demand of yarn for producing denim fabric, depending on the global cotton index price in 1 year period (December 2017 – November 2018) as well as Thai Baht exchange rate. In the first half of FY2018, Yarn for Denim's revenue was over the forecast from the business plan mainly coming from high demand of jean companies and higher cotton price. The IFA assumed that selling price will be constant because the Yarn for Denim is the price competitive product.

Sale growth - Yarn for Denim

Yarn for Denim has no growth after FY2019 – FY2022 because LTX invested new machines for Denim during FY2015 to FY2016 and it is almost full capacity. However, LTX expects Yarn for Denim will be more significant in the future. The IFA forecasted the growth of Yarn for Denim to be as follows;

Table 50 : Yarn for Denim Sale Growth of LTX

	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Growth (%)	(26.78%)	124.81%	(14.85%)	0.00%	0.00%	0.00%	0.00%

Industrial materials Revenue

Table 51: Sales Quantity Assumption for Industrial materials Revenue – Cord of LTX

Cord	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (ton per year)	816.80	924.48	864.00	1,004.25	1,004.25	1,004.25	1,004.25	1,004.25
Quantity Growth (%)	-	13.18%	(6.54%)	16.23%	0.00%	0.00%	0.00%	0.00%
Selling Price (BAHT per ton)	237,761.20	233,530.53	229,396.99	230,329.99	230,329.99	230,329.99	230,329.99	230,329.99

Source: breakdown information from LTX (FY2015 – 1H/ 2018)

The industrial material products are still coming up with higher orders continuously, but customers are some sort of specific groups that have strong bargaining power and are leading the market. Therefore, LTX wants to increase the production capacity to maintain market sharing, quality, safety and punctual delivery. In addition, LTX strives to keep good relations, sharing the future market situation with their clients in order to prevent the unexpected surprise.

From the analysis of the total quantity sale per year, during FY2015 - FY2017, the cord ranged between 816.80 – 924.48 ton per year with almost full capacity and no expansion plan. The IFA assumption of sale volume is constant during FY2019 – FY2022

During FY2015–FY2017, the selling price for cord was around Baht 229,396.99 – 237,761.20 per ton. LTX could not increase price because customers are niche and have strong bargaining power.

Sale growth – Cord

Cord has no growth because it has almost full capacity. However, LTX expected cord will be more significant in the future. For FY2018, Cord sale is annualized higher than last year. The IFA forecasted the growth for Cord to be as follows;

Table 52 : Cord Sale Growth of LTX

	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Growth (%)	13.18%	(6.54%)	16.23%	0.00%	0.00%	0.00%	0.00%

Table 53: Sales Quantity Assumption for Industrial materials Revenue – Air bag of LTX

Air bag	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Quantity (kilometer per year)	34,800.00	41,194.00	39,430.00	41,480.41	42,310.01	43,156.21	44,019.34	44,899.73
Quantity Growth (%)	-	18.37%	(4.28%)	5.20%	2.00%	2.00%	2.00%	2.00%
Selling Price (Baht per meter)	97.66	96.17	96.51	95.86	95.86	95.86	95.86	95.86

Source: breakdown information from LTX (FY2015 – 1H/ 2018)

From the analysis of the total quantity sale per year, during FY2015 - FY2017, the air bag ranged between 34,800.00 – 41,194.00 kilometer per year with almost full capacity, but LTX had planned to expand the capacity. Thus, the IFA assumed the sales to increase during FY2019 – FY2022

During FY2015 – FY2017, the selling price for air bag was Baht 96.17 – 97.66 per meter. According to the first half of FY2018, the quantity of air bag in FY2018 was slightly increased as per their expectation, The IFA make the assumption by annualizing the number, which was better than expectation of the airbag business.

In FY2019 to FY2022, LTX planned to expand the air bag business globally, and aimed to gain the market share, therefore, the IFA forecasted the sales growth to be 2.00% during FY2019 - FY2022.

Sale growth - Air bag

Key success of LTX in the future from the IFA opinion is Air bag where net sales during FY2018 to FY2022 are Baht 3,976.00 million, Baht 4,056.00 million, Baht 4,137.00 million, Baht 4,220.00 million and Baht 4,304.00 million or 46.37%, 46.87%, 47.36%, 47.85% and 48.35% respectively, according to the expanding sale globally. Annualized FY2018 airbag sales slightly increases compared with FY2017. The IFA expected 2.00% the growth rate per year for this business; the IFA forecasted the growth for Airbag to be as follows;

Table 54 : Air bag Sale Growth of LTX

	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Sales Growth (%)	16.57%	(3.94%)	4.48%	2.00%	2.00%	2.00%	2.00%

Accordingly, to forecast the Total Revenue from Sales, the IFA had assumed the relationship regarding to the selling quantity and price as follows

Table 55 : Total Revenue by Segment of LTX

Products Segment (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Spun Fabric	4,006.41	3,797.91	3,229.26	2,815.61	2,815.61	2,815.61	2,815.61	2,815.61
Filament Fabric	1,080.05	1,092.67	1,162.98	1,300.77	1,300.77	1,300.77	1,300.77	1,300.77
Yarn for Denim	179.07	131.12	294.77	250.56	250.56	250.56	250.56	250.56
Cord	194.20	215.89	198.20	231.31	231.31	231.31	231.31	231.31
Air Bag	3,398.45	3,961.62	3,805.55	3,976.38	4,055.91	4,137.03	4,219.77	4,304.16
Total	8,858.18	9,199.21	8,690.76	8,574.63	8,654.16	8,735.27	8,818.02	8,902.41

Other Revenue Assumption

Other revenue is composed of Dividend income, Interest income, other income and Net foreign exchange gain. The IFA assumed no growth during FY2018 – FY2022. Other income is composed of Sales of waste material, Sales of raw material not used, Land lease fee and Service fee from related companies.

2) Sharing from associates Assumption

The following table summarizes the financial information of investment in associates, as shown in their financial statements, adjusted for differences in the accounting policies. The common size of share of profit of associate over net sale is around 1%, the IFA has the assumption with no growth.

Table 56: Investment in associate of LTX

For the six-month period ended 30 September (Million baht)	2017A	2018A
At 1 April	1,314.60	1,361.71
Share of profit of associate	51.31	57.51
Dividend income	(55.47)	(52.81)
Currency translation differences	-	1.20
At 30 September	1,310.43	1,367.60
At 31 March		1,361.71

Source: Notes to the interim financial statements for the three-month and six-month periods ended 30 September 2018 (Unaudited) – Note 5

3) Gross profit Assumption

Table 57: Gross profit Assumption by segment of LTX

Gross Profit by segment (%)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Spun Fabric	19.15%	16.70%	9.54%	4.35%	4.06%	4.19%	4.19%	4.19%
Filament Fabric	2.03%	(16.93%)	14.67%	17.00%	16.77%	16.88%	16.88%	16.88%
Yarn for Denim	(0.95%)	(2.30%)	15.90%	17.48%	17.19%	17.33%	17.33%	17.33%
Cord	31.14%	24.83%	27.32%	27.99%	27.78%	27.88%	27.88%	27.88%
Air Bag	6.43%	9.54%	9.09%	8.11%	7.89%	8.00%	8.01%	8.02%
Total	12.04%	9.54%	10.65%	9.03%	8.78%	8.89%	8.89%	8.88%

Source: breakdown information from LTX (FY2015 – 1H/ 2018)

For recent years of operation, the gross profit of Spun Fabric had been decreasing due to higher competition of the mass market and lower labor cost in other countries. Based on actual number of the first half of FY2018 number, the IFA forecasted the gross profit margin for Spun Fabric during FY2019 – FY 2022 is around 4.06% to 4.19%. From the first half of FY2018, the cost of Spun increased to 95.37% of sales, which was higher than historical data, mainly from the increase of raw material and labor costs.

In addition, the oversea competitors take advantage of cheaper exchange rate along with the lower labor cost; meanwhile, the customers have power to select the suppliers that meet their price satisfaction. As LTX inevitably struggles with cost reduction plan and lessen orders. However, LTX will attempt to bring out competence in searching for the new market and new products initiation in order to retain the market share and productivity. Not only the reason of high labor cost but also high inventory cost are reasons to tackle LTX. Another important reason is that there are many competitors with excess supplies.

Filament Fabric gross profit is higher than the historical numbers that come from the high-value-added market with 16.77% - 17.00% gross profit margin during FY2018 to FY2022. The IFA make the conservative assumption by annualized the number in the first half of FY2018 to forecast the gross profit margin in the future because LTX can produce high value added product. This cost of sales benchmarked from the first half of FY2018.

Yarn for Denim and cord are the potential product of LTX that make high gross profit. The IFA make the conservative assumption using annualized number in the first half of FY2018 to forecast the gross profit margin in the future.

Gross profit Margin of Air bag is around 7.89% - 8.02% during FY2019 – FY2022 came from the global expansion plan to increase the market share. The IFA make the conservative assumption using annualized number of the first half of 2018 to forecast the gross profit margin in the future.

Total Gross Profit Margin provided that in 2029 – 2022 is quite stable because the price that cannot increase because of many competitors.

4) Distribution costs Assumption

Table 58: Distribution Costs assumption of LTX

Distribution Costs (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Commission	136.42	130.22	102.64	101.27	102.21	103.17	104.14	105.14
% to revenue	1.50%	1.40%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Freight and shipping expenses	92.25	101.69	76.27	86.44	87.24	88.06	88.90	89.75
% to revenue	1.00%	1.10%	0.90%	1.00%	1.00%	1.00%	1.00%	1.00%
Employee benefit expenses	43.7	46.85	40.27	42.28	44.39	46.61	48.94	51.39
% Growth		7.00%	-14.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Claim expenses	28.86	66.45	-37.82	25.72	25.96	26.21	26.45	26.71
% to revenue	0.30%	0.70%	-0.40%	0.30%	0.30%	0.30%	0.30%	0.30%
Other Distribution Cost*	33.54	30.94	20.49	27.17	26.73	26.76	27.26	27.29
% to revenue	0.38%	0.34%	0.24%	0.32%	0.32%	0.32%	0.32%	0.32%
Total Distribution Cost	334.77	376.14	201.85	282.89	286.54	290.81	295.70	300.28
% to revenue	3.78%	4.09%	2.32%	3.30%	3.31%	3.33%	3.35%	3.37%

Remark: Other distribution Cost is combining with Bank charge, Transportation and Other expense

LTX reported Distribution Cost for FY2015 - FY2017 at Baht 201.85 million to Baht 334.77 million; which were equivalent to 2.32% - 3.76% to the revenue from sales. Thus, Distribution Costs consist of Commission, Freight and Shipping Expenses, Employee Benefit Expenses and Claim Expenses. The main item of Distribution Costs is Commission which calculated from the proportion of net sales. Freight and shipping expenses equal to 1.00% during FY2018 – FY2022 of the sale that came from average of the historical data. Employee benefit expenses have growth of 5.00% constantly. Three items covers around 90% of distribution costs. Other distribution Cost is combining with Bank charge, Transportation and Other expense which is combining with trademark, depreciation and entertainment expenses.

5) Administrative expenses Assumption

Table 59: Administrative expenses assumption of LTX

Administrative expenses (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Employee benefit expenses	100.49	81.8	81.11	85.16	89.42	93.89	98.59	103.52
% to revenue		(19.00%)	(1.00%)	5.00%	5.00%	5.00%	5.00%	5.00%
Management service fee	12.32	29.64	27.7	22.29	22.50	22.71	22.92	23.14
% to revenue	0.10%	0.30%	0.30%	0.26%	0.26%	0.26%	0.26%	0.26%
Maintenance and technical fee	19.89	25.18	20.18	20.88	21.07	21.27	21.47	21.68
% to revenue	0.20%	0.30%	0.20%	0.24%	0.24%	0.24%	0.24%	0.24%
Other Administrative Expense*	144.05	105.26	73.24	66.22	66.22	66.22	66.22	66.22
% to revenue	1.63%	1.14%	0.84%	1.20%	1.20%	1.20%	1.20%	1.20%
Total Administrative Expense	276.75	241.88	202.23	194.55	199.21	204.09	209.20	214.55
% to revenue	3.12%	2.63%	2.33%	2.27%	2.30%	2.34%	2.37%	2.41%

Source: LTX's Financial Statement

Remark: Other Administrative Expense is combining with Transportation and vehicles rent, Insurance expenses, Depreciation and amortization and other expense.

LTX reported administrative expenses for FY2015 - FY2017 at Baht 202.23 million to Baht 276.75 million; which were equivalent to 2.33% - 3.12% to the revenue from sales. Thus, administrative expenses consist of Employee benefit expenses, Management service fee, Maintenance and technical fee. Employee benefit expenses has growth 5.00% constantly as distribution costs, Management service is calculated from 0.26% of net sales historical average, Maintenance and technical fee is calculated from 0.24% of net sales historical average. These items cover around 67% of administrative expenses. Other Administrative Expense is combining with Transportation and vehicles rent, Insurance expenses, Depreciation and amortization and other expense which is composed of computer and software maintenance, donation and public relation expenses.

6) Financial cost Assumption

Interest expense of LTX decreased continuously because LTX has no plan to borrow the money from the financial institution. LTX makes the short-term loan fully repayment in second quarter of FY2018. LTX has one Long-Term agreement loan which is planned to be paid in FY2021. Finally, financial lease with interest in FY2018 to FY2022 are slightly decreasing. As mentioned, LTX has no plan to make any debt.

7) Corporate Tax Assumption

Corporate income tax rate of 20% is assumed throughout the projection period.

8) Capital expenditure Assumption

Based on historical data during FY2015 - FY2017, LTX's main capital expenditure was spent on Machineries and Equipment. LTX had planned to procure the Machineries was expected to increase to Baht 300 Million by FY2018. In addition, according to the business plan, FY2018 - FY2022, the IFA expected the capital expenditure to be in the range between Baht 300 - 500 million per year for expansion, replacement purpose and maintenance especially for air bag. LTX estimates the capital expenditure by replaces the new machine and expansion during FY2018 to FY2022 of 300 million, 653 million, 500 million, 500 million and 500 million respectively.

9) Assets and liabilities turnover Assumption

Based on LTXs historical data during FY2015 to FY2017 and considered the suitability of the ratios, throughout the projection period as follows:

Table 60: Trade account receivable assumption of LTX

- Trade account receivable – 64.96 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Trade A/R	Sales (Baht Million)	8,858.18	9,199.21	8,690.76	8,574.63	8,773.45	8,982.21	9,201.41	9,431.56
	AR Collection Period	66.02	65.01	63.85	64.96	64.96	64.96	64.96	64.96

Table 61: Inventories assumption of LTX

- Inventories – 65.41 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Inventories	COGS (Baht Million)	7,791.44	8,321.34	7,764.86	7,789.98	7,992.06	8,190.04	8,385.83	8,596.76
	Inventory Conversion Period (Day)	84.83	70.34	61.35	61.35	61.35	61.35	61.35	61.35

Table 62: Trade account payable assumption of LTX

- Trade account payable – 30.58 days on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Trade A/P	COGS (Baht Million)	7,791.44	8,321.34	7,764.86	7,789.98	7,992.06	8,190.04	8,385.83	8,596.76
	AP Payment Period (Day)	30.18	30.09	31.47	30.58	30.58	30.58	30.58	30.58

Table 63: Fixed Assets Turnover assumption of LTX

- Fixed Assets Turnover- 2.28 time on average

Million Baht		2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Fixed Assets	Sales (Baht Million)	8,858.18	9,199.21	8,690.76	8,574.63	8,773.45	8,982.21	9,201.41	9,431.56
	Fixed Asset Turnover (Times)	1.93	1.87	2.06	2.17	2.20	2.39	2.63	2.95

4.2 Summary of financial projection of LTX for FY2018 to FY2023 is as follows

Table 64 : Statement of Financial Position of LTX

Statement of financial position (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Assets								
Current assets	3,570.10	3,206.08	2,765.16	2,964.78	3,152.89	3,536.29	3,966.35	4,674.02
Non-current assets	6,052.22	6,392.24	5,996.00	5,632.88	5,590.94	5,357.62	5,090.97	4,790.98
Total assets	9,622.32	9,598.32	8,761.17	8,597.66	8,743.83	8,893.91	9,057.32	9,465.00
Liabilities and equity								
Current liabilities	2,567.11	2,485.43	1,319.56	1,289.06	1,314.18	1,338.79	1,127.58	1,153.80
Non-current liabilities	1,873.91	1,706.27	1,616.05	1,100.66	842.36	583.85	560.68	537.29
Total liabilities	4,441.02	4,191.69	2,935.61	2,389.72	2,156.53	1,922.64	1,688.26	1,691.09
Equity								
Total equity	5,181.30	5,406.63	5,825.56	6,207.94	6,587.30	6,971.27	7,369.06	7,773.91
Total liabilities and equity	9,622.32	9,598.32	8,761.17	8,597.66	8,743.83	8,893.91	9,057.32	9,465.00

Table 65 : Statement of comprehensive income of LTX

Statement of Comprehensive Income (Million Baht)	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Net Sales	8,858.18	9,199.21	8,690.76	8,574.63	8,654.16	8,735.27	8,818.02	8,902.41
Spun Fabric	4,006.41	3,797.91	3,229.26	2,815.61	2,815.61	2,815.61	2,815.61	2,815.61
Filament Fabric	1,080.05	1,092.67	1,162.98	1,300.77	1,300.77	1,300.77	1,300.77	1,300.77
Yarn for Denim	179.07	131.12	294.77	250.56	250.56	250.56	250.56	250.56
Cord	194.20	215.89	198.20	231.31	231.31	231.31	231.31	231.31
Air Bag	3,398.45	3,961.62	3,805.55	3,976.38	4,055.91	4,137.03	4,219.77	4,304.16
Gross Profit	1,066.74	877.87	925.90	774.65	759.66	776.63	783.54	790.60
Spun Fabric	767.39	634.43	308.16	122.34	114.30	118.09	118.09	118.09
Filament Fabric	21.91	-184.96	170.60	221.10	218.20	219.57	219.57	219.57
Yarn for Denim	(1.71)	(3.02)	46.88	43.81	43.07	43.42	43.42	43.42
Cord	60.47	53.62	54.15	64.75	64.26	64.49	64.49	64.49
Air Bag	218.68	377.80	346.11	322.66	319.83	331.07	337.98	345.03
Other Revenue	26.29	137.00	77.63	77.63	77.63	77.63	77.63	77.63
Total Expense	611.52	618.02	404.07	477.44	485.75	494.90	504.90	514.83
Distribution costs	334.77	376.14	201.85	282.89	286.54	290.81	295.70	300.28
Administrative expenses	276.75	241.88	202.23	194.55	199.21	204.09	209.20	214.55
Operating profit	481.51	396.85	599.46	374.85	351.55	359.37	356.28	353.40
Sharing from associates	122.70	109.02	102.58	102.58	102.58	102.58	102.58	102.58
EBIT	604.22	505.87	702.04	477.43	454.13	461.95	458.86	455.98
Financial cost	42.02	56.14	56.91	35.09	23.46	15.21	6.96	2.73
EBT	562.20	449.73	645.13	442.33	430.67	446.73	451.90	453.25
Tax expense	83.37	66.11	102.87	67.95	65.62	68.83	69.86	70.13
Net Profit	478.83	383.62	542.26	374.38	365.05	377.90	382.03	383.11

10) Discount Rate Assumption

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC), which derived from the weighted average of Cost of Debt (Kd) and Cost of Equity (Ke) based on the following formula;

$$WACC = Ke * E / (D+E) + Kd * (1-T) * D / (D+E)$$

Ke	=	Cost of equity or shareholders' required rate of return (Re)
Kd	=	Cost of debt or loan interest rate
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (Ke) or the required rate of return for shareholders (Re) is derived from the Capital Asset Pricing Model (CAPM) as follows;

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Whereby

Risk Free Rate (Rf)	=	3.30% per annum based on 30-year government bond yield (as at December 24, 2018)
Beta (β)	=	0.30 times based on unlevered beta of peers (December 24, 2016 – December 24, 2018) and then adjusted at estimated D/E ratio of at the end of projection period
Market Risk (Rm)	=	15.35% per annum, which is the 30-year average rate of return from the investment in market portfolio of the Stock Exchange of Thailand adjusted by dividend yield. (as at December 24, 2018)
Kd	=	3.42% per annum, which is equivalent to borrowing rate at estimated D/E ratio for the year ended.
D/E Ratio	=	Estimated D/E ratio at 0.03 times, equivalent to estimate D/E ratio of at the end of projection period.
T	=	Estimated corporate income tax rate 20% per annum.

Therefore, the discount rate or LTX's WACC is equal **6.78%** per annum.

11) Terminal Value

$$\text{Terminal Value} = [\text{TVFCFF} \times (1+g)] / (\text{WACC} - g)$$

Where by

TVFCFF	=	The forecasted free cash flow to firm in the terminal year (as at 2022)
Growth Rate (g)	=	The long-term growth rate of free cash flow to firm at 0.50 % per annum. (Going concern basis), which is the assumption that the IFA considered by interviewing the management who still has the continuous growth strategy; however, the IFA believed that the growth would revert back to the level of long-term growth rate of the industry that had started to mature.
WACC	=	Weighted Average Cost of Capital of LTX (explanation 10)

Therefore, the discount rate or LTX's terminal value is equal to Baht 10,598.35 Million

By using above information and assumptions, calculation of LTX's future cash flow and value are as follows;

Table 66 : Free cash flow to firm (FCFF) of LTX

Million Baht	2018F	2019F	2020F	2021F	2022F
EBIT	477.43	454.13	461.95	458.86	455.98
Tax (20%)	67.95	65.62	68.83	69.86	70.13
Net operating profit after tax (NOPAT)	381.94	363.30	369.56	367.09	364.78
Depreciation and amortization	673.13	716.65	749.99	783.32	816.65
Change in net working capital	(300.00)	(652.95)	(500.00)	(500.00)	(500.00)
Capital expenditures	(237.69)	(18.92)	(17.86)	(18.68)	(19.05)
Free cash flow to firm (FCFF)	517.37	408.08	601.69	631.73	662.38
Present Value of Free cash flow to firm	500.72	369.80	510.62	502.06	493.00
Present Value of Terminal Value (Terminal Growth 0.5%)					7,888.14

In respect to the information given above, the Equity Value can be calculated as follows;

Table 67 : LTX DCF Valuation Summary

LTX DCF Valuation Summary	Million Baht
Present Value of total cash flow	10,264.34
Add: Cash and cash equivalent as of September 30, 2018	253.43
Less: Outstanding interest bearing debts as of September 30, 2018	1,351.42
: Dividend payout	77.76
Total Equity Value	9088.59
Total Common Shares (million shares)	51.84
Price/ Share (Baht)	175.32

Remark: On December 20, 2018 the Board of Directors of TTTM approved the interim dividend payment of the first half year 2018 in the rate of 1.50 Baht per share in total of Bath 77.76 million which would reduce the valuation under the Discounted Cash Flow approach.

Despite the drawback of the valuation is subjected to the overconfidence in the long-term operation and the estimation challenge of the fluctuation in WACC that is also subjected to the market factors and performance, DCF valuation approach encompassed the future cash flows and business growth strategy in the valuation.

On December 20, 2018 LTX paid the interim dividend for the operation from 1 April 2018 to 30 September 2018 at 1.50 Baht per share in total of Baht 77.76 million

Sensitivity Analysis

WACC of LTX may cause a significant impact on the valuation; therefore, the IFA performed the sensitivity analysis by varying key assumption which has significant impact to value in the range between +/- 0.50%

Table 68 : LTX Sensitivity Analysis

WACC	WACC +0.50%	WACC +0.25%	WACC	WACC -0.25%	WACC -0.50%
Baht per Share	160.63	167.69	175.32	183.58	192.56

6.6 Summary of the IFA's Opinion on the Fair Value of LTX share

Table 69 : LTX Valuation summary

LTX Valuation Summary	Fair Value of LTX's Shares (Baht per share)	Firm Value (Million Baht)
Book Value Approach	115.93	6,009.66
Adjusted Book Value Approach	207.62	10,763.22
Weighted Average Market Value Approach	90.95	4,695.74
Price to Earnings Multiple Approach : P/E Ratio	317.57	16,462.78
Price to Book Value Ratio Approach: P/BV Ratio	70.05	3,631.55
Discounted Cash Flow Approach	160.63 – 192.56	8,327.06 – 9,982.31

From the summary table above, the value of LTX's share is in the range of Baht 70.05 – 317.57 per share or firm value of Baht 3,631.55 – 16,462.78 million.

The Book Value Approach reflects the value of the Equity perspective net worth as at September 30, 2018 but does not encompass the real asset value and future profitability, as well as the overall economic and industry outlook. Thus, valuation of LTX shares using Book Value Approach could not reflect the fair value of some assets after the book closing date of LTX, therefore, this valuation method is not appropriate.

In contrary, Adjusted Book Value valuation approach encompassed the fair value of the total assets and liabilities; thus, reflect true fair market value to the shareholders net worth perspective and was readily available. Additionally, the IFA had also evaluated the latest Notes to the Financial Statements prepared by the External Auditor, the Financial and Tax Due Diligence Report from KPMG AZSA LLC.; as well as, the Legal Due Diligence Report from Chandler MHM; and, the IFA did not discover any material off-book assets or contingent liabilities that shall be included in this adjustment. Moreover, LTX operates in mature industry, thus, might be subjected to business uncertainty; therefore, the IFA believed that the Adjusted Book Value Valuation Approach is an appropriate method.

Alternatively, the Market Value Approach is determined from the trading market price of LTX's shares that reflect the overall demand and supply of similar stocks, coupled with publicly available information as well as the investors' future expectation. However, the Market Value Approach should be not be used because the market price is based on expectation and market sentiment; thus, the value could be deviated from the intrinsic value of the firm.

The Price to Book Value Ratio estimated the value of LTX's shares using past financial information to compare with the past selected industrial average of the comparable companies in the same industry. Whereby, the IFA deemed this approach for valuation of LTX inappropriate; hence, the size, the nature of business, the firm strategy is not identical to LTX's business. Therefore, using the ratios of those comparable using Price to Book Value Ratio as benchmark for valuation of LTX's share might not be appropriated.

Moreover, the Price to Earnings Ratio Approach estimated the value of LTX's share using net profits of LTX for 12 trailing period; to compare with the past selected industrial average of the comparable companies.

Respectively, by applying the ratios of those comparable companies using Price to Earnings Ratio Approach as benchmark for valuation of LTX's share might not be appropriated due to lag profit estimation and has the same drawback as the market multiples mentioned above.

In spite of the drawback from overconfidence in the long-term operation and the estimation challenge of the fluctuation in WACC that is also subjected to the market, the Discounted Cash Flow Approach is the method that considers the historical operating results and the future growth prospects; capturing the underlying fundamental drivers of the business, Discounted Cash Flow Approach explicitly provides an insight of the true measure of the money left over for shareholders; Therefore, the IFA believed that the Discounted Cash Flow Valuation approach is an appropriate method.

In conclusion, the IFA viewed that the Adjusted Book Value Approach and Discounted Cash Flow Approach are the appropriate method in valuing LTX. Thus, the appropriate share price for LTX is Baht 160.63 – 207.62 per share.

7 Appropriateness of allocation ratio of new shares in MergedCo

1. Share valuation summary

From IFA's valuation of share as above using the Adjusted Book Value Approach and Discounted Cash Flow Approach, TTTM has share value of Baht 291.20 – 406.09 per share or equity value of Baht 1,747.20 – 2,436.54 million. LTX has share value of Baht 160.63 – 207.62 per share or equity value of Baht 8,327.06 – 10,763.02 million.

Table 70 : Share valuation summary

	TTTM	LTX	MergedCo ¹
Share Price (Baht / Share)	291.20 – 406.09	160.63 – 207.62	174.17 – 228.21
Existing number of shares (Million Shares)	6.00	51.84	-
Equity Value (Million Baht)	1,747.20 – 2,436.54	8,327.06 – 10,763.02	10,074.26 – 13,199.56
Number of shares in MergedCo (Million Shares)	9.57 – 10.68	47.16 – 48.27	57.84

Note : ¹ Value of the MergedCo is a combination of values of TTTM and LTX as appraised by the IFA for the purpose of considering the appropriateness of the allocation ratio of MergedCo's shares to TTTM's shareholders which is not a forecast of MergedCo's market price after the Amalgamation to be traded on the SET. The market price of the MergedCo will depend on the information, demand and supply of the investors, market condition and other factors at the period.

MergedCo will have total equity value of Baht 10,074.26 – 13,199.56 million or share price of Baht 174.17 – 228.21 per share by the appraised values of TTTM and LTX are combined together. The range of MergedCo value above is only for the purpose of considering the appropriateness of the share allocation ratio which is not a forecast of MergedCo's market price to be traded on the SET after the Amalgamation, which may be higher or lower than the appraised value by the IFA. The market price of the MergedCo will depend on the information, demand and supply of the investors, market condition, and other factors at the period.

2. Appropriateness of the share allocation ratio

If shares in the MergedCo of 57.84 million shares are allocated to the existing shareholders of TTTM and LTX using the appraised fair value above, the existing shareholders of TTTM will receive a total of 9.57 – 10.68 million shares of all of TTTM's existing shares and the existing shareholders of LTX will receive a total of 47.16 – 48.27 million shares for all of LTX's existing shares. Thus, the allocation ratio is equal to 1 existing share in TTTM to 1.59436049 – 1.77947175 shares in the MergedCo and 1 existing share in LTX to 0.90978336 – 0.93120828 shares in the MergedCo.

Table 71 : Appropriateness of the share allocation ratio

	TTM	LTX
Share allocation ratio as appraised by the IFA ^{/1}	1 existing share in TTTM to 1.59436049 – 1.77947175 shares in the MergedCo	1 existing share in LTX to 0.90978336 – 0.93120828 shares in the MergedCo.
Share allocation ratio as specified in the Amalgamation ^{/2}	1 existing share in TTTM to 1.65113730 shares in the MergedCo	1 existing share in LTX to 0.92463689 shares in the MergedCo.

From the above analysis, the IFA views that the “Share allocation ratio as specified in the Amalgamation^{/2} is appropriate as it is within the range of the “Share allocation ratio as appraised by the IFA^{/1}”

8 Conclusion of the IFA's Opinion

As concluded in the Executive Summary, IFA conducted the study of information relevant to the conditions of the Amalgamation, advantages and disadvantages of the Amalgamation, risk from Amalgamation and the appropriateness of the share allocation ratio, the shareholders should pass the resolution to approve the Amalgamation between TTTM and LTX to new company as IFA's opinion.

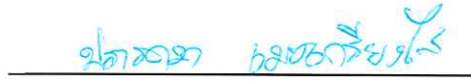
The IFA also reviewed the current amalgamation terms and conditions as the assumption used for preparation of the financial forecast are reasonable and consistent with the economic condition and information during the time of study, moreover, IFA's opinion is based on accurateness and correctness of all information, documents, any agreements, management's interview and parties concerned.

Any changes in information, material, data information or any circumstance may affect the IFA's opinion on the Company forecast. The shareholders have to consider the appropriateness, financial projection assumptions, documents presented by financial advisor and opinion, the decision to approve the Amalgamation rests solely upon the shareholders' discretion.

Yours faithfully,



Mr. Thanapisal Koohapremkit
Chief Executive Officer
Globlex securities Co.,Ltd.



Miss Pratthana Mekkriangkrai
Chief Operating Officer
Globlex securities Co.,Ltd.

Globlex Securities Co., Ltd.



Mr. Chayuth Pamornchaisirikit
Supervisor

9 Appendix

Appendix 1 : Thai Toray Textile Mills Public Company Limited (“TTTM”)

1.1 History and Major development

Thai Toray Textile Mills Public Company Limited is a subsidiary company to “Toray Group Companies in Thailand”. TTTM was established on March 1, 1963 with registered capital of Baht 30,000,000 divided into 30,000 shares at par Baht 1,000 and was listed on the Stock Exchange of Thailand on 26 October 1981. The Head office is located in Bangkok.

Recently, TTTM has registered capital Baht 60,000,000, paid-up Baht 60,000,000 divided into 600,000 shares at par Baht 10.

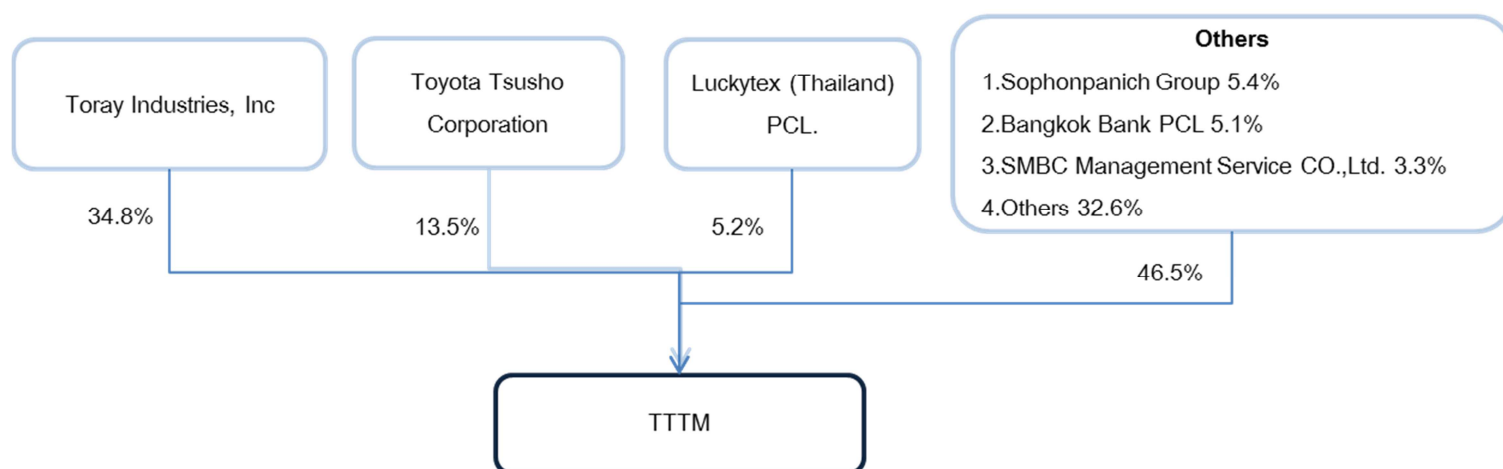
Table 72 : Major changes and developments of TTTM

Year	Events
1963	Thai Toray Textile Mills Company Limited (Thai Toray Textile Mills Public Company Limited (“TTTM”)) is established as leader of polymer-rayon fiber weaving, dyeing service. Moreover, TTTM began polypropylene film production.
1981	TTTM is listed in Stock Exchange of Thailand on October 26, 1981
1994	TTTM converted to be Public Company on May 16, 1994
2012 - 2017	TTTM is awarded for Good Outstanding Establishment of Labor Relation and Labor Welfare National Level of 2017 from Department of Labor Protection and Welfare, Ministry of Labour on September 13, 2017. TTTM has received this award 6 years continuously since 2012 to 2017.
2017	TTTM received Award of Corporate Social Responsibility (CSR-DIW) for industrial entrepreneur of 2017, continuous level from Department of Industrial Works, Ministry of Industrial on August 17, 2017.

Source : Annual report 2017 and company group website

1.2 Shareholding structure

Figure 3: Shareholding structure of TTTM



Source : SET website as record dated January 8, 2019

1.3 Business overview

Thai Toray Textile Mills Public Company Limited is a subsidiary company to “Toray Group Companies in Thailand”. TTTM was established on March 1, 1963 and was listed on the Stock Exchange of Thailand on 26 October 1981. The Head office is located in Bangkok.

TTTM operates textile business in the area of spinning, weaving, knitting, dyeing and finishing. TTTM's products are divided into 3 categories as follows :

1. Woven fabric for uniform with “Golden Eagle” and “TETREX” trademarks
2. Knitted fabric for sportswear
3. Car seat fabric

Production

TTTM factory is located in Nakhonpathom with area 136.9 rai and 4 plants with over 600 manufacturing machines for the process of spinning, weaving, knitting, dyeing and finishing. Goods have produced approximately 30,000,000 yards per year under supervision and control of technicians.

Selling

About 60% of all the products is for local market and 40% is for export market. The raw materials are ordered from domestic and overseas.



1.4 Products and Services

TTTM's products can be divided into 3 categories as follows

1. Woven fabric is produced from 65% polyester and 35% Rayon which is used for uniform under Golden Eagle and TETREX Trademark (owned by Toray Industries, Inc.) Moreover, there are other fabrics such as scraps for cold season, two-way fabric, dyed woven fabrics, rayon used for uniform or casual wear.
2. Knitted fabric is produced from polyester and acrylic for sport wear.
3. Car seat fabric is produced from 100% polyester by using scraps machine, printed fabric machine.

TTTM has privilege as follows

TTTM received investment promotion form the Board of Investment according to Investment Promotion Act on March 6, 1963 in Spinning and dyeing textile industry which TTTM received privilege as follows:

- Import duty exemption for energy-saving machinery under Investment Act section 28
- Duty exemption and reduction of tariff rates for yarn using as raw material under for AFTA privilege
- Reduction in import tariffs on machinery and spare parts used in textile industry under Japan-Thailand Economic Partnership Agreement (JTEPA)
- Right in bringing aliens into the Kingdom, extending living period and approving in transferring knowledge and technology to Thai employees.

1.5 Shareholding structure

As of January 8, 2019, TTTM has registered capital equals to Baht 60,000,000 with paid-up Baht 60,000,000 divided into 600,000 shares at par Baht 10. Shareholders and holding portions are as follows

Table 73 : Major shareholders of TTTM

No.	Name	No. of shares	%
1.	Toray Industries, Inc.	2,087,500	34.79%
2.	Toyota Tsusho Corporation	812,500	13.54%
3.	LUCKYTEX (THAILAND) PUBLIC COMPANY LIMITED	313,000	5.22%
4.	BANGKOK BANK PUBLIC COMPANY LIMITED	306,850	5.11%
5.	SMBC MANAGEMENT SERVICE CO.,LTD.	200,000	3.33%
6.	Mr. Charn Sophonpanich	199,100	3.32%
7.	Mr. Choedchu Sophonpanich	123,600	2.06%
8.	Mr. Mana Sripithak	106,500	1.78%
9.	2,Lt. Kitti Bunphoaphichat	102,000	1.70%
10.	TOYOTA TSUSHO (THAILAND) CO.,LTD.	100,000	1.67%
11.	Other shareholders	1,648,950	27.48%
	Total	6,000,000	100.00

Source : SET website as record dated January 8, 2019

1.6 Board of Directors and Management

As of January 8, 2019 Board of Director of TTTM composes of 11 directors as following

Table 74 : Board of Director of TTTM

No	Name	Position
1.	Mr. Norikazu Masui	Chairman of the Board
2.	Mr. Kazuaki Takabayashi	Director / Chairman of Executive Director
3.	Mr. Atsushi Horiuchi	Director
4.	Mr. Pichai Aranan	Director
5.	Mr. Tatuso Amano	Director
6.	Mr. Chiaki Kojima	Director
7.	Mr. Mamoru Minabe	Director
8.	Mr. Ken Nakajima	Director
9.	Mr. Yanchai Tantiratapong	Independent Director and Chairman of Audit Committee
10.	Mr. Panukorn Chantaraprab	Independent Director and Audit Committee
11.	Ms. Acharaporn Manasarn	Independent Director and Audit Committee

Source : SET as of January 8, 2019

1.7 Financial position and performance

TTTM has accounting period of April 1 – 31 March

Table 75 : Statement of Financial Position of TTTM

	2015A		2016A		2017A		1H 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Current assets								
Cash and cash equivalents	285	17	391	24	416	24	464	27
Trade accounts receivable	205	12	170	10	252	15	251	15
Other receivables	14	1	19	1	27	2	27	2
Inventories	208	13	197	12	204	12	219	13
Non-current assets	712	43	776	47	899	53	962	56
Available-for-sale investment	1	0	1	0	1	0	1	0
Long-term investments	11	1	11	1	11	1	11	1
Property, plant and equipment	877	53	788	48	720	42	680	39
Intangible assets	36	2	49	3	63	4	62	4
Leasehold right	6	0	5	0	4	0	4	0
Other non-current assets	2	0	5	0	5	0	3	0
Total non-current assets	932	57	859	53	803	47	760	44

Total assets	1,644	100	1,635	100	1,702	100	1,722	100
Trade accounts payable	52	3	67	4	117	7	102	6
Other payables	43	3	24	1	26	2	22	1
Accrued operating expenses	23	1	22	1	26	2	24	1
Income tax payable	0	0	0	0	4	0	11	1
Other current liabilities	3	0	2	0	3	0	5	0
Total current liabilities	120	7	116	7	176	10	164	10
Non-current provision for employee benefits	37	2	34	2	26	2	27	2
Deferred tax liabilities	3	0	5	0	7	0	5	0
Total non-current liabilities	40	2	39	2	33	2	32	2
Total liabilities	160	10	155	9	209	12	195	11
Authorised share capital	60	4	60	4	60	4	60	3
Issued and paid-up share capital	60	4	60	4	60	4		0
Legal reserve	21	1	21	1	21	1	21	1
General reserve	614	37	614	38	614	36	614	36
Unappropriated	789	48	785	48	798	47	831	48
Gain on remeasuring available-for-sale investment	0	0	0	0	0	0	1	0
Total equity	1,484	90	1,480	91	1,493	88	1,527	89
Total liabilities and equity	1,644	100	1,635	100	1,702	100	1,722	100

Assets

Current Asset

As of September 30, 2018 current asset increased Baht 62.8 million from March 31, 2018 with main transactions as follows

- Cash and cash equivalents increased Baht 47.5 million from net cash operating activities Baht 77.8 million, net cash used in investing activities Baht 24.3 million and net cash used in financing activities Baht 6 million.
- Other accounts receivable increased Baht 0.8 million while trade accounts receivable decreased Baht 0.7 million.
- Inventories increased Baht 15.2 million.

As of March 31, 2018 current asset increased Baht 123.5 million from March 31, 2017 with main transactions as follows

- Cash and cash equivalents increased from Baht 390.5 million to Baht 416.5 million or Baht 26 million increased from operating cash flow Baht 94 million, investing cash flow Baht 56 million and financing cash flow Baht 12 million.
- Trade accounts receivable increased Baht 82.3 million due to increasing sales. In addition average collection period increased from 62 days to 64 days. The credit terms allowed by TTTM are 30 days, 60 days and 90 days. The main credit terms on sales for this period are 60 days and 90 days.
- Inventory increased Baht 7.3 million, main component is work in processes increased from Baht 104 million to Baht 127.10 million.
- Other receivables increased Baht 7.9 million from refundable value added tax and other current assets.

As of March 31, 2017 current asset increased Baht 63.3 million from March 31, 2016 with main transactions as follows

- Cash and cash equivalents increased Baht 105.5 million from net cash from operating activities Baht 184.6 million, net cash used in investing activities and financing activities Baht 66.9 million and Baht 12.2 million respectively.
- Trade accounts receivable decreased Baht 35.8 million from sales amount decreased and increasing efficiency of collection.
- Other receivables increased Baht 5.2 million from tax refund receivable and deferred expensed Inventories decreased Baht 11.5 million from goods in process and factory supplies total amount Baht 29.2 million while finished goods and raw materials increased total amount Baht 17.7 million.

Non-Current Asset

As of September 30, 2018 non-current assets decreased Baht 43.1 million from March 31, 2018 with main transactions as follows

- Net property plant and equipment decreased Baht 39.6 million by depreciation recording and machine disposal in this period.

As of March 31, 2018 non-current assets decreased Baht 56 million by main transactions as follows

- Net property plant and equipment decreased Baht 68.7 million by recording depreciation and assets disposal.
- Intangible asset increased Baht 12.7 million by recording Software

As of March 31, 2017 non-current assets decreased Baht 73 million by main transactions as follows

- Net property plant and equipment decreased Baht 88.4 million which this period new investment was amount Baht 37.5 million write off for depreciation for the period amount Baht 114.6 million and adjustment for impairment loss of machine Baht 11.3 million.

- Intangible assets increased Baht 13.5 million from software development of manufacturing cost and sales system.

Liabilities

As of September 30, 2018

- Current liabilities decreased Baht 11.9 million according to trade accounts payable decreased
- Non-current liabilities decreased Baht 1.8 million from deferred tax liabilities

As of March 31, 2018

Current liabilities increased Baht 59.9 million according to main transactions as follows

- Trade account payable increased Baht 50.3 million by ordering raw material, polyester, rayon and grey.
- Other current liabilities increased Baht 9.6 million mainly from corporate income tax expense.

Non-current liabilities decreased Baht 5.9 million from decreasing employee benefit.

As of March 31, 2017

Current liabilities decreased Baht 4.7 million according to main transactions as follows

- Trade accounts payable increased Baht 14.8 million from purchased of raw materials polyester staple, rayon and grey fabric.
- Other payables decreased Baht 18.1 million from payment of fixed assets transactions and also decreasing of investment for fixed assets.

Non-current liabilities decreased Baht 18.1 million from payment of fixed assets.

Shareholders' equity

As of September 30, 2018, shareholders' equity increased Baht 33.4 million caused from profit of this period.

As of March 31, 2018, shareholders' equity increased Baht 13.5 million due to increasing net profit, dividend payment, and interim dividend payment.

As of March 31, 2017, shareholders' equity decreased Baht 4.4 million due to dividend payment and interim dividend payment.

Table 76 : Statement of comprehensive income of TTTM

	2015A		2016A		2017A		1H 2017		1H 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Revenue										
Revenue from sale of goods	1,153	97	1,087	98	1,180	98	535	98	665	98
Net foreign exchange gain	5	0	3	0	1	0	1	0	4	1
Other income	29	2	18	2	21	2	11	2	10	1
Total revenue	1,187	100	1,109	100	1,202	100	547	100	680	100
Expenses										
Cost of sale of goods	1,037	87	967	87	1,054	88	484	89	564	83
Distribution costs	65	5	66	6	60	5	28	5	32	5
Administrative expenses	50	4	69	6	62	5	32	6	35	5
Finance costs	0	0	0	0	0	0	0	0	0	0
Total expenses	1,152	97	1,103	99	1,177	98	545	100	631	93
Profit before income tax expense	35	3	6	1	26	2	2	0	49	7
Tax expense	7	1	1	0	5	0	0	0	10	1
Profit for the period	28	2	5	0	20	2	2	0	39	6

Revenue

For 6 months 2018, as comparing to last year, revenue from sales of goods increased Baht 130.6 million or 24.41% as the below details

- Domestic sales increased Baht 80.2 million from Woven fabric Baht 57.5 million or 22.63%, Knitted fabric Baht 14.9 million or 34.93% and car-seat fabric Baht 7.8 million or 88.45%.
- Export sales increased Baht 50.4 million from knitted fabric Baht 87.1 million or 106.12% while Woven fabric decreased Baht 36.7 million or 24.85%.
- Other income increased Baht 2.2 Baht due to currency exchange rate Baht 2.9 million, other income Baht 1.5 million, earning from Co-contribution fund decreased Baht 2.2 million.

In 2017, as comparing to last year, revenue from sales of goods increased Baht 92.7 million or 8.5% mainly by export increasing due to business expansion to various countries such as Asia zone and East West zone.

- Domestic sales consists of Woven fabric Baht 536 million, knitted fabric Baht 87 million and car seat fabric Baht 20 million.
- Export sales consists of Woven fabric Baht 259 million and knitted fabric Baht 278 million.
- Other income increased Baht 1.1 million due to interest, gain from exchange rate, earning from Co-contribution fund, Gain on disposal of assets, rental, utilities and Facilities income.

In 2016, as comparing to last year revenue from sales of goods decreased by Baht 66.4 million or 5.8% due to both domestic sales and export sales decreased Baht 32.4 million and Baht 34.0 million or 4.8% and 7.1% respectively.

- Woven fabric and car seat fabric sales amount decreased Baht 92.7 million and Baht 12.3 million or 9.8% and 42.5% while knitted fabric sales amount increased Baht 38.6 million or 21.3%.
- Due to the economic situation, it negatively impacted both domestic and export market. Moreover, there was impact from price competition from India and Chinese products.
- Other income decreased Baht 12.4 million from decrease from Co-contribution fund, gain from exchange rate, gains on equipment sales.

Gross profit

- For 6 months 2018, Gross profit increased Baht 51.4 million because of domestic and export sales increased.
- As of March 31, 2017, Gross profit in total increased Baht 5.5 million due to mainly increased export sales amount even though exchange rate (Baht / USD) increased in this period.
- As of March 31, 2016, Gross profit increased Baht 3 million from last year due to proportion of cost to revenue dropped by 90% to 89%.

Selling and Administrative expenses

- For 6 months 2018
 - Selling expenses increased Baht 4.4 million
 - Administrative expenses and Financial costs increase Baht 2.8 million
- As of March 31, 2017
 - Selling expense decreased Baht 6.2 million due to TTTM's efforts to improve product quality, resulting in reduction of claims on sales, In addition, Labor expense decreased compared to last year.
 - Administrative expenses and Finance costs decreased Baht 7.1 million because of the impairment of assets was set up in previous year.
- As of March 31, 2016
 - Selling expenses increased Baht 1.6 million from claim and compensation of goods.
 - Administrative expenses and financial cost increased Baht 18.5 million from adjustment of impairment of machinery, equipment and computer expenses.

Table 77 : Statement of Cash flow of TTTM

	2015A	2016A	2017A	1H 2018
	Million baht	Million baht	Million baht	Million baht
Net cash flow from operating activities	129.3	184.6	94.2	77.84
Net cash flow from investing activities	(90.3)	(66.9)	(56.0)	(25.30)
Net cash flow from financing activities	(15.2)	(12.2)	(12.2)	(6.09)
Net increase (decrease) in cash and cash equivalents	23.8	105.5	26.0	46.4

Cash flow

- Operating Cash Flow decreased due to increment in sale receivables and sale collection period. The credit terms allowed by TTTM are 30 days, 60 days and 90 days. The mainly credit terms on sales for this period are 60 days and 90 days. Additionally, increment in inventory to serve customers order.
- Financing Cash Flow mainly used for dividend payment and TTTM has no obligation with financial institution.
- Investing Cash Flow mainly used for Property, plant and equipment and intangible assets investment.

Table 78 : Financial Ratio of TTTM

	2015A	2016A	2017A	1H 2018
Liquidity ratio				
Inventory turnover ratio (times) ¹	4.75	4.77	5.26	2.66
Average inventory days (day) ²	76.91	76.48	69.43	137.21
Trade receivable turnover ratio (times) ³	17.48	10.53	18.01	5.16
Average collection days ⁴	20.88	34.66	20.27	70.76
Profitability ratio				
Gross profit margin (%) ⁵	10.12	11.01	10.62	15.29
Net profit margin (%) ⁶	2.39	0.42	1.70	5.75
Efficiency ratio				
Return on Assets (%) ⁷	1.73	0.29	1.23	2.28
Return on Equity (%) ⁸	1.91	0.32	1.38	2.59

Note :

1. Inventory turnover ratio = Cost of Sales of Goods / Average of inventories
2. Average inventory days = 365 / (Cost of Sales of Goods / Average of inventories)
3. Trade receivable turnover ratio = Cost of Sales of Goods / Average of Trade accounts payable
4. Average collection days = 365 / (Cost of Sales of Goods / Average of Trade accounts payable)
5. Gross profit margin = (Revenue of sales of goods – Cost of sales of goods) / Revenue of sales of goods
6. Net profit margin = Net profit / Revenue
7. Return on Assets = Net profit / Average of Assets
8. Return on Equity = Net Profit / Average of Shareholders' Equity

1.8 Industry Overview

TTTM expected that in 2018, global textile industry will improve allied to world economy recovery. However, price competition is a threat of Domestic manufacturers, especially competition from China and India. Domestic manufacturers have to adjust and develop products though customer's needs by changing techniques, adding fabric qualification and finding new partners.

Textile industry faces with recession period from domestic and global economic situations, raw material and shipping cost rose, moreover, a forecast of China, India, and neighborhood country import volume increment will push down prices which affects domestic manufacturer. China, one of the biggest textile manufacturers in the world, adopt itself to use machinery in production to increase production volume and to reduce labor costs. Domestic manufacturer needed to develop capability in innovation with technique and expertise to differentiate products.

Textile industry may inefficiently have skilled labor which affects to development of products and innovation in the near future, so the substitution of labor by machine is to be considered because problem of lack of skilled labor and decrement of defect.

In 2017, economic recession affects more competition in domestic price, in high-value fabric from China. Knitted fabric will be more competitive in price, international market highly competitive on demanding purchase order due to economic effect from trading partner. Moreover appreciated Thai Baht comparing neighborhood country will make Thailand is looked expensive in term of cost. Fashion market is recessing due to shrinking in demand and textile export in 2017 may have new production base in ASEAN countries.

Source : Annual Report

Appendix 2 : Luckytex (Thailand) Public Company Limited (“LTX”)

2.1 History and Major development

Luckytex (Thailand) Public Company Limited was established on March 18, 1960 with registered capital of 360,000,000 BAHT divided into 36 million shares, LTX increased its capital to 518,400,000 baht in 1989. LTX was listed on the Stock Exchange of Thailand on March 17, 1989. The head office is located in Bangkok.

Recently, LTX has registered capital Baht 518,400,000, paid-up Baht 518,400,000 divided into 51,840,000 shares at par Baht 10.

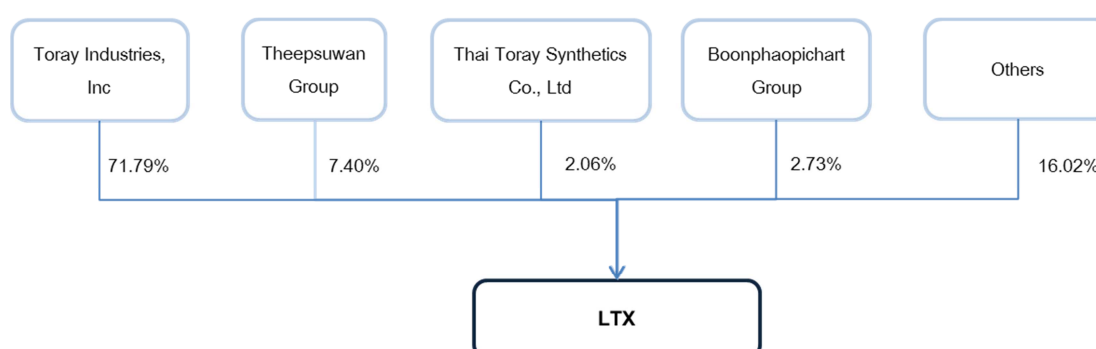
Table 79 : Major changes and developments of LTX

Year	Events
1960	LTX was established on March 18, 1960 with registered capital of Baht 360,000,000 divided into 36 million shares to operate textile business. LTX has granted for BOI on August 1, 1960
1989	LTX has increased its capital to Baht 518,400,000 divided into 51,840,000 shares at Par Baht 10. LTX was listed in the Stock Exchange of Thailand on March 17, 1989.
1994	LTX converted to be Public Company on June 16, 1994

Source : Annual report 2017 and company group website

2.2 Shareholding structure

Figure 4 : Shareholding structure of LTX



Source : SET website as record dated January 8, 2019

2.3 Business overview

LTX's product divides into two categories, one is apparel materials such as spun fabrics, filament fabrics and denim spun yarn, another is industrial materials which are mainly for automobiles industry such as airbag fabrics and hose cord materials. LTX maintains quality and safety product by developed and designed various kind of fabrics to make them suitable for any functional usages. To add a special characteristics and more value to our products, the applied technique might be concerned with chemical substance. Therefore, to ensure that our products have such quality, safety for wearing and eco-friendly, LTX has an analysis and testing procedure at our laboratory including external certified organization to guarantee before sending to customers. LTX's special characteristics products will be as follows

1. Anti-bacteria: LTX developed fabric with the technique of anti-bacteria finished, malodor control, protect against the bacteria and fluorine decontamination. The fabric with these characteristics will be used for producing medical and athletic clothing.
2. Anti-bacteria, Wrinkle free and Soil release: LTX testes and ensured the capability of wrinkle free and anti-bacteria which is easily care characteristics and will be used for producing school uniform.
3. Double pre-shrunk with soil release: The products in the type of double pre-shrunk have capabilities of stain and soil release used for producing shirt.
4. Quick dry: The products have capability of quick dry, humidity draining and absorbency using in sportswear production.
5. Teflon: Products with the Teflon capable for water and oil resistant used for worker uniform production.
6. Water Repellent: The products have capability of water repellent by spray water used for women jackets production.
7. Non-ironing: The products have stain release characteristics for environmental supports used for producing non-ironing apparel.
8. Stay White: The product is new technology durable of white for 20 times washing without having lost of freshness or brilliance of color used in white shirt production.

2.4 Products and Service

LTX business is mainly divided into 2 segments as follows

1. Textile Business is composed of
 - Spun Fabric : polyester fabrics, polyester and cotton blended fabrics, and 100 percent cotton fabrics for shirt, school uniform and traditional wear of the Middle East etc.
 - Filament Fabric : 100 percent polyester filament fabric for lining and outerwear, twill, satin and nylon for jacket.
 - Yarn for Denim: 100 percent cotton yarn or cotton/Lycra blended for Denim or Stretch Denim.
2. Industrial Material Product (IMP) cord of rubber material reinforcement and fabric for airbag.

Production of TTTM is operated through 3 factories which are linked by flow of production especially in the production of spun and filament fabric. Mill No. operates spinning and weaving to produce spun fabrics and further transfer to Mill 2 for bleaching, dyeing and finishing. Similarly, Mill 3 produces filament fabrics and further transfer to Mill 2 for dyeing and finishing. Apart from filament fabrics, products of Mill 3 also include denim yarn and industrial material products which all production processes are made at Mill 3.

2.5 Shareholding structure

As of January 8, 2019, LTX has registered capital equals to Baht 518,400,000, paid-up Baht 518,400,000 divided into 51,840,000 shares at par Baht 10 BAHT. Shareholders and holding portions are as follows

Table 80 : Major shareholders of LTX

No.	Name	No. of shares	%
1	Toray Industries, Inc.	37,215,800	71.79%
2	Mr. Veraphan Theepsuwan	1,221,800	2.36%
3	Mrs. Chantima Theepsuwan	1,191,300	2.30%
4	THAI TORAY SYNTHETICS CO., LTD.	1,066,800	2.06%
5	2,Lt. Kitti Bunphoaphichat	996,500	1.92%
6	Mr. Pitak Nopprapun	741,800	1.43%
7	SOLAR - LUNAR COMPANY LIMITED	671,000	1.29%
8	Mr. Phadej Asai	650,000	1.25%
9	Mr. Kamolpat Theepsuwan	553,300	1.07%
10	Miss Anong Theepsuwan	442,300	0.85%
11	Other shareholders	7,089,400	13.68%
	Total	51,840,000	100.00

Source : SET website as record dated January 8, 2019

2.6 Board of Directors and Management

As of January 8, 2019, Board of Director of LTX composes of 10 directors as following

Table 81 : Board of Director of LTX

No	Name	Position
1.	Mr. Akihiro Maekawa	Chairman of the Board
2.	Mr. Ken Najajima	Director
3.	Mr. Ryo Kitahara	Director
4.	Mr. Yoshihiro Hamaguchi	Director
5.	Miss Sitang Suengamornkiat	Director
6.	Mr. Kriangsak Kongsiri	Director
7.	Mr. Kazuaki Takabayashi	Director
8.	Mr. Prakit Pradipasen	Independent Director and Chairman of Audit Committee
9.	Mr. Chaleo Wanasawat	Independent Director and Audit Committee
10.	Mr. Ekchai Chansue	Independent Director and Audit Committee

Source : SET as of January 8, 2019

2.7 Financial position and performance

LTX has accounting period of April 1 – 31 March

Table 82 : Statement of Financial Position of LTX

	2015A		2016A		2017A		1H 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Current assets								
Cash and cash equivalents	73	1	71	1	154	2	253	3
Trade accounts receivable	1,602	17	1,675	17	1,366	16	1,397	16
Other receivables	84	1	64	1	32	0	80	1
Inventories	1,811	19	1,397	15	1,213	14	1,159	13
Non-current assets	3,570	37	3,206	33	2,765	32	2,889	34
Investments held as available-for-sale	106	1	113	1	120	1	141	2
Investment in associate	1,235	13	1,315	14	1,362	16	1,368	16
Other long-term investments	64	1	81	1	87	1	87	1
Property, plant and equipment	4,581	48	4,823	50	4,340	50	4,053	47
Intangible assets	30	0	29	0	26	0	24	0
Deferred tax assets	22	0	19	0	49	1	42	0
Other non-current assets	15	0	13	0	13	0	12	0
Total non-current assets	6,052	63	6,392	67	5,996	68	5,726	66
Total Assets	9,622	100	9,598	100	8,761	100	8,615	100
Current liabilities								

Short-term loans from financial institutions	1,549	16	881	9	314	4	0	0
Trade accounts payable	644	7	728	8	611	7	574	7
Other payables	325	3	312	3	305	3	312	4
Current portion of long-term loans from financial institution	0	0	534	6	0	0		0
Current portion of finance lease liabilities	0	0	18	0	19	0	19	0
Current tax payable	49	1	12	0	71	1	42	0
Total current liabilities	2,567	27	2,485	26	1,320	15	947	11
Non-current liabilities								
Long-term loans from financial institution	1,609	17	1,038	11	942	11	977	11
Non-current deferred income	0	0	0	0	19	0	39	0
Finance lease liabilities	0	0	383	4	365	4	355	4
Provisions for employee benefits	265	3	284	3	290	3	287	3
Total non-current liabilities	1,874	19	1,706	18	1,616	18	1,659	19
Total liabilities	4,441	46	4,192	44	2,936	34	2,606	30
Equity								
Share capital								
Authorised share capital	518	5	518	5	518	6	518	6
Issued and paid-up share capital	518	5	518	5	518	6	518	6
Share premium	333	3	333	3	333	4	333	4
Retained earnings								
Appropriated								
Legal reserve	52	1	52	1	52	1	52	1
General reserve	211	2	211	2	211	2	211	2
Unappropriated	4,001	42	4,222	44	4,634	53	4,801	56
Other components of equity	65	1	70	1	76	1	94	1
Total equity	5,181	54	5,407	56	5,826	66	6,010	70
Total liabilities and equity	9,622	100	9,598	100	8,761	100	8,615	100

Asset

In the period of March 31, 2016 to September 30, 2018, LTX has major changes as follows

- Current assets decreased by Baht 681 million mainly because of decrease in inventories by Baht 651 million and decrease in account receivable Baht 206 million.
- Non-current assets decreased by Baht 326 million mainly because of decrease in Property, plant and equipment by Baht 528 million and increase in Investment in associate by Baht 133 million.

Liabilities

In the period of March 31, 2016 to September 30, 2018, LTX has major changes as follows

- Current liabilities decreased by Baht 1,620 million by the decrease in Short-term loans from financial institutions Baht 1,549 million and decrease in Account payable by Baht 70 million.

- Non-Current liabilities decreased by Baht 215 million because of the decrease in Long-term loans from financial institution by Baht 631 million and increase in Finance lease liabilities in the amount of Baht 355 million.

Equity

- In the period of March 31, 2016 to September 30, 2018, LTX has major changes in Equity by increase in retained earnings in the amount of Baht 800 million.

Table 83 : Statement of comprehensive income of LTX

	2015A		2016A		2017A		1H 2017		1H 2018	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Income										
Revenue from sale of goods	8,900	100	9,199	99	8,691	99	4,312	99	4,163	99
Dividend income	0	0	3	0	3	0	3	0	3	0
Interest income	0	0	1	0	4	0	1	0	1	0
Other income	26	0	56	1	29	0	16	0	27	1
Net foreign exchange gain	0	0	76	1	42	0	24	1	31	1
Total income	8,926	100	9,336	100	8,768	100	4,356	100	4,224	100
Expenses										
Cost of sales of goods	7,827	88	8,327	89	7,765	89	3,848	88	3,773	89
Distribution costs	335	4	376	4	202	2	116	3	110	3
Administrative expenses	277	3	242	3	202	2	108	2	87	2
Net foreign exchange loss	35	0	0	0	0	0	0	0	0	0
Finance costs	42	0	56	1	57	1	31	1	23	1
Total expenses	8,516	95	9,001	96	8,226	94	4,103	94	3,993	95
Share of profit from investment accounted for using the equity method	123	1	109	1	103	1	51	1	58	1
Profit before income tax expense	533	6	444	5	645	7	304	7	289	7
Income tax expense	83	1	66	1	103	1	56	1	45	1
Profit for the year	450	5	378	4	542	6	248	6	244	6

Revenue

6 Months period, 2018,

- For 6 months period of 2018, revenue decreased by Baht 131 million from 6-month period of 2017 mainly from the decrease in Revenue from sale of goods in the amount of Baht 150 million and increase in Other income in the amount of Baht 11 million.

In 2017,

- Revenue from sales of Textile, which was the main income of the LTX (54% of total sales income), in this period was Baht 4,687 million, decreased by Baht 335 million or 7% versus the same period of previous year.
 - Domestic sales income was increased by Baht 100 million
 - Export sales income was decreased by Baht 435 million because of Thai Baht appreciation. In addition, there was strongly competition which affects to decrement in sales volume.
- Revenue from sales of IMP in this period presented was Baht 4,004 million (46% of total sales income) which decreased by Baht 174 million or 4% versus the same period of previous year because customer's goods requirements decreased which affect to decrement of sales volume.
- Other income as Baht 29 million which decreased by Baht 28 million or 49% versus the same period of previous year because in the last period, LTX received compensation from insurance company from flooding insured in the amount of Baht 27 million.

In 2016,

- Revenue from sales of Textile, which was the main income of LTX (55% of total sales income), in this period was Baht 5,022 million, decreased by Baht 285 million or 5% versus the same period of previous year.
 - Domestic Sales and export sales income were decreased by Baht 163 million and Baht 122 million, respectively, because of average selling price per unit dropped by affected from Thai Baht appreciation and rising of Cost of goods sold.
- Revenue from Sales of Industrial Material Product (IMP) increased Baht 584 million or 16% versus the same period of previous year because production capacity expansion for growing demands in automotive industry.
- Other income was Baht 61 million, increased by Baht 35 million or 131% versus the same period of previous year because LTX received compensation from insurance company from flooding at factory in last year in the amount of Baht 27 million, compensation leftovers of cloth increased by Baht 3 million, rental income increased Baht 2 million and gain on sales fixed assets increased by Baht 1 million.

Gross profit

- 6 Months period, 2018,
 - Gross profit of LTX decreased by Baht 75 million from 6-month period 2017 because of the decrease in gross profit margin.
- As of March 31, 2017,
 - Gross profit margin of Textile was increased by Baht 85 million or 19% versus the same period of previous year. LTX could improve productivity and control the quality of goods based on customer's requirements, which affected to reduction of cost of goods sold. Consequently, gross profit margin of Textile increased.

- Gross profit margin of Industrial Material Product (IMP) was decreased by Baht 31 million or 7% versus the same period of the previous year because of decrement in Sales volume.
- As of March 31, 2016,
 - Gross profit margin of textile was decreased by Baht 353 million or 44% versus the same period of previous year. Due to average selling price per unit dropped by affected from Thai Baht appreciation and raising of Cost of goods sold, gross profit margin decreased.
 - Gross profit margin of Industrial Material Product (IMP) was increased by Baht 152 million or 55% versus the same period of the previous year because production capacity expansion for growing demands in automotive industry

Selling and Administrative expenses

- 6 Months period, 2018,
 - Selling expenses were Baht 110 million decreased from 6-month period last year in the amount of Baht 6 million and Administrative expenses were Baht 87 million which decreased from the same period last year Baht 21 million.
- As of March 31, 2017
 - Administrative expenses were Baht 202 million which decreased by Baht 40 million or 16% versus the same period of previous year because losses on sale of obsolete and unused of raw material decreased by Baht 12 million, idle capacity of yarn denim decreased by Baht 7 million, travelling expenses decreased by Baht 6 million, insurance expense decreased by Baht 2 million and miscellaneous decreased by Baht 7 million.
- As of March 31, 2016
 - Selling expenses were Baht 376 million, increase by Baht 41 million or 12%, versus the same period of previous year because claim expenses increased by Baht 38 million and freight charges increased Baht 9 million. However, commission fee decreased by Baht 6 million.
 - Administrative expenses were Baht 242 million, decreased Baht 35 million or 13%, versus the same period of previous year because losses on sale of obsolete and unused of raw material decreased by Baht 26 million, employee expenses decreased by Baht 19 million, legal fee decreased by Baht 2 million, and post and public relation expenses decreased by Baht 2 million. However, management service fee related to computer system increased by Baht 17 million because in the past year LTX transferred Information system employee to related company.

Table 84 : Statement of Cash flow of LTX

	2015A	2016A	2017A	1H 2018
	Million baht	Million baht	Million baht	Million baht
Net cash flow from operating activities	1,393	1,391	1,464	462
Net cash flow from investing activities	(542)	(540)	(103)	60
Net cash flow from financing activities	(854)	(854)	(1,278)	(424)
Net increase (decrease) in cash and cash equivalents	(3)	(2)	83	98

Table 85 : Financial Ratio of LTX

	2015A	2016A	2017A	1H 2018
Liquidity ratio				
Inventory turnover ratio (times) ¹	4.32	5.96	6.40	3.25
Average inventory days (day) ²	84.44	61.22	57.04	112.16
Trade receivable turnover ratio (times) ³	12.15	11.44	12.71	6.57
Average collection days ⁴	30.04	31.91	28.72	55.52
Profitability ratio				
Gross profit margin (%) ⁵	12.05%	9.48%	10.66%	9.35%
Net profit margin (%) ⁶	5.04%	4.05%	6.19%	5.78%
Efficiency ratio				
Return on Assets (%) ⁷	4.67	3.93	5.91	2.81
Return on Equity (%) ⁸	8.68	7.14	9.66	4.13

Note :

1. Inventory turnover ratio = Cost of Sales of Goods / Inventories
2. Average inventory days = 365 / (Cost of Sales of Goods / Inventories)
3. Trade receivable turnover ratio = Cost of Sales of Goods / Trade accounts payable
4. Average collection days = 365 / (Cost of Sales of Goods / Trade accounts payable)
5. Gross profit margin = (Revenue of sales of goods – Cost of sales of goods) / Revenue of sales of goods
6. Net profit margin = Net profit / Revenue
7. Return on Assets = Net profit / Average of Assets
8. Return on Equity = Net Profit / Average of Shareholders' Equity

2.8 Industry Overview

Spun Products

The competition became more intense than 2016 due to the unbalanced of demand and supply from the incremental of production capacity of global market. TTTM could not be raised the products price equal to the higher cost of industrial goods such as polyester, oil and cotton inclusive of a hard Thai baht currency and strong exchange rate. In addition, the competitors have advantage on exchange rate along with the lower labor cost, meanwhile, the customers have a power to select the suppliers that meet their price satisfaction. As they inevitably struggle with both cost and inventory reduction which lesser their orders and unable to place their orders to many suppliers. However, TTTM will attempt to bring out competence in searching for the new market, new products initiation and new customers in order to retain the market shares and productivity.

For spun polyester, TTTM continuously maintains and develops quality to meet the standard of Japan along with creating our own brand. Furthermore, our attempt on expanding market to the neighbor countries and India since the middle-east zone still have the uncertain situation of economy, politics and mutable oil price.

Filament Products

In spite of the fact that the lining products has an intense competition, TTTM then developed its quality for placing a higher price likewise was looking for a new market in order to share a portion to domestic part. Besides, TTTM has increased the outer wearing productivity, brought up development and improvement on materials quality for jacket production. Our success in supplying to well-known brands from quality development, service, selling information exchange in any department stores which will be availed to our production and further expanding market share.

Industrial Material products (cord for rubber reinforcement and fabric for air bag)

The industrial material products are still coming up with the highest orders continuously, but customers are some sort of specific group that has a strong bargain and leading the market. Therefore, TTTM likely to increase the productivity to maintain the market share, quality, safety and punctual delivery. In addition, TTTM strives to keep good relations, sharing the future market situation also with the possibility of the world economy in order to conduct and solve the unexpected that may causes, as it is the special products used for automobile industry only.

Yarn for denim Products

To response the massive needs of yarn, TTTM operates a full productivity of yarn for denim since 2017. Our normal type yarn will gradually be added and turned to some special characteristics yarn to response the customers' needs, and for the yarn with elastic polymeric still remain the same level. TTTM has predicted the needs of yarn for producing denim fabric upon the yarn selling price which can be varied depending on the cotton index price of the global market as well as Thai baht exchange rate to U.S. dollars in each quarter, which still presumably continuing to raise in 2018.

Source : Annual report 2017