

TTL Industries Public Company Limited and its subsidiary
Review report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 June 2019



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TTL Industries Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of TTL Industries Public Company Limited and its subsidiary as at 30 June 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of TTL Industries Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of Matters

I draw attention to Note 1.2 to the interim financial statements regarding the discontinued operation and search for new businesses. On 28 May 2014, a meeting of the Company's Board of Directors approved the cessation of textile production and operations, which was the sole operating segment of the Company. The Company ceased its textile production and operations as from 2014, and completed the sale of all buildings, machinery and equipment related to the discontinued textile operations and vacant land in 2015. As a result of sale of these assets, the Company meets the criteria of a listed company whose assets consist wholly or substantially of cash or short-term securities (a cash company). Later, on 1 February 2018, the Stock Exchange of Thailand ("SET") announced that the Company's securities were subject to possible delisting. During the current period, the Company sent a letter notifying SET of its progress in the search for new businesses, in order to request an extension of the time granted to eliminate the cause of delisting. Subsequently, SET sent a letter informing the Company of the result of its consideration of the request. Although, the Company provided the SET with additional information and facts, including clarification of the incorporation of a new subsidiary within a specified period. On 28 May 2019, the Board of Governors of SET passed the resolution to delist the common stocks of the Company, effective from 18 June 2019. The Company does not agree with the decision to delist and on 4 June 2019 filed a lawsuit against the Board of Governors of SET with the Central Administrative Court. The Court has not announced its decision on whether to accept the lawsuit. During the current period the Company has incorporated a new subsidiary in order to operate a lending business for business customers, of which the objectives and policies, including credit granting policies, are as described in Note 1.2 to the interim financial statements. My conclusion is not qualified in respect of these matters.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 14 August 2019

TTL Industries Public Company Limited and its subsidiary

Statement of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	30 June 2019	30 September 2018
		30 June 2019	30 June 2019	30 September 2018
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	3	111,874	109,496	24,524
Current investments	4	662,678	662,678	1,007,071
Other receivables	5	5,080	4,648	3,360
Current portion of long-term loans to related parties	2	-	3,680	2,125
Current portion of long-term loans to customers	6	2,565	-	-
Short-term loan to related party	2	-	45,515	-
Short-term loan to customer	7	49,996	-	-
Other current assets	2	555	555	412
Total current assets		832,748	826,572	1,037,492
Non-current assets				
Investments in available-for-sale securities	4	4,600	4,600	4,875
Investment in subsidiary	8	-	50,000	-
Investments in held-to-maturity debt securities	4	107,049	107,049	136,313
Other long-term investments	4	18,508	18,508	18,508
Long-term loans to related parties - net of current portion	2	-	45,825	-
Long-term loans to customers - net of current portion	6	91,873	-	-
Investment properties	9	117,909	117,909	117,909
Property and equipment	10	11,795	11,795	13,732
Intangible assets	11	262	262	336
Other non-current assets		102	102	103
Total non-current assets		352,098	356,050	291,776
Total assets		1,184,846	1,182,622	1,329,268

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

TTL Industries Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	30 June 2019	30 September 2018
		30 June 2019	30 June 2019	30 September 2018
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Other payables	12	3,240	2,955	2,327
Income tax payable		572	197	657
Other current liabilities		358	308	1,391
Total current liabilities		4,170	3,460	4,375
Non-current liabilities				
Deferred tax liabilities		411	411	36
Total non-current liabilities		411	411	36
Total liabilities		4,581	3,871	4,411
Shareholders' equity				
Share capital				
Registered				
15,000,000 ordinary shares of Baht 10 each		150,000	150,000	150,000
Issued and fully paid-up				
15,000,000 ordinary shares of Baht 10 each		150,000	150,000	150,000
Share premium		474,476	474,476	474,476
Retained earnings				
Appropriated - statutory reserve		150,000	150,000	150,000
Unappropriated		404,148	402,634	550,236
Other components of shareholders' equity	4.2	1,641	1,641	145
Total shareholders' equity		1,180,265	1,178,751	1,324,857
Total liabilities and shareholders' equity		1,184,846	1,182,622	1,329,268

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

Directors



(Unaudited but reviewed)

TTL Industries Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated		
		financial statements	Separate financial statements	
		2019	2019	2018
Profit or loss:				
Revenues				
Interest income from loans to customers	6, 7	2,746	-	-
Interest income from investment		4,615	4,890	4,543
Rental income	9	361	361	361
Other income		1,028	1,047	2,053
Total revenues		8,750	6,298	6,957
Expenses				
Cost of loans to customers		499	-	-
Administrative expenses		4,768	4,677	4,294
Total expenses		5,267	4,677	4,294
Profit before income tax expenses		3,483	1,621	2,663
Income tax expenses	13	(628)	(250)	(609)
Profit for the period		2,855	1,371	2,054
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments				
- net of income tax		1,439	1,439	(425)
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods - net of income tax		1,439	1,439	(425)
Other comprehensive income for the period		1,439	1,439	(425)
Total comprehensive income for the period		4,294	2,810	1,629
(Unit: Baht)				
Earnings per share				
14				
Basic earnings per share				
Profit for the period		0.19	0.09	0.14

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

A. B.

TTL Industries Public Company Limited and its subsidiary

(Unaudited but reviewed)

Statement of comprehensive income

For the nine-month period ended 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated		Separate financial statements	
		2019	2019	2019	2018
Profit or loss:					
Revenues					
Interest income from loans to customers	6, 7	2,804	-	-	
Interest income from investment		14,240	14,515	13,554	
Rental income	9	1,081	1,081	1,081	
Other income		2,038	2,062	3,059	
Total revenues		<u>20,163</u>	<u>17,658</u>	<u>17,694</u>	
Expenses					
Cost of loans to customers		510	-	-	
Administrative expenses		14,671	14,568	13,559	
Total expenses		<u>15,181</u>	<u>14,568</u>	<u>13,559</u>	
Profit before income tax expenses		<u>4,982</u>	<u>3,090</u>	<u>4,135</u>	
Income tax expenses	13	(1,070)	(692)	(1,034)	
Profit for the period		<u>3,912</u>	<u>2,398</u>	<u>3,101</u>	
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments					
- net of income tax	4.2	1,496	1,496	(150)	
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		1,496	1,496	(150)	
Other comprehensive income for the period		<u>1,496</u>	<u>1,496</u>	<u>(150)</u>	
Total comprehensive income for the period		<u>5,408</u>	<u>3,894</u>	<u>2,951</u>	
Earnings per share					
(Unit: Baht)					
Basic earnings per share	14				
Profit for the period		0.26	0.16	0.21	

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

(Unaudited but reviewed)

TTL Industries Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the nine-month period ended 30 June 2019

(Unit: Thousand Baht)

Consolidated financial statements

	Other components of shareholders' equity							Total
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on changes in value of available-for-sale investments	Other comprehensive income	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				
Note								
Balance as at 1 October 2018	150,000	474,476	150,000	550,236	145		1,324,857	
Profit for the period	-	-	-	3,912	-	-	3,912	
Other comprehensive income for the period	-	-	-	-	1,496	1,496	1,496	
Total comprehensive income for the period	-	-	-	3,912	1,496	1,496	5,408	
Dividends paid	-	-	-	(150,000)	-	-	(150,000)	
Balance as at 30 June 2019	150,000	474,476	150,000	404,148	1,641	1,641	1,180,265	

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

TTL Industries Public Company Limited and its subsidiary
 Statement of changes in shareholders' equity (continued)
 For the nine-month period ended 30 June 2019

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total
				Other comprehensive income				
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 October 2017		150,000	474,476	150,000	576,855	32	32	1,351,363
Profit for the period		-	-	-	3,101	-	-	3,101
Other comprehensive income for the period		-	-	-	-	(150)	(150)	(150)
Total comprehensive income for the period		-	-	-	3,101	(150)	(150)	2,951
Dividends paid	16	-	-	-	(30,000)	-	-	(30,000)
Balance as at 30 June 2018		150,000	474,476	150,000	549,956	(118)	(118)	1,324,314
Balance as at 1 October 2018		150,000	474,476	150,000	550,236	145	145	1,324,857
Profit for the period		-	-	-	2,398	-	-	2,398
Other comprehensive income for the period		-	-	-	-	1,496	1,496	1,496
Total comprehensive income for the period		-	-	-	2,398	1,496	1,496	3,894
Dividends paid	16	-	-	-	(150,000)	-	-	(150,000)
Balance as at 30 June 2019		150,000	474,476	150,000	402,634	1,641	1,641	1,178,751

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

(Unaudited but reviewed)

TTL Industries Public Company Limited and its subsidiary

Statement of cash flows

For the nine-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2019	2018
	<u>2019</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities			
Profit before income tax	4,982	3,090	4,135
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	2,174	2,174	1,965
Interest income from loans to customers	(2,804)	-	-
Interest income from investment	(14,240)	(14,515)	(13,554)
Dividend income	(1,076)	(1,076)	-
Loss from operating activities before changes in operating assets and liabilities	<u>(10,964)</u>	<u>(10,327)</u>	<u>(7,454)</u>
Operating assets (increase) decrease:			
Short-term loan to customer	(49,996)	-	-
Long-term loans to customers	(94,438)	-	-
Other current assets	(145)	(145)	234
Operating liabilities increase (decrease):			
Other payables	914	628	190
Other current liabilities	(1,031)	(1,081)	(1,103)
Cash flows used in operating activities	<u>(155,660)</u>	<u>(10,925)</u>	<u>(8,133)</u>
Cash received from interest from loans to customers	2,372	-	-
Cash paid for income tax	(1,156)	(1,152)	(664)
Net cash flows used in operating activities	<u>(154,444)</u>	<u>(12,077)</u>	<u>(8,797)</u>

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

TTL Industries Public Company Limited and its subsidiary

(Unaudited but reviewed)

Statement of cash flows (continued)

For the nine-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2019	2018
	2019	2019	2018
Cash flows from investing activities			
Decrease in current investments	430,186	430,186	134,430
Increase in short-term loan to related party	-	(45,515)	-
Cash paid for long-term loans to related parties	-	(50,000)	-
Cash received from long-term loans to related parties	2,125	2,621	1,417
Cash paid for acquisitions of equipment	(161)	(161)	(3,130)
Cash paid for acquisitions of intangible assets	(1)	(1)	-
Cash paid for investment in subsidiary	-	(50,000)	-
Cash paid for long-term investments in available-for-sale securities	-	-	(5,000)
Cash paid for investments in held-to-maturity debt securities	(80,000)	(80,000)	(68,020)
Cash received from redemption of investments in held-to-maturity debt securities	25,000	25,000	-
Cash received from interest income from investment	13,569	13,843	14,778
Cash received from dividend income	1,076	1,076	-
Net cash flows from investing activities	391,794	247,049	74,475
Cash flows from financing activities			
Cash paid for dividend	(150,000)	(150,000)	(30,000)
Net cash flows used in financing activities	(150,000)	(150,000)	(30,000)
Net increase in cash and cash equivalents	87,350	84,972	35,678
Cash and cash equivalents at beginning of period	24,524	24,524	15,855
Cash and cash equivalents at end of period (Note 3)	111,874	109,496	51,533
Supplemental cash flow information			
Non-cash items			
Gain (loss) on change in value of available-for-sale investments			
- net of income tax	1,496	1,496	(150)

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

TTL Industries Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month and nine-month periods ended 30 June 2019

1. General information

1.1 Corporate information

TTL Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The registered office of the Company, head office, is at No. 1168/47, Lumpini Tower Building, 18th Floor, Rama IV Road, Thungmahamek, Sathorn, Bangkok. In the past, the Company was principally engaged in the manufacturing and sales of yarn and fabric for local and export. However, the Company ceased its textile production and operations as from 1 July 2014 as discussed in Note 1.2 to the interim financial statements.

The Company’s top 5 major shareholders as at 25 December 2018, the latest closing date of the shares register book, were as following:

	Percentage of shareholding (based on paid-up capital)
1. Thai T.C. Co., Ltd.	38.71
2. Mr. Kerati Panichewa	5.25
3. Sri Kiri Enterprise Co., Ltd.	4.82
4. Sri Brothers Co., Ltd.	4.74
5. Mr. Natee Panichewa	4.45

1.2 Discontinued operation and search for new businesses

a. Discontinued operation

On 28 May 2014, a meeting of the Company’s Board of Directors approved the cessation of textile production and operations as from 1 July 2014 due to the great floods of October 2011, which had caused significant damage to machinery, equipment and buildings in flooded factories. The flooding resulted in permanent closure of the factory at Amphur Thanyaburi. Moreover, the Company had suffered persistent operating losses, since only some of the machinery used in production could be repaired and production could not carry on as it had in the past. Orders from customers also decreased significantly. Although the Company attempted remedial measures, with implementation of cost reductions and improved machinery performance that enabled production efficiency and quality that matched past levels, it was unable to mitigate the losses. Under operating plans, losses on future production

were unavoidable, and so the Company needed to close its other factory at Amphur Donmuang. The Company announced layoffs of all employees, beginning from 1 July 2014. However, the Company continued to operate its production facilities to fill advance orders to be completed within 30 June 2014 and was gradually selling off its remaining inventories and supplies. However, the cessation of production and the layoffs of employees do not mean the Company has ceased activity. The Company is currently seeking for new businesses.

During the year 2015, the Stock Exchange of Thailand notified the Company that as a result of its cessation of the textile production and operations that is the sole operating segment of the Company, and the Company's plans to sell the building, machinery and equipment used in its operations, the common shares of the Company may be delisted from the Stock Exchange of Thailand, depending on how long it takes for the Company to have a business that meets the criteria for listing on the Stock Exchange of Thailand. However, the management of the Company has informed the Stock Exchange of Thailand that the Company has studied various businesses and projects and although it has not reached any conclusions at the time. The Company has no intention to delist its shares from the Stock Exchange of Thailand.

Later, the Company completed the sale of all buildings, machinery and equipment related to the discontinued textile operations in September 2015. In addition, on 23 November 2015, the Company sold vacant land at Amphur Thanyaburi, Pathumthani to unrelated parties. As a result of sale of these assets, the Company met the criteria of a listed company whose assets consist wholly or substantially of cash or short-term securities (a cash company) in accordance with the Notification of the Board of the Stock Exchange of Thailand. The Company was required to submit a report of financial position within 30 days as from the date of the sale of such assets. On 22 December 2015, the Company submitted a report of financial position to the Stock Exchange of Thailand. Presently, the Company is searching for new businesses and does not reach a conclusion. Therefore, during the period in which the Company proceeds to have business that is suitably qualified for listing, the Stock Exchange of Thailand therefore posted a NP (Notice Pending) sign on securities of the Company as from 23 December 2015 onwards. Afterwards, the Company was still unable to have its business which is suitably qualified for the listing within 3 months since 23 December 2015. The Stock Exchange of Thailand therefore posted a SP (Suspension) sign on securities of the Company as from 23 March 2016 until the Stock Exchange of Thailand determines that the Company is qualified to be listed on the Stock Exchange of Thailand. In case the Company fails to have its business which is suitably qualified for the listing within 12 months since the date that the Stock

Exchange of Thailand received the report of financial position (22 December 2015), the Board of Governors of the Stock Exchange of Thailand may consider delisting the common shares of the Company from the Stock Exchange of Thailand. Later, on 19 December 2016, the Company submitted a statement on the progress of its search for a new business, informing the Stock Exchange of Thailand that the Company would purchase shares in two car rental business companies, and that the Company was in the process of performing business valuations and auditing the accounts of these companies. Subsequently, on 23 January 2017, the Stock Exchange of Thailand sent a letter to the Company requesting further clarification regarding the timeframe for these matters. However, the Company decided not to purchase shares in such two car rental business companies.

Later, on 1 February 2018, the Stock Exchange of Thailand announced that the Company's securities were subject to possible delisting, and posted a NC (Non-Compliance) sign in order to inform investors that the Company's securities were subject to possible delisting from 1 February 2018. And SP (Suspension) sign is still posted against the Company's securities. Both the NC and SP signs will remain until the Company can eliminate the causes of delisting and reacquire the qualifications necessary to resume trading. The Stock Exchange of Thailand has informed the Company about the procedures to follow rectify being a cash company and has stipulated timeframes as follows:

- 1) A period of 1 year to eliminate the causes of delisting (ends on 31 January 2019).
- 2) A period of 1 year to reacquire the qualifications necessary to resume trading (resume stage).

The Company may apply for a one-time extension of up to one year of the timeframe for the reacquisition of qualifications necessary to resume trading and the Stock Exchange of Thailand will consider the reasons and the necessity of granting the Company an extension, in accordance with the said regulation. In the event the Company is unable to eliminate the causes of delisting and to reacquire the necessary qualifications to resume trading within the specified timeframe, the Stock Exchange of Thailand will propose to the Board of Governors of the Stock Exchange of Thailand that they consider delisting the Company's securities. On 3 January 2019, the Company sent a letter notifying the Stock Exchange of Thailand of its progress in the search for a new business, in order to request an extension of the time granted to eliminate the cause of delisting, which ended on 31 January 2019. Subsequently, the Stock Exchange of Thailand sent a letter informing the Company of the result of its consideration of the request. However, the Company provided the Stock Exchange of Thailand with additional information and facts, including clarification of the

incorporation of a new subsidiary within a specified period.

On 28 May 2019, the Board of Governors of the Stock Exchange of Thailand passed a resolution to delist the Company's common stocks, effective from 18 June 2019 and allowed trading of the Company's shares by its shareholders and investors for 7 business days, from 7 to 17 June 2019. However, the Company does not agree with the decision to delist and on 4 June 2019 filed a lawsuit against the Board of Governors of SET with the Central Administrative Court, petitioning the court for a temporary protection order and to order the withdrawal of the above resolution. The Central Administrative Court has still not announced whether it will accept the lawsuit and the Stock Exchange of Thailand has already delisted the Company's common stocks in accordance with the resolution.

The interim financial statements of the Company for the three-month and nine-month periods ended 30 June 2019 and 2018 and the financial statements of the Company for the year ended 30 September 2018 were prepared using the going concern basis of accounting.

b. The incorporation of a new subsidiary

On 22 February 2019, a Board of Directors meeting of the Company passed a resolution to approve the Company's incorporation of a subsidiary, TTL Capital Company Limited, with a registered capital of Baht 50 million, in which the Company holds a 100 percent interest. The objective of the subsidiary is to engage in the provision of credit to business customers whose purpose is to use the credit for working capital or to improve the liquidity of their business. The credit will be provided in the form of loans under agreements, for which collateral must be provided in the form of the mortgage of immovable property and/or pledge of movable property, or in the form of credit under agreements of sale with right of redemption, which means credit whereby ownership of the collateral is to be transferred to the Company on the date of the agreement. The main conditions of credit approval are as follows:

- 1) Loans must have collateral and borrowers must have their ability to make repayment assessed.
- 2) The credit limit for each customer is not to exceed Baht 50 million.
- 3) The credit limit may not exceed 50 percent of the market price of the assets mortgaged as collateral.

 

The subsidiary's provision of credit to business customers business has policies to charge interest at rates of not more than 15 percent per annum and to require the mortgage of assets as collateral for the loan. Based on these credit policies, the subsidiary does not meet the criteria of a credit business under supervision, according to the announcement of the Ministry of Finance. TTL Capital Company Limited registered its incorporation with the Ministry of Commerce on 4 March 2019.

As at 30 June 2019, TTL Capital Company Limited has total credit limit of Baht 195 million and loan balance of Baht 144 million to four customers with a term of 1 - 5 years, bearing interest at a rate of 10.5 - 12.0 percent per annum. Loan principal and related interest are payable in monthly installments over 12 - 60 months. The loan is secured by the mortgage of land and construction and condominium unit thereon.

1.3 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the interim financial statements in Thai language.

1.4 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TTL Industries Public Company Limited ("the Company") and the following subsidiary ("the subsidiary"):

 

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			June 2019	September 2018
			30	30
			%	%
TTL Capital Company Limited	Credit business loans	Thailand	100	-

On 22 February 2019, the Board of Directors meeting of the Company passed a resolution to approve the Company to incorporate a subsidiary, TTL Capital Company Limited, with a registered capital of Baht 50 million and held 100 percent interest to engaged in credit business for business customers. TTL Capital Company Limited registered the incorporation with the Ministry of Commerce on 4 March 2019.

- b) The Company is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company's accounting policies.
- e) Material balances and transactions between the Company and its subsidiary has been eliminated from the consolidated financial statements.

1.5 New financial reporting standards

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

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

A B.

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

The Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019, and a set of 5 standards related to financial instruments and TFRS 16 Leases, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

Thai Financial Reporting Standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 30 September 2018 with the following accounting policies adopted.



Revenue recognition*Interest income from loans to customers*

The subsidiary recognises interest income from loans to customers as income on accrual basis based on the effective interest rate over the period of the agreements. The subsidiary ceases recognising interest income from loans to customers on an accrual basis when agreement receivables have been overdue for more than 6 installment periods. In case there is an indicator that receivables may unable to make a repayment, income recognition will be ceased immediately.

Loans to customers and allowance for doubtful accounts*Loans to customers*

Loans to customers are stated at principals balances, excluding accrued interest receivables.

Allowance for doubtful accounts is provided for the estimate losses that may be incurred in collection of receivables. The estimate losses is considering together with customers' collateral value.

Investments

Investment in subsidiary is accounted for in the separate financial statements using the cost method, net of allowance for loss on impairment (if any).

2. Related party transactions

The relationship between the Company and related parties that had significant business transactions with the Company during the periods are summarised below.

Name of related companies	Relationships
TTL Capital Co., Ltd.	Subsidiary
Quintette Co., Ltd.	Close family member of the Company's director hold a position of director
Krungthai Panich Insurance Pcl.	Common directors
Thaisri Insurance Pcl.	Common directors

During the three-month and nine-month periods ended 30 June 2019 and 2018, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.



(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			Pricing policy
	Consolidated financial statements	Separate financial statements		
		2019	2019	
<u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements)				
Management fee	-	18	-	Contract price
Interest income from investment	-	275	-	2.0% - 2.5% per annum
<u>Transactions with related parties</u>				
Interest income from investment	-	-	18	3% per annum
Insurance premium	-	40	28	As specified in insurance policy

(Unit: Thousand Baht)

	For the nine-month periods ended 30 June			Pricing policy
	Consolidated financial statements	Separate financial statements		
		2019	2019	
<u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements)				
Management fee	-	24	-	Contract price
Interest income from investment	-	275	-	2.0% - 2.5% per annum
<u>Transactions with related parties</u>				
Interest income from investment	16	16	64	3% per annum
Insurance premium	117	117	77	As specified in insurance policy

The balances of the accounts as at 30 June 2019 and 30 September 2018 between the Company, its subsidiary and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	30 June 2019	30 June 2019	30 September 2018		
	<u>Prepaid expenses - related parties</u>				
Related companies	99	99	100		
Total prepaid expenses - related parties	99	99	100		



Loans to related parties

As at 30 June 2019 and 30 September 2018, the balance of loans between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							
	Balance as at 30 September 2018		Increase		Decrease		Balance as at 30 June 2019	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
<u>Long-term loan to and interest receivable from related party</u>								
Related company								
Quintette Co., Ltd.	2,125	19	-	16	(2,125)	(33)	-	-
Total long-term loan to and interest receivable from related party	2,125	19	-	16	(2,125)	(33)	-	-
Less: Current portion	(2,125)	(19)						
Long-term loan to and interest receivable from related party - net of current portion	-	-					-	-

(Unit: Thousand Baht)

	Separate financial statements							
	Balance as at 30 September 2018		Increase		Decrease		Balance as at 30 June 2019	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
<u>Short-term loan to and interest receivable from related party</u>								
Subsidiary								
TTL Capital Co., Ltd.	-	-	46,000	131	(485)	(131)	45,515	-
Total short-term loan to and interest receivable from related party	-	-	46,000	131	(485)	(131)	45,515	-
<u>Long-term loans to and interest receivable from related parties</u>								
Subsidiary								
TTL Capital Co., Ltd.	-	-	50,000	144	(495)	(144)	49,505	-
Related company								
Quintette Co., Ltd.	2,125	19	-	16	(2,125)	(33)	-	-
Total long-term loans to and interest receivable from related parties	2,125	19	50,000	160	(2,620)	(179)	49,505	-
Less: Current portion	(2,125)	(19)					(3,680)	-
Long-term loans to and interest receivable from related parties - net of current portion	-	-					45,825	-



Short-term loan to related party

The short-term loan to subsidiary bares interest at a rate of 2.0% per annum. Repayment of principal and interest were scheduled to be made in monthly installment for 12 months. Last installment will be repayment in May 2020 for the rest of principal and interest. The loan is unsecured.

Long-term loans to related parties

The long-term loan to subsidiary bares interest at a rate of 2.5 percent per annum. Repayment of principal and interest were scheduled to be made in monthly installment for 24 months. Last installment will be paid in May 2023 for the rest of principal and interest. The loan is unsecured.

The long-term loan to related company bares interest at a rate of 3.0 percent per annum. Repayment of principal and interest were scheduled to be made in monthly installment for 60 months. Land of a shareholder of Quintette Co., Ltd. was mortgaged as collateral. During the current period, the related company paid the rest of principal and interest and redeemed that collateral.

Directors and management's benefits

For the three-month and nine-month periods ended 30 June 2019 and 2018, the Company had employee benefit expenses of its directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	Consolidated/ Separate financial statements 2019	Separate financial statements 2018	Consolidated/ Separate financial statements 2019	Separate financial statements 2018
Short-term employee benefits	2.1	2.0	6.1	6.1
Total	2.1	2.0	6.1	6.1



3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	30 June 2019	30 June 2019	30 September 2018
Cash	66	50	50
Short-term deposits with maturity within three months	111,808	109,446	24,474
Total	111,874	109,496	24,524

4. Investments

4.1 Cost and fair value

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements		Separate financial statements	
	30 June 2019		30 September 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Current investments				
<i>Deposits at financial institutions</i>				
Fixed deposits with maturity over 3 months but less than 1 year	481,034	481,034	812,149	812,149
Total deposits at financial institutions	481,034	481,034	812,149	812,149
<i>Available-for-sale securities</i>				
Unit trusts				
Domestic unit trusts	25,000	27,452	124,072	124,378
Add: Changes in fair value of securities	2,452	-	306	-
Total available-for-sale securities - net	27,452	27,452	124,378	124,378
<i>Held-to-maturity debt securities due within one year</i>				
Private sector debt securities	154,192	154,095	70,544	70,589
Total held-to-maturity debt securities due within one year	154,192	154,095	70,544	70,589
Total current investments	662,678	662,581	1,007,071	1,007,116
Long-term investments				
<i>Available-for-sale securities</i>				
Unit trusts				
Domestic unit trusts	5,000	4,600	5,000	4,875
Less: Changes in fair value of securities	(400)	-	(125)	-
Total available-for-sale securities - net	4,600	4,600	4,875	4,875

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements		Separate financial statements	
	30 June 2019		30 September 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<i>Held-to-maturity debt securities</i>				
Private sector debt securities	107,049	107,831	136,313	135,875
Total held-to-maturity debt securities	107,049	107,831	136,313	135,875
<i>Other investments</i>				
Equity securities	18,508		18,508	
Total other investments	18,508		18,508	
Total long-term investments	130,157		159,696	
Total investments	792,835		1,166,767	

4.2 Unrealised gains on re-measuring investments in available-for-sale securities

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 October 2018 (net of income tax)	145
Changes during the period due to	
Revaluation (before income tax effect)	1,870
Income tax	(374)
Balance as at 30 June 2019 (net of income tax)	1,641

5. Other receivables

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	30 June 2019	30 June 2019	30 September 2018
Other receivables - unrelated parties	2	2	-
Interest receivables from loans to customers	432	-	-
Interest receivables - related parties (Note 2)	-	-	19
Interest receivables - unrelated parties	4,646	4,646	3,341
Total other receivables	5,080	4,648	3,360

6. Long-term loans to customers

As at 30 June 2019, the subsidiary has details of loans to customers as follows:

	(Unit: Thousand Baht)
	Consolidated financial statement
	30 June 2019
Long-term loans to customers	94,438
Less: Current portion	(2,565)
Long-term loans to customers - net of current portion	<u>91,873</u>

Loans to customers bear interest at a rate of 11 - 12 percent per annum. Loan principal and related interest are payable in monthly installments over 25 - 60 months. The final installment will be paid in May 2021 and March 2024 being the remaining principal and accrued interest. The loans are secured by the mortgage of land and construction thereon.

7. Short-term loan to customer

As at 30 June 2019, the subsidiary has short-term loan to customer amounting to Baht 50 million with bear interest at a rate of 10.5 percent per annum. Loan principal and related interest are payable in monthly installments over 12 months. The final installment will be paid in April 2020 with the remaining principal and accrued interest. The loan is secured by the mortgage of land and construction thereon.

8. Investment in subsidiary

Details of investment in subsidiary as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June 2019	30 September 2018	30 June 2019	30 September 2018	30 June 2019	30 September 2018
			(%)	(%)		
TTL Capital Co., Ltd.	50,000	-	100	-	50,000	-
					<u>50,000</u>	<u>-</u>

(Unaudited but reviewed)

As discussed in Note 1.2 to the interim financial statements, on 22 February 2019, the meeting of the Company's Board of Directors passed a resolution to approve the Company to incorporate a subsidiary, TTL Capital Company Limited, with a registered capital of Baht 50 million and held 100 percent interest to engaged in credit business for business customers whose objective is to use credit for working capital or to enhance liquidity for the business. TTL Capital Company Limited registered the incorporation with the Ministry of Commerce on 4 March 2019.

9. Investment properties

Details of the investment properties as at 30 June 2019 and 30 September 2018 are stated below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	Cost	
	30 June 2019	30 September 2018
Land - Amphur Donmuang, Bangkok (location of 1 st factory, ceased an operation in June 2014)	3,109	3,109
Vacant land - Amphur Ban Sang, Prachinburi (cost net of allowance for impairment)	114,800	114,800
Total	117,909	117,909

For the three-month and nine-month periods ended 30 June 2019, the Company's rental income derived from vacant land at Ampur Ban Sang, Prachinburi amounting to Baht 0.4 million and Baht 1.1 million, respectively (2018: Baht 0.4 million and Baht 1.1 million, respectively).

10. Property and equipment

Movements of property and equipment account during the nine-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements
Net book value as at 1 October 2018	13,732
Acquisitions during period - at cost	161
Depreciation for period	(2,098)
Net book value as at 30 June 2019	11,795

11. Intangible assets

Movements of intangible assets account during the nine-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statements
Net book value as at 1 October 2018	336
Acquisitions during period - at cost	1
Amortisation for period	(75)
Net book value as at 30 June 2019	<u>262</u>

12. Other payables

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	30 June 2019	30 June 2019	30 September 2018
Other Payables - unrelated parties	2,555	2,555	1,925
Accrued expenses	685	400	402
Total other payables	<u>3,240</u>	<u>2,955</u>	<u>2,327</u>

13. Income tax

Interim income tax expenses was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

(Unaudited but reviewed)

Income tax expenses for the three-month and nine-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			For the nine-month periods ended 30 June		
	Consolidated financial statement	Separate financial statements	2019	Consolidated financial statement	Separate financial statements	2019
Current income tax:						
Interim corporate income tax charge	628	250	209	1,070	692	1,034
Income tax expenses reported in the statements of comprehensive income	628	250	609	1,070	692	1,034

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 June 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	Consolidated/ Separate financial statements	Separate financial statements	Consolidated/ Separate financial statements	Separate financial statements
Deferred tax on loss from the change in value of investments in available-for-sale securities	(360)	(107)	(374)	(38)
Total	(360)	(107)	(374)	(38)

14. Earnings per share

Basic earnings per share is calculated by dividing profit for the three-month and nine-month periods ended 30 June 2019 and 2018 attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

(Unaudited but reviewed)

	For the three-month periods ended 30 June		
	Consolidated financial statement	Separate financial statements	
		2019	2019
Profit for the period (Thousand Baht)	2,855	1,371	2,054
Weighted average number of ordinary shares (Thousand shares)	15,000	15,000	15,000
Earnings per share (Baht per share)	0.19	0.09	0.14

	For the nine-month periods ended 30 June		
	Consolidated financial statement	Separate financial statements	
		2019	2019
Profit for the period (Thousand Baht)	3,912	2,398	3,101
Weighted average number of ordinary shares (Thousand shares)	15,000	15,000	15,000
Earnings per share (Baht per share)	0.26	0.16	0.21

15. Segment information

In the past, the Company was principally engaged in the manufacturing and sales of yarn and fabric. Its operation was carried on only in Thailand. However, the Company has cessation of operations as from 1 July 2014 as mentioned in Note 1.2 to the interim financial statements.

As discussed in Note 1.2 to the interim financial statements, during the current period, the subsidiary has commenced its business operations, credit business for business customers, and its major revenue is interest income from loans to customers and its operation was carried on only in Thailand. Segment performance was measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

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16. Dividends paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends for the year 2017	Annual General Meeting of the shareholders on 30 January 2018	30	2
Dividends for the year 2018	Annual General Meeting of the shareholders on 28 January 2019	150	10

17. Commitments**17.1 Operating lease and service commitments**

The Company has entered into operating lease agreements in respect of motor vehicles and service agreements. The terms of the agreements are between 1 year and 5 years.

Future minimum lease and service payments required under non-cancellable operating lease and service agreements were as follows.

	(Unit: Million Baht)	
	Consolidated/ Separate financial statements 30 June 2019	Separate financial statements 30 September 2018
Payable:		
In up to 1 year	0.9	0.9
In over 1 and up to 5 years	0.6	1.0

17.2 Financial advisory commitments

During the current period, the Company has entered into agreements with financial advisory companies who will provide assistance to the Company in searching potential company or business to invest. In addition, assisting the Company in process of investing in that company including provide recommendation to obtain source of fund for that investment. Under these agreements, the Company is committed to pay management fee according to work accomplishment specified in the agreements. These agreements are effective for 1 - 2 years.

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During the period, the subsidiary entered into an agreement with a local company, who will provide assistance in the recruitment of credit customers and provide preliminary credit analysis, draft agreements and register the juristic acts, as well as providing after service to loan customers. Under the agreement, the subsidiary is committed to pay management fee to this company, to be calculated at the percentage of interest income from loans to customers on the basis specified in the agreement. The agreement is effective until terminated by either party.

18. Fair value of financial instruments

The Company and its subsidiary use the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiary endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

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

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

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

As of 30 June 2019 and 30 September 2018, the Company had the assets that was measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	30 June 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities	4,600	27,452	-	32,052

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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	30 September 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities	4,875	124,378	-	129,253

Valuation techniques and input to Level 2 valuations

The fair value of investments in unit trust has been determined from their net asset value as announced by Asset Management Company.

During the current period, there were no transfers within the fair value hierarchy.

19. Events after the reporting period

On 31 July 2019, the Board of Directors passed a resolution approving an a Baht 200 million increase in the credit line granted to a subsidiary in order to fund the subsidiary's provision of credit to its customers. The funds will be gradually drawn down in accordance with the amount of credit that subsidiary has approved to be provided to customers.

20. Reclassifications

Certain amounts in the separate statement of comprehensive income for the three-month and nine-month periods ended 30 June 2018 have been reclassified to conform to the current period's classifications with no effect to previously reported profit or shareholders' equity as follow:

	(Unit: Thousand Baht)			
	Separate statement of comprehensive income			
	For the three-month period ended 30 June 2018		For the nine-month period ended 30 June 2018	
As reclassified	As previously reported	As reclassified	As previously reported	
Rental income	361	-	1,081	-
Other income	2,053	2,414	3,059	4,140

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 14 August 2019.

