

15 August 2017

Subject: Management Discussion and Analysis for the second quarter of 2017  
Attention: President  
The Stock Exchange of Thailand

Thailand Carpet Manufacturing Public Company Limited("the company") would like to inform the operating results and financial position of the Company and its subsidiaries for the second quarter, as ended 30 June 2017, comparing to the second quarter, as ended 30 June 2016, as follows:

### **Overall the operating results**

For the second quarter of 2017, the company had the operating profit 6.32 million baht, comparing to the second quarter of 2016, there was the operating loss 27.02 million baht. The consolidated financial statements for the profit of the company in the second quarter of 2017, there was the operating profit 42.19 million baht, comparing to the second quarter of 2016, there was the operating profit 42.89 million baht that changed over 20%, with the reasons as follows:-

#### **1.Revenues**

In the second quarter of 2017, the company had sales and services amount 129.39 million baht was higher than the second quarter of 2016 amount 22.74 million baht was at 21.32%. The consolidated financial statements in the second quarter of 2017 had sales and services amount 1,738.92 million baht, which there were sales of the company("TCMC") amount 129.39 million baht, Royal Thai International Co., Ltd("RTI") amount 58.06 million baht, United Carpet Manufacturing Co., Ltd("UCM") amount 10.88 million baht, T.C.H. Suminoe Co.,Ltd("TCH") amount 354.25 million baht, TCMC Furniture Limited("TCMF") amount 312.80 million baht, and Manor(2016) Holding Limited("Manor") amount 951.83 million baht. Therefore, the sales of the second quarter of 2017 were higher than the second quarter of 2016 that there were sales and services amount 819.37 million baht was at 112.23%. (Note: Average exchange rate of Bath per Pound in the second quarter of 2017 was equal 43.8863, and in the second quarter of 2016 was equal 50.6216)

#### **2.Sales and Services Cost**

In the second quarter of 2017, the company had sales and services cost amount 103.33 million baht was at 79.86% of revenues, comparing to the second quarter of 2016, the company had sales and services cost amount 84.64 million baht was at 79.36% of revenues. The consolidated financial statements in the second quarter of 2017 had sales and services cost amount 1,348.61 million baht was at 77.55% of revenues, comparing to the second quarter of 2016 which there were 589.01 million baht was at 71.89% of revenues.

### 3. Other Incomes

In the second quarter of 2017, the company had other incomes amount 2.89 million baht, comparing to the second quarter of 2016 which there was 5.69 million baht, decreased amount 2.80 million baht. The consolidated financial statements in the second quarter of 2017 had other incomes amount 48.81 million baht and in the second quarter of 2016 amount 3.75 million baht increased amount 45.06 million baht, because DM Midland Limited reversed the allowance for goods that might be claimed, which were recorded before the company invested in DM Midlands Limited, and such transactions did not real occur, amount 42.35 milliomm baht.

### 4.Selling & Administrative Expenses and Other Expenses

In the second quarter of 2017, the company had selling expenses and administrative expenses amount 27.40 million baht, comparing to the second quarter of 2016 was at 27.58 million baht, decreased amount 0.18 million baht was at 0.65%. The consolidated financial statements in the second quarter of 2017 had selling expenses and administrative expenses amount 320.83 million baht, comparing to the second quarter of 2016 amount 149.61 million baht, increased amount 171.22 million baht was at 114.44%, due to the investment in DM Midlands Limited.

In the second quarter of 2017, the company had gain on exchange rate amount 11.70 milliomm baht, due to the loan that the company borrowed for TCMF was in England to the investment in ALSTONS GROUP in the amount of 10.12 million baht, while in the second quarter of 2016, there was loss on exchange rate amount 28.86 million baht. The consolidated financial statements in the second quarter of 2017 had gain on exchange rate amount 1.91 million baht, while in the second quarter of 2016, there was loss on exchange rate amount 0.18 million baht.

### 5.Financial Cost

In the second quarter of 2017, the company had financial cost 5.39 million baht, comparing to the second quarter of 2016 amount 4.99 million baht increased 0.40 million baht. The consolidated financial statements in the second quarter of 2017 had financial cost 17.12 million baht, comparing to the second quarter of 2016 amount 11.80 million baht increased amount 5.32 million baht, due to the investment in DM Midlands Limited.

## **Financial Position**

### Total Assets

As at 30 June 2017, the company had total assets 1,840.93 million baht, decreased from the statements of financial position as at 31 December 2016 was at 1,874.62 million baht. The consolidated financial statements at 30 June 2017 had total assets 4,780.52 million baht, comparing to at 31 December 2016 was at 4,838.26 milloin baht, decreased amount 57.74 million.

### Total Liabilities

As at 30 June 2017, the company had total liabilities 651.23 million baht, decreased from at 31 December 2016 was at 652.86 million baht. The consolidated financial statements at 30 June 2017 had total liabilities 2,989.15 million baht, comparing to at 31 December 2016 was at 3,123.32 million baht, decreased amount 134.17 million baht.

#### Shareholders' Equity

As at 30 June 2017, the company had shareholders' equity amount 1,189.70 million baht, decreased from at 31 December 2016 was at 1,221.76 million baht. The consolidated financial statements at 30 June 2017 had shareholders' equity amount 1,791.36 million baht, increased from at 31 December 2016 was at 1,714.94 million baht.

Please be assured of our willingness to cooperate with you at all times.

Yours faithfully,

(Mr. Charlie Jangvijitkul)

Managing Director