

14 November 2017

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

TCM Corporation Public Company Limited("the company") would like to inform the operating results and financial position of the Company and its subsidiaries for the third quarter, as ended 30 September 2017, comparing to the third quarter, as ended 30 September 2016, as follows:

**Overall the operating results**

On August 3, 2017, the Board of Directors' Meeting No. 3/2017 has a resolution to approve the company to establish 2 subsidiaries: TCMC HK (2017) Limited that is registered in Hong Kong and RT UK (2017) Limited that is registered in United Kingdom in order to invest in all commercial carpet business of Tai Ping Carpets International Limited. It has acquired from the existing shareholders of the Group of Tai Ping Carpets International Limited that operates the carpet business.

On September 20, 2017, the Extraordinary General Meeting of Shareholders' No. 1/2017 has a resolution to approve TCMC HK (2017) Limited for shareholding in Costigan Limited at 100%, that is shareholding in the companies of Commercial Carpet Business and RT UK (2017) Limited to support the business transfer in Europe and Middle East regions. The Company and TCMC HK(2017) Limited will have a common shareholding in Vechachai Co.,Ltd. that is shareholding 99.30% in Carpets International Thailand PCL, a carpet manufacturing in Thailand by acquiring the shares from Tai Ping and the subsidiary of Tai Ping. This is the current shareholding group of the group that is operated the commercial carpet business that is not related persons with the Company.After the transaction, the Company's subsidiaries are TCMC HK (2017) Limited and RT UK (2017) Limited, holding 100% in the commercial carpet business of Tai Ping Carpets International Limited.

On September 29, 2017, TCMC HK (2017) Limited and RT UK (2017) Limited have invested in the group that is operated the commercial carpet business of Tai Ping Carpets International Limited. As a result, the group of the commercial carpet business has become an indirect subsidiary of the Company and the financial information as at the acquisition date is used to prepare the consolidated financial statements of the Company from September 30, 2017 onwards.

For the third quarter of 2017, the company had the operating profit 46.73 million baht, comparing to the third quarter of 2016, there was the operating profit 16.09 million baht. The consolidated financial statements for the profit of the company in the third quarter of 2017, there was the operating profit 22.37 million baht, comparing to the third quarter of 2016, there was the operating profit 17.54 million baht that changed over 20%, with the reasons as follows:-

### 1.Revenues

In the third quarter of 2017, the company had sales and services amount 146.81 million baht was higher than the third quarter of 2016 amount 141.37 million baht was at 3.85%. The consolidated financial statements in the third quarter of 2017 had sales and services amount 1,559.49 million baht, which there were sales of the company(“TCMC”) amount 146.81 million baht, Royal Thai International Co., Ltd(“RTI”) amount 69.77 million baht, United Carpet Manufacturing Co., Ltd(“UCM”) amount 12.86 million baht, T.C.H. Suminoe Co.,Ltd(“TCH”) amount 351.61 million baht, TCMC Furniture Limited(“TCMF”) amount 274.69 million baht, and Manor(2016) Holding Limited(“Manor”) amount 763.41 million baht. Therefore, the sales of the third quarter of 2017 were higher than the third quarter of 2016 that there were sales and services amount 683.20 million baht was at 128.26%. (Note: Average exchange rate of Bath per Pound in the third quarter of 2017 was equal 43.6786, and in the third quarter of 2016 was equal 45.7759)

### 2.Sales and Services Cost

In the third quarter of 2017, the company had sales and services cost amount 111.54 million baht was at 75.98% of revenues, comparing to the third quarter of 2016, the company had sales and services cost amount 108.00 million baht was at 76.40% of revenues. The consolidated financial statements in the third quarter of 2017 had sales and services cost amount 1,190.59 million baht was at 76.34% of revenues, comparing to the third quarter of 2016 which there were 522.63 million baht was at 76.50% of revenues.

### 3.Revenue from Dividend

In the third quarter of 2017, the company received dividend from TCH amount 42.50 million baht. For the third quarter of 2016, the company received dividend from TCH amount 25.93 million baht.

### 4. Other Incomes

In the third quarter of 2017, the company had other incomes amount 3.46 million baht, comparing to the third quarter of 2016 which there was 6.09 million baht, decreased amount 2.63 million baht. The consolidated financial statements in the third quarter of 2017 had other incomes amount 3.63 million baht and in the third quarter of 2016 amount 7.21 million baht decreased amount 3.58 million baht.

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

In the third quarter of 2017, the company had selling expenses and administrative expenses amount 31.33 million baht, comparing to the third quarter of 2016 was at 27.62 million baht, increased amount 3.71 million baht was at 13.43%. The consolidated financial statements in the third quarter of 2017 had selling expenses and administrative expenses amount 297.05 million baht, comparing to the third quarter of 2016 amount 124.44 million baht, increased amount 172.61 million baht was at 138.71%, due to the investment in DM Midlands Limited.

In the third quarter of 2017, the company had gain on exchange rate amount 4.94 million baht, due to the loan that the company borrowed for TCMF was in England to the investment in ALSTONS GROUP in the amount of 4.12 million baht, while in the third quarter of 2016, there was loss on exchange rate amount 19.62 million baht. The consolidated financial statements in the third quarter of 2017 had gain on exchange rate amount 0.45 million baht, while in the third quarter of 2016, there was loss on exchange rate amount 0.48 million baht.

## 6. Financial Cost

In the third quarter of 2017, the company had financial cost 6.78 million baht, comparing to the third quarter of 2016 amount 4.81 million baht increased 1.97 million baht. The consolidated financial statements in the third quarter of 2017 had financial cost 18.35 million baht, comparing to the third quarter of 2016 amount 10.38 million baht increased amount 7.97 million baht, due to the investment in DM Midlands Limited.

## Financial Position

### Total Assets

As at 30 September 2017, the company had total assets 5,049.32 million baht, increased from the statements of financial position as at 31 December 2016 was at 1,874.62 million baht. The consolidated financial statements at 30 September 2017 had total assets 8,799.90 million baht, comparing to at 31 December 2016 (Restated) was at 4,888.75 million baht, increased amount 3,911.15 million, due to the investment in DM Midlands Limited and Commercial Carpet Business.

### Total Liabilities

As at 30 September 2017, the company had total liabilities 3,812.89 million baht, increased from at 31 December 2016 was at 652.86 million baht. The consolidated financial statements at 30 September 2017 had total liabilities 6,959.01 million baht, comparing to at 31 December 2016 (Restated) was at 3,152.06 million baht, increased amount 3,806.95 million baht.

### Shareholders' Equity

As at 30 September 2017, the company had shareholders' equity amount 1,236.43 million baht, increased from at 31 December 2016 was at 1,221.76 million baht. The consolidated financial statements at 30 September 2017 had shareholders' equity amount 1,840.89 million baht, increased from at 31 December 2016 (Restated) was at 1,736.69 million baht.

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

Yours faithfully,

(Mr. Charlie Jangvijitkul)

Managing Director

