

28 February 2018

Subject: Management Discussion and Analysis for the year 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 ended 31 December 2017, comparing to the year ended 31 December 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 year ended 31 December 2017, the company had the operating profit 31.19 million baht, comparing to the year ended December 2016, there was the operating loss 13.44 million baht. The consolidated financial statements for the profit of the company in the year ended 31 December 2017, there was the operating profit 204.82 million baht, comparing to the year ended 31 December 2016, there was the operating profit 174.11 million baht that changed over 20%, with the reasons as follows:-

1.Revenues

In 2017, the company had sales and services amount 571.14 million baht was higher than year 2016 amount 40.03 million baht was at 7.54%. The consolidated financial statements in 2017 had sales and services amount 7,633.13 million baht, which there were sales of the company("TCMC") amount 571.14 million baht, Royal Thai International Co., Ltd("RTI") amount 274.51 million baht, Vechachai Co., Ltd amount 659.73 million baht, TCMC HK (2017) Limited amount 577.75 million baht, , United Carpet Manufacturing Co., Ltd("UCM") amount 50.62 million baht, T.C.H. Suminoe Co.,Ltd("TCH") amount 1,424.03 million baht, TCMC Furniture Limited("TCMF") amount 1,302.15 million baht, Manor(2016) Holding Limited("Manor") amount 3,350.30 million baht. Therefore, the sales in 2017 were higher than year 2016 that there were sales and services amount 3,872.07 million baht was at 97.13%, due to the investment in the commercial carpet business of Tai Ping Carpets International Limited.

2.Sales and Services Cost

In 2017, the company had sales and services cost amount 447.05 million baht was at 78.27% of revenues, comparing to year 2016, the company had sales and services cost amount 419.19 million baht was at 78.93% of revenues. The consolidated financial statements in 2017 had sales and services cost amount 5,642.30 million baht was at 73.92% of revenues, comparing to year 2016 which there were 2,860.83 million baht was at 73.88% of revenues.

3.Revenue from Dividend

In 2017, the company had received dividend from TCH amount 73.69 million baht. For year 2016, the company had received dividend from TCH amount 51.50 million baht.

4. Other Incomes

In 2017, the company had other incomes amount 18.89 million baht, comparing to year 2016 which there was 21.78 million baht, decreased amount 2.89 million baht. The consolidated financial statements in 2017 had other incomes amount 78.77 million baht and in 2016 amount 23.10 million baht increased amount 55.67 million baht. In 2016 the Company had recognized gain from cancelled of financial lease from Couristan's machinery in the amount of 15.23 million baht, due to the lower quantity specified in the agreement continuously.

5.Selling & Administrative Expenses and Other Expenses

In 2017, the company had selling expenses and administrative expenses amount 134.29 million baht, comparing to year 2016 was at 124.19 million baht, increased amount 10.10 million baht was at 8.13%. The consolidated financial statements in 2017 had selling expenses and administrative expenses amount 1,553.58 million baht, comparing to year 2016 amount 697.52 million baht, increased amount 856.06 million baht was at 122.73%, due to the investment in the commercial carpet business of Tai Ping Carpets International Limited.

In 2017, the company had loss on exchange rate amount 1.10 million baht, and year 2016 had loss on exchange rate amount 83.31 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 82.51 million baht, The consolidated financial statements in 2017

had loss on exchange rate amount 1.97 million baht, while in 2016, there was gain on exchange rate amount 1.24 million baht.

6. Financial Cost

In 2017, the company had financial cost 58.51 million baht, comparing to year 2016 amount 20.37 million baht increased amount 38.14 million baht, the interest of loan increase due to the investment in the commercial carpet business of Tai Ping Carpets International Limited. The consolidated financial statements in 2017 had financial cost 106.38 million baht, comparing to year 2016 amount 50.69 million baht increased amount 55.69 million baht.

Financial Position

Total Assets

As at 31 December 2017, the company had total assets 5,100.27 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 31 December 2017 had total assets 8,818.32 million baht, comparing to at 31 December 2016(Restated) was at 4,888.75 million baht, increased amount 3,929.57 million, due to the investment in the commercial carpet business of Tai Ping Carpets International Limited.

Total Liabilities

As at 31 December 2017, the company had total liabilities 3,145.18 million baht, increased from at 31 December 2016 was at 652.86 million baht. The consolidated financial statements at 31 December 2017 had total liabilities 6,172.02 million baht, comparing to at 31 December 2016 (Restated) was at 3,152.06 million baht, increased amount 3,019.96 million baht.

Shareholders' Equity

As at 31 December 2017, the company had shareholders' equity amount 1,955.09 million baht, increased from at 31 December 2016 was at 1,221.76 million baht. The consolidated financial statements at 31 December 2017 had shareholders' equity amount 2,646.29 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,

(Mrs. Nopphaporn Aphiwatthanakul)

Accounting and Finance Manager