ANNUAL REPORT 2017

TCM CORPORATION PLC

Global Presence • Aesthetic Excellence • Business Integrity

"TCM Corporation PLC, once a national manufacturer, has expanded into a true global conglomerate becoming industry leaders in Flooring, Living and Automotive business sectors while continuing to grow and explore new opportunities."

TCM Corporation PLC. upholds professional business integrity that builds confidence in our shareholders, business partners, customers, and other stakeholders around the world.

We focus on delivering inspirational and high quality products that lead the industry in aesthetic excellence.

TCM CORPORATION PLC

Global Presence • Aesthetic Excellence • Business Integrity

Chairman's Statement

In 2017, the Company's leap in growth was due to business merging strategies carried out by the Company for the fourth consecutive year. We have changed the logo and readjusted our image to appear modern and unique as a symbol pride in making a product in Thailand for export to use at important places throughout the world.

Page 05

Recent Major Changes

On 3 August 2017, the Company's Board of Director Meeting No. 3/2560 approved for the Company to invest in the Commercial Carpet Business. The Company's objective was to invest in businesses with capacity for business operations to provide the Company with good returns from investment.

Page 16

Financial Highlights

The sales and profits of automotive carpet and upholstery sector were remarkably higher than the result of year 2016. For the furniture sector, the sales were rising higher than the previous year. Concerning the floor coverings sector, we have accumulated sales from Commercial Carpet Business in the last quarter, so the higher turnover was yielded.

Page 19

Corporate Social Responsibility

The Company is looking forward to operating under corporate social responsibilities and is determined to benefit the society as a whole and enable company's growth.

Page 57

CONTENTS

		Page
1	General Information / Other Reference	02
2	Chairman's Statement	05
3	Vision, Mission and Corporate Culture	06
4	Business Overview	08
5	Recent Major Changes	16
6	Future Plan	18
7	Financial Highlights	19
8	Information of Securities and Shareholder	20
9	Board of Directors	24
10	Organization Structure	34
11	Management Team	39
12	Report from Risk Management Committee	42
13	Risk Factors	43
14	Corporate Governance	46
15	Corporate Social Responsibility	57
16	Transaction with Related Parties	63
17	Report of the Board's Responsibility for Financial Statements	75
18	Report from Audit Committee	77
19	Financial Status and Performance Analysis	80
20	Auditor's Report	82
21	Financial Statement	86

ROYAL THAI

TCM FLOORING®
A MEMBER OF TCM CORP. PLC.

GENERAL INFORMATION / OTHER REFERENCE

Company Profile

Company Name	:	TCM Corporation Public Company Limited (“TCMC”)
Location	:	238 Vipavadee Rangsit Road, Sanambin, Donmuang, Bangkok 10210 Tel. 02-533 6393 to 400 Fax. 02-533 6850
Type of Business	:	Manufacturer and distributor of carpets to Domestic and International market / Invest in related businesses
Company registration number	:	0107537001021
Registered Capital	:	1,119,343,830.00 Baht
Paid-up Share Capital	:	839,507,872.50 Baht
Per Value per Share	:	1.10 Baht
Home page	:	www.tcm-corporation.com

Juristic person’s shares of which the company holds more than 10%

Company Name	:	United Carpet Manufacturing Ltd. (“UCM”)
Location	:	1/4 Moo.3 Ladsawai, Lumlukka, Pathumthani 12150
Type of Business	:	Manufacturer and distributor of carpets
Registered Share Capital	:	20,000,000 baht
Par Value Per Share	:	100 baht
Paid-up Share Capital	:	20,000,000 baht
Number of Share held by The Company	:	102,000 shares
Percentage Equity Stake	:	51%
Home page	:	www.unitedcarpet.co.th

Company Name	:	Royal Thai International Co., Ltd. (“RTI”)
Location	:	238 Vipavadee Rangsit Road, Sanambin, Donmuang, Bangkok 10210 Tel. 02-533 6393 to 400 Fax. 02-533 6850
Type of Business	:	Distributor of carpets and flooring covering
Registered Share Capital	:	1,000,000 baht
Par Value Per Share	:	100 baht
Paid-up Share Capital	:	1,000,000 baht
Number of Share held by The Company	:	9,997 shares
Percentage Equity Stake	:	100%

Company Name	:	T.C.H. SUMINOE Co., Ltd. (“TCHS”)
Location	:	157 Moo 16, Bangpa-in Industrial Estate, Bangkrasarn, Bangpa-in, Phranakhonsi-Ayutthaya
Type of Business	:	Manufacturer and distributor of textiles and carpets for use as seat covers and interior for cars and buses.
Registered Share Capital	:	250,000,000 baht
Par Value Per Share	:	10 baht
Paid-up Share Capital	:	250,000,000 baht
Number of Share held by The Company	:	12,475,000 shares
Percentage Equity Stake	:	49.90%
Home page	:	www.tsuminoe.com

Company Name	:	TCMC Furniture Limited (“TCMF”)
Location	:	Albro Works, Gosbecks Road, Colchester, Essex, United Kingdom, CO2 9JU
Type of Business	:	Investment in other companies (Alstons Upholstery Limited)
Registered Share Capital	:	1,000,000 pound
Par Value Per Share	:	1.00 pound
Paid-up Share Capital	:	1,000,000 pound
Number of Share held by The Company	:	760,000 shares
Percentage Equity Stake	:	76%
Home page	:	www.alstons.co.uk

Company Name	:	Manor (2016) Holdings Limited (“Manor”)
Location	:	The Octagon Suite E, 2nd Floor, Middleborough, Colchester, Essex, England CO1 1TG
Type of Business	:	Investment in other companies (DM Midlands Holdings Limited)
Registered Share Capital	:	6,250,000 pound
Par Value Per Share	:	0.10 pound
Paid-up Share Capital	:	6,250,000 pound
Number of Share held by The Company	:	62,500,000 shares
Percentage Equity Stake	:	100 %

Company Name	:	DM Midlands Holdings Limited (“DMMH”)
Location	:	Unit 1 Woodside Industrial Estate, Pedmore Road, Dudley, West Midlands, United Kingdom, DY2 0RL
Type of Business	:	Manufacturer and distributor of Furniture
Registered Share Capital	:	1,000,000 pound
Par Value Per Share	:	0.10 pound
Paid-up Share Capital	:	1,000,000 pound
Number of Share held by The Company	:	10,000,000 shares
Percentage Equity Stake	:	75%
Home page	:	www.ashleymanor.co.uk, www.amx-design.co.uk www.alexanderandjamessofas.co.uk

Company Name	:	Vechachai Company Limited (“VC”)
Location	:	2054 Phetchaburi-Tadmai Rd., Bangkapi, Huaikwang Bangkok 10310
Type of Business	:	Investment in other companies (Carpets International Thailand Plc.)
Registered Share Capital	:	1,000,000 baht
Par Value Per Share	:	10 baht
Paid-up Share Capital	:	1,000,000 baht
Number of Share held by The Company	:	100,000 shares
Percentage Equity Stake	:	100 %

Company Name	:	Carpets International Thailand Plc. (“CIT”)
Location	:	2054 Phetchaburi-Tadmai Rd., Bangkapi, Huaykwang Bangkok 10310
Type of Business	:	Manufacturer and distributor of carpets and floor coverings
Registered Share Capital	:	100,000,000 baht
Par Value Per Share	:	10 baht
Paid-up Share Capital	:	100,000,000 baht
Number of Share held by The Company	:	10,000,000 shares
Percentage Equity Stake	:	99.305 %

Company Name	:	TCMC HK (2017) Limited (“TCMC HK”)
Location	:	Room 302, 3/F, Malaysia Bldg., 47-50 Gloucester Road, Hong Kong
Type of Business	:	Investment in other companies (Royal Thai overseas office)
Registered Share Capital	:	690,000,000 HKD
Par Value Per Share	:	1 HKD
Paid-up Share Capital	:	690,000,000 HKD
Number of Share held by The Company	:	690,000,000 shares
Percentage Equity Stake	:	100 %

Others Reference

Share Register	:	Thailand Securities Depository Co., Ltd. 4th Floor, The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel: 02-229-2888
Auditor	:	Miss Sulalit Ardsawang Certified Public Accountant Registration No. 7517 DHARMNITI AUDITING Co., Ltd. 178 Dharmniti Building 6-7th Floor, Soi Permsap (Pracha Chuen 20), Pracha Chuen Rd., Bangsue, Bangkok, 10800 Tel: 02-555-0651
Accounting Period	:	January 1st to December 31st
Legal Councilor	:	Bunchong and Vidhya Law Office Limited Wall Street Tower Bldg., 9th Fl., 33/35, 33/39-40 Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Tel: 02-233-1666 CMT Counsellor Company Limited 75 Soi Puengmee11, Sukhumvit Rd., Bangchak, Prakanong Bangkok 10260 Tel: 081-836-7236
Financial Advisory	:	None

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the year of 2017, there was a quantum leap in our company due to the merger & acquisition strategy which has been continually carried out for the fourth consecutive year. It was the year the company acquired the Commercial Carpet Business from Tai Ping International Limited, enabling the significant expansion in the carpet business sector. As a result, our company becomes one of the world's leading international carpet manufacturers and distributors. Our international sales offices, originally located solely in the Middle East region, have been expanded to the United States, the United Kingdom, Hong Kong, Macao, Singapore and India. With the increasing carpet production capacity from Carpets International Factory, we are one of the world's top Axminster carpet manufacturers. We also have gained the experienced talent pool as our key force to develop our organization.

To unify the corporate identity, we discontinued Tai Ping brand in Thailand and promoted "Royal Thai" brand domestically and internationally. We updated the logo and rebranded the corporate image to be trendy and unique. It is our pride to be a producer of made-in-Thailand goods exported worldwide.

In order to support the corporate expansion, we have distinctly categorized our business into 3 groups as following:

1. TCM Flooring: Flooring coverage including all types of carpet, wooden floors and laminated floors, luxury vinyl tile, etc.
2. TCM Living: Sofa and furniture of which the main manufacturers are based in the UK.
3. TCM Automotive: Textile and carpets for automotive seat cover and upholstery for automobiles and large vehicles.

Meanwhile, the company was rebranded by changing its name from Thailand Carpet Manufacturing Public Company Limited to TCM Corporation Public Company Limited. However, the corporate stock market abbreviation remains TCMC. The new eye-catching logo was created and inspired by the world's highest flying bird, Rüppell's griffon vulture. It is to portray the company with a mission to fly high and grow prosperous.

Regarding year 2017 performance, the overall achievement was satisfied. The sales and profits of automotive carpet and upholstery sector were remarkably higher than the result of year 2016 due to the addition of new business line, artificial leather (PU, PVC), which has received positive responses from customers. For the furniture sector, the sales were rising higher than the previous year although they were somewhat affected by the currency fluctuation in the UK and Europe, which caused the lower profit rate than our expectation. However, the group has changed its management strategy and costs structure aiming to increase profit rate. The noticeable outcome is expected by next year. Concerning the floor coverings sector, we have accumulated sales from Commercial Carpet Business in the last quarter, so the higher turnover was yielded. There will be a significant growth in year 2019, as a result of the whole year's accumulated turnover, which will then show the group's potential to dominate the global market share.

However, the success of the business expansion could not be achieved without the cooperation and support from all associated shareholders and personnel, including the Board of Directors, business partners, customers who have always placed their trust in us, every executive and employee in the company's affiliates who have cooperated and totally dedicated in their work. I would like to take this opportunity to personally thank you all. And I hope that we will continuously receive your full support in years to come.

Pimol Srivikorn
Chairman of the Board

VISION, MISSION AND CORPORATE CULTURE

Vision

"TCM Corporation PLC, once a national manufacturer, has expanded into a true global conglomerate becoming industry leaders in Flooring, Living and Automotive business sectors while continuing to grow and explore new opportunities."

Mission

To maximize shareholder value by building solid and sustainable businesses that yield optimal returns.
To operate businesses that are committed to good governance through transparency, accountability and integrity at all levels.
To continuously innovate designs and technologies to maintain our social responsibilities.
To provide equal opportunities for employees and support them throughout their careers.
To instil a shared vision among employees, stakeholders, customers and partners that will drive our businesses towards long-term success.

Culture

TCM Corporation PLC. aims to establish the core values of the brand's culture among its employees based on a common vision and goals. These shared values will help harmonize the diversity of the people within the organization and can be applied to any field of business and culture in which TCM Corporation is operating.

T: **Trustworthiness**
Established in 1967, the company has been in operation for over five decades, and is listed on the SET.

C: **Competence**
Belief in the company's productive ability to meet global demands through diversified business operations.

M: **Modernity**
Progress is sustained by continuously adapting products and services to changes in the technology-driven interconnected world and maintaining a competitive edge in the expanding global economy.

C: **Creativity**
TCM Corporation PLC. is always open to new opportunities, creative ideas, and innovative designs.

TCM Corporation's 3 Corporate Core Values

- Global Productivity
- Aesthetic Quality
- Business Integrity

Business Mission and Strategy

The Company is determined to be a carpet manufacturing leader that meets industrial standards and quality consistency. The Company aims to develop products using new innovations in order to respond to customers' requirements and their ever-changing behaviors. Our business goals are stipulated in pursuit of sustainable company growth as follows:

1. Sales Mission

Economic conditions, consumer's changing preferences and competitors' competitive advantages are studied in order to raise our attention for domestic and international customers. The Company also expects to maintain existing customers and expand new customer base with stability, as well as accelerate constant growth and sustainable business prosperity.

2. Manufacturing Mission

The Company emphasizes efficient production using Key Performance Indicator for divisions to follow as operating mission in order to control expenses and maintain appropriate costs. Manufacturing plan has been designed in relation with sales strategy. Sales promotion has been achieved by marketing new items as alternatives for customers, such as laminate, engineered wood, vinyl flooring and so on. Innovation has been used to enhance existing products, as well as expand product variety in terms of pattern and color to serve customer's demand better.

3. Human Resources Development Mission

The Company supports the development of personnel of all levels and all fields of work to grow as capable workforce. Improvement of employee skills has been emphasized through actual operations under the instruction and guidance of their managers in order to enhance employee's knowledge and operating skills. Moreover, the Company concentrates on fostering a sense of integrity and transparency among employees, as well as aspires to enhance the quality of life and safe life for employees to ensure they are ready to join the Company in moving forward to achieve success and excellence that serve our domestic and international growth with genuine sustainability.

BUSINESS OVERVIEW

History and Background

TCM Corporation Public Company Limited was formerly named "Thailand Carpet Manufacturing Public Company Limited" was established on 21 February 1967 by founded shareholders, Mr. Chalermphan Srivikorn, Hong Kong Carpet Manufacturers Company Limited, and Philippine Carpet Manufacturing Company Limited, with an initial registered capital of THB 5 million, to manufacture and sell carpets both domestically and overseas. Thailand's first carpet manufactory located at KM 27 of Vibhavadi-Rangsit Road, close to Don Muang Airport, covering an area of 29 rai, was completed and ready for manufacturing of carpets under 'Tai Ping' brand on 10 March 1968.

In 1972, The Company began exporting its carpets under the trademark of "Royal Thai".

On 30 June 1978, the Company was approved as a listed company in the Stock Exchange of Thailand and could offer shares for sale to the public.

In 1984, the Company expanded its factory and installed a new machine for production of Axminster woven pattern carpets and also received a promotion certificate from the Board of Investment of Thailand. Since then, the Company has gradually increased its production capacity.

In 1994, the Company was converted into a public limited company and expanded its investment to cover other business fields, such as real estate and textiles and carpets for automotive industry.

In 1997, the Company restructured to recover from the impact caused by floating exchange rate declaration. Thus, the Company terminated investments in businesses that are not the Company's main business.

In 2008, the board meeting passed a resolution to joint-invest in United Carpet Manufacturing Co., Ltd., a company with similar nature focusing on exporting the hand-tufted carpet, holding 51% of shares. The Company and its subsidiaries have made an agreement on not to compete in price dealing with the same clients.

In 2011, the Company registered the founding of Royal Thai International Company Limited with a shareholding ratio of 100 percent for flexibility of business operations to represent the Company in order to distribute carpets and flooring materials in the country. The Company provided services in the area of management, inventory procurement and business operation facilities. In October 2011, the Company was affected by flood crisis, but was able to resume normal operation in the second quarter of 2012.

In 2014, the Company purchased shares in T.C.H. Suminoe Co., Ltd. by buying shares from former shareholders (who were directors or shared directors with the Company) at 49.90 percent of all shares invested in the Company for the purpose of investing in a business with competitive capacity because T.C.H. Suminoe Co., Ltd. is a major manufacturer and distributor of textiles and carpets for the automobile industry with a well-known reputation in the industry.

In 2015, TCMC's subsidiary in England, including TCMC Furniture Limited, invested in Alsons Furniture Group, a registered company in England that operates in the furniture manufacturing and distribution business. This was an investment in a similar or supporting business for the Company's main business at 76.00 percent of all shares. The remaining shares (24.00 percent) were held by Alstons Furniture Group's former executives.

In 2016, the Company invested in the DM Midlands Group through Manor (2016) Holdings Limited, a TCMC subsidiary registered in England and Wales at 75.00 percent of all shares. The remaining 25.00 percent of shares were held by the original executives and shareholders. DMM Group operates in the business of manufacturing and distributing sofas to customers in the United Kingdom and other countries with three main brands consisting of Ashley Manor, AMX Design and Alexander & James.

When the acquisition of DMM Group's business is combined with the acquisition of Alstons Group in the previous year, the Company became the number-one sofa manufacturer and distributor in England.

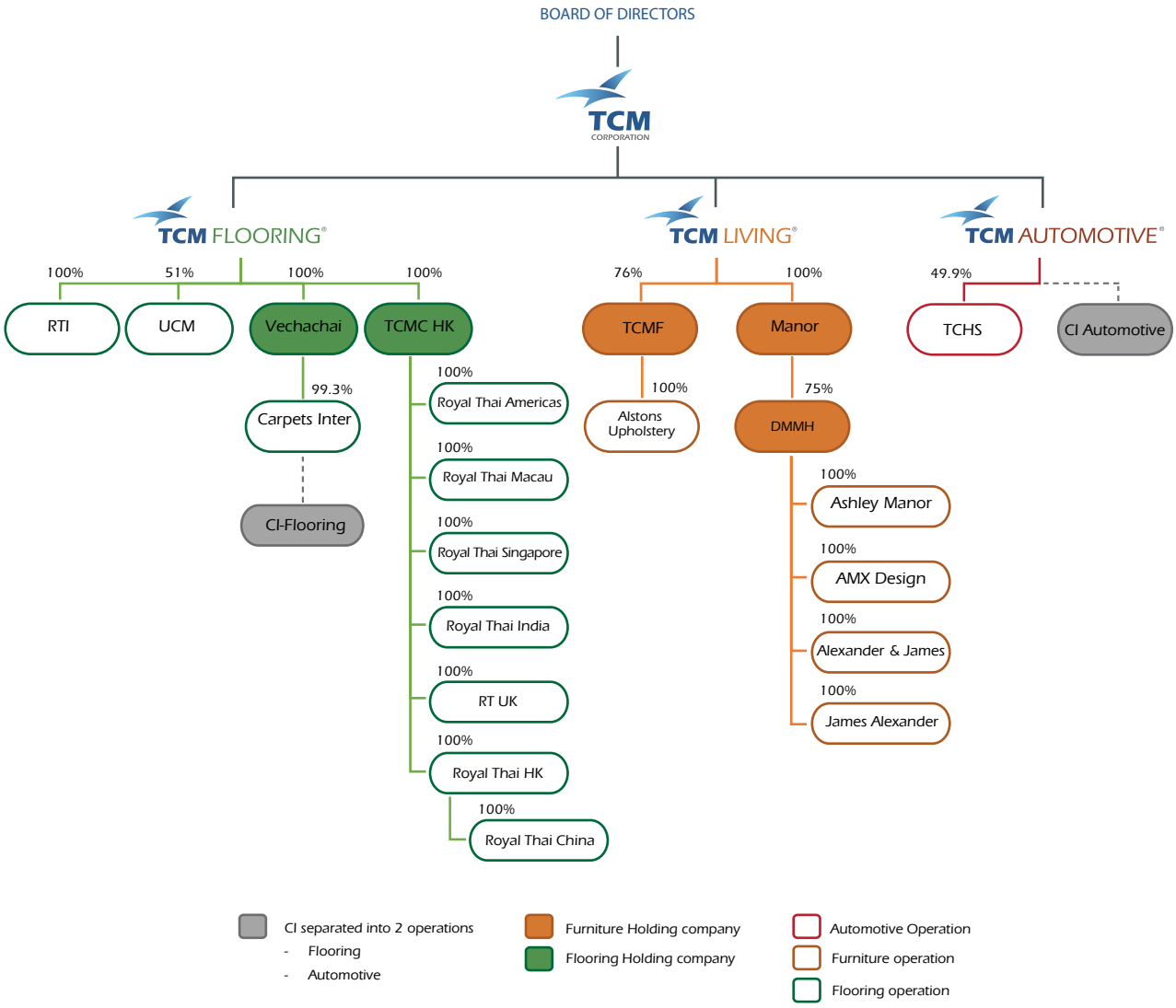
In 2017, the Company invested in Commercial Carpet Business, formerly part of Tai Ping Carpets International Limited (Tai Ping), a company listed the Hong Kong Stock Exchange. Invested businesses consisted of manufacturing sections, including Carpet International Factory (Thailand) Public Company Limited and distribution sections consisting of sale offices located in the United States, England, Hong Kong, Macao, Singapore and India. Tai Ping continues to operate only in the business of hand-woven carpets and carpets woven with special machinery for residences and Tai Ping will not manufacture or distribute carpets for commercial activities the Company purchased as per contract terms.

Therefore, the Company discontinued the use of the "Tai Ping" brand in Thailand and uses the "ROYAL THAI" brand in the country and overseas for distribution of hand-woven carpets and machine-woven Axminster carpets. This acquisition gave the Company status as one of the world's top commercial manufacturers and distributor of Axminster carpets.

On 2 October 2017, the Company changed the Company's name from "Thailand Carpet Manufacturing Public Company Limited" to "TCM Corporation Public Company Limited" while retaining our abbreviated name, "TCMC", in the stock exchange in order to be consistent with the Company's growth and investment expansion to other businesses than carpet manufacturing.

Nature of Business

TCM Corporation Public Company Limited's shareholding structure in 2017 (after acquisition of Commercial Carpet Business) has the following characteristics:



The company divided the business into 3 parts.

1. TCM FLOORING

The carpet and floor covering, the product is as follow:

- Hand Tufted Carpet
- Axminster Woven Pattern Carpets
- Pass Tufted Carpet
- Machine Tufted / Broad loom Carpet
- Carpet Tiles
- Needle Punch Carpet
- Wooden Floor (Laminated Flooring, Engineer Flooring, LVT)
- Carpet Underlay

And the Company has the following subsidiaries in the group:

- **Royal Thai International Company Limited (RTI)**

Carries out the business of distributing carpets and floor coverings in Thailand under the Royal Thai brand.

- **United Carpet Manufacturing Company Limited (UCM)**

Manufactures and distributes carpets for sale domestically and internationally.

- **Vechachai Company Limited (VC)**

Invests in the business of Carpet International Thailand Public Company Limited "CIT", the manufacturer and distributor of carpet tiles and Axminster carpets under the Carpets Inter brand in Thailand and under the Royal Thai brand for overseas.

- **TCMC HK (2017)**

Invests in all overseas sales office businesses.

2. TCM LIVING

TMC living consists of the sofa and furniture business. The main manufacturer in England has subsidiaries consisting of the following:

- **TCMC Furniture Limited "TCMF"**

Invests in Alstons Upholstery Limited, a manufacturer and distributor of upholstered sofas and sofa beds with main customers consisting of large furniture stores and retail shops located in the United Kingdom.

- **Manor Holdings Limited "Manor"**

Invests in DM Midlands Holdings Limited.

- **DM Midlands Holdings Limited "DMMH"**

Invests in the four following companies:

- **Ashley Manor Limited**

  Manufacturer and distributor of upholstered sofas with main customer base consisting of large furniture stores and retail shops in the United Kingdom.

- **AMX Design Limited**

  Importer and distributor of upholstered leather sofas including recliner chairs with main customer base consisting of large furniture stores and retail shops in the United Kingdom.

- **Alexander & James Limited**

  Importer and distributor of upholstered fabric and leather sofas with main customer base consisting of large furniture stores and retail shops in the United Kingdom and worldwide.

- **James Alexander Co., Ltd.**

  A registered company in Thailand functioning as an overseas sale office for Alexander & James brand furniture, including research and development of products and preparation of marketing tools.

3. TCM AUTOMOTIVE

TCM Automotive consists of businesses for the manufacturing and distribution of textiles and carpets as upholstering materials for seats and decorations in automobiles and buses. TCM Automotive has subsidiaries consisting of the following:

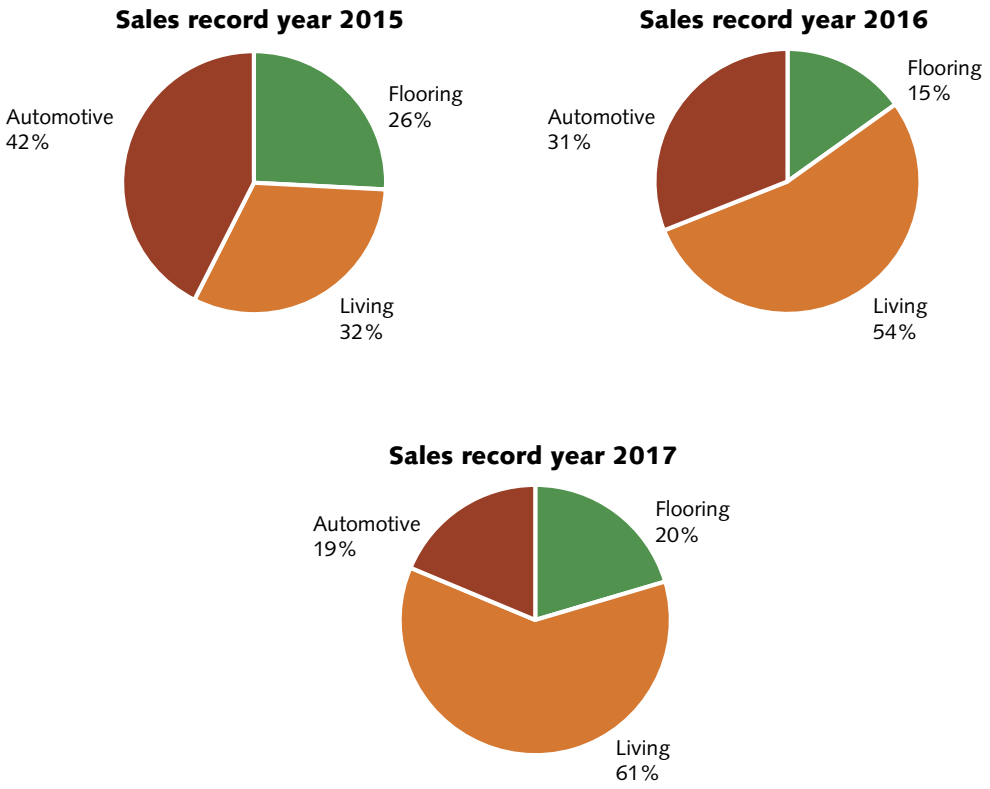
- **T.C.H. Suminoe Co., Ltd. "TCHS"**

Operates in the business of manufacturing carpets and upholstery on buses with the following product information:

- Non-woven fabric for upholstering the structure, roof and floor.
- Woven fabric for upholstering seats.
- Knit fabric for upholstering seats and the side walls.
- Poly urethane/PVC synthetic leather for upholstering seats and interior decoration.

Ratio of Income from Business Operations

Income from all of the Company's business groups can be divided into the following ratios:



	2560		2559		2558	
	Million Baht	%	Million Baht	%	Million Baht	%
TCM Flooring	1,556.65	20.39	584.02	15.08	611.09	25.83
TCM Living	4,652.45	60.95	2,086.11	53.88	748.62	31.64
TCM Automotive	1,424.03	18.66	1,201.94	31.04	1,006.34	42.53
Total	7,633.13	100.00	3,872.07	100.00	2,366.05	100.00

Distribution and Distribution Channels

In the carpet and flooring materials business, it can be divided into the three following groups:

Residential Sector

- Main products consist of high quality hand tufted carpets and pass tufted carpets
- Main customers consist of interior designers, house owners and palaces. Distribution is via sales representatives in various countries.

Commercial Sector

- Main products consist of Axminster carpets.
- Main customers consist of hotels, casinos, theaters and convention centers by distributing through branch offices located in other countries directly to business-owner customers or project contractors.

Corporate Sector

- Main products consist of carpet tiles and machine tufted carpets
- Main customers consisted of office buildings by selling directly through sales representatives, interior designers and office owners. Customers groups are in the country and from overseas.

In the furniture business, customer groups can be divided into the two following groups:

- Furniture stores, such as large furniture retail stores offering many brands in the same store. The Company sells by using its own brand or a brand that is the customer's store name.
- Independent stores, such as ordinary retail stores. The Company can sell products under the Company's brand.

In the automotive textile business, customer groups and distribution channels can be divided as follows:

- The Original Equipment Market (OEM) consisting of the following:
  a) Domestic and foreign automobile manufacturers and automobile seat manufacturers.
  b) Domestic and foreign automobile interior decoration part manufacturers.
- Replacement Equipment Market (REM) consisting of the following:
  a) Domestic and foreign bus seat manufacturers.
  b) Interior automobile decoration parts manufacturers in the replacement market.

Market and Competition

TCM Flooring

In the domestic market, the Company continues to separate carpet distribution from the Royal Thai brand and the Carpets Inter brand to create service competition in each company and meet customers' diverse needs and preferences for different product details. Although business acquisitions have made the Company the largest carpet manufacturer in the country, the Company continues to encounter competition due to the fact that there are multiple types of replacement floor coverings. At present, overseas carpet manufacturers and importers are constantly playing roles in bidding for large projects.

With regard to overseas markets, many competitors in the carpet market have large manufactories, such as those from China, the United States or England. The acquisition have made one of the Company's major competitors in the carpet market, the 1956 brand by Tai Ping, to be a part of the Company and the Company changed to use the Royal Thai brand. Our new image, the Royal Thai brand, is launching in markets in the United States, Europe, Hong Kong and the brand receives good response in the market, including the Middle-East market where the Company has a strong original customer base.

The global carpet market trend shows a continued demand for carpets among hotel networks that require carpet replacements every 5 – 7 years, convention centers, theaters and movie theaters requiring renovations to remain attractive service provision. Apart from the carpet market in the hospitality sector, the Company made preparations to expand the market in the corporate sector or carpet sheets for offices and small hotels to be exported under the Carpets Inter brand with major markets in Asia, Australia and New Zealand.

TCM Living

The furniture market in England continues to grow with a value of over ten billion pounds last year. And despite uncertainty from the effects of Brexit, sales from the furniture business continue to be satisfactory. Stores affected by Brexit have also recovered business in the past year, giving the furniture business continually improving trends in the next year.

Regarding competitors in the furniture market, there remain several manufacturers in England and importers into England market. As the manufacturer and distributor with the highest total sales in England, the Company must maintain status by continually developing product models and increasing manufacturing efficiency in order to maintain leadership in the furniture industry.

Concerning furniture exports in the Alexander & James brand, the Company continues to have distribution channels in Asian and Middle-East countries that favor British style furniture. The Company hosts annual product exhibitions in England, China and Singapore where regular customers visit to follow new collections and make large purchase orders. In Thailand, the Company has guidelines for promoting the Alexander & James brand. Thus, the Company conducted searches for information and market research along with experimenting with sales of products to premium-level shops in the country, which received good response and is expected to be fully open in 2018.

TCM Automotive

As for the automobile carpet business, after business acquisitions during the past year, the Company has two automotive textile manufacturing factories consisting of T.C.H. Suminoe and Carpets Inter, making the Company a major manufacturer of textile for the automobile market in Thailand and Southeast Asia. Nevertheless, statistics from reports on the automobile industry in Thailand in 2017 showed 13.4 percent of growth from 2016. The Federation of Thai Industries expects automobile sales in Thailand in 2018 to increase by 3.3 percent while exports are anticipated drop by 3.5 percent. In the meantime, production in Thailand will grow by 2 percent when compared to 2017, giving the Company's sales trends of growing.

Impact to Environment

As a manufacturing facility, TCMC has the responsibility to the environment and society to perform safety and environmental duty to ensure proper treatment of our waste. All of our raw materials are carefully reviewed and evaluate to determine possible negative impact to the environment. In 2006, we have not found any raw materials to be dangerous to the environment or society. With our dye facility, we recognize the importance of its water treatment. We have installed program to always update the treatment system and to assure proper environment protection. We have authorized personnel to monitor, analyzed and control water quality in accordance to the industry standard waste treatment is properly disposed at specified location.

Carpets Inter®

TCM FLOORING®
A MEMBER OF TCM CORP. PLC.

RECENT MAJOR CHANGES

On 3 August 2017, the Company's Board of Director Meeting No. 3/2560 approved for the Company to invest in the Commercial Carpet Business, formerly part of Tai Ping Carpets International Limited (Tai Ping), a company registered in the Hong Kong Stock Exchange with a total investment value of 94 million US dollars or 3,149.17 million Baht. The Company established two new companies consisting of TCMC HK (2017) Limited and RT UK (2017) Limited to purchase the business, including the manufacturing sector, namely, Carpets International Thailand Public Company Limited, and the distribution sector consisting of sales offices located in the United States, England, Hong Kong, Macao, Singapore and India. The Company's objective was to invest in businesses with capacity for business operations to provide the Company with good returns from investment. Commercial Carpet Business has operated business for a long time and is known among customers around the world. And in the past, Commercial Carpet Business had good financial status and performance, including one of world's top sales figures in the carpet business. The Company will benefit from coordinating business operation in the area of customers, distribution channels, raw materials and manufacturing. For example, raw material purchase order prices will be less expensive than large purchase orders, making the Company's costs lower from economy of scale or using Carpets Inter's facilities to produce raw yarn for weaving carpets. In the past, the Company had to purchase ready-made yarn from overseas, causing costs to be higher than competitors. Due to the aforementioned advantages, the Company acquired the business on 29 September 2017 and merged the Commercial Carpet Business financial statement to the Company's consolidated financial statement from 1 October 2017 onward, resulting that the overall business in the next year will have a higher ratio of carpet and floor covering business, which is the Company's main business, at a balanced ratio with other businesses according to the Company's goals.

On 2 October 2017, the Company changed the Company's name from "Thailand Carpet Manufacturing Public Company Limited" to "TCM Corporation Public Company Limited" in addition to creating the new logo and forming business groups by dividing business groups into three sectors consisting of TCM Flooring, TCM Living and TCM Automotive to help clarify management while also being consistent with the Company's growth and investment in other businesses. At the same time, the Company requested approval for registration as an International Head Quarter (IHQ) and an International Trading Centre (ITC). The Company received approval on 31 October 2017, giving the Company special tax privileges from international trade, including dividends from subsidiaries overseas.

Alexander & James
GREAT BRITISH SOFA DESIGN

TCM LIVING®
A MEMBER OF TCM CORP. PLC.

FUTURE PLAN

The Company's rapid growth from the Company's strategy of continual business acquisitions over a period of four consecutive years has caused the Company to have a policy to restructure the organization for efficiency and to create maximum benefit for shareholders by clearly separating executives of each business group in addition to building business strength by building business cooperation in the group.

Carpet and Flooring Material Business Group

The Company plans to promote the Royal Thai brand by hosting product exhibitions in the United States, a major commercial carpet market, including exhibitions in Asia and the Middle-East. The Company plans to expand the market to seek new customers by improving product and service quality as well as designs. The Company collaborated with famous and internationally-accepted designers to create new carpet collections in order to attract the interest of customers worldwide with serious marketing among casinos and luxury cruisers who are confident in the Company's sufficient capacity to take market shares from competitors.

In terms of production, the Company plans to develop thread-spinning machines to reduce raw material costs by combining thread production into one factory with a new ERP system investment plans for both factories to use and for branches worldwide in order to improve management and administration efficiency in one system. Furthermore, the Company plans to purchase new machinery to increase production capacity, meet higher sales goals and reduce production costs from old machine models that have slower production than new machines.

Furthermore, the Company also has a project to combine the Production Department and the Sales Department along with placing importance on human resources by combining experience, knowledge and capabilities of human resources from both factories in order to create unity to develop the organization in every area.

Furniture Business Group

The Company has projects to expand overseas markets in countries other than England, such as Middle-Eastern markets and Asian markets with more focus on Chinese and Thai markets. The Chinese market has an outstanding feature as a large market with high purchasing power, which will allow the Company to expand customer base to distribute risks from economic fluctuations in each region. Thus, the Company created a sales team specifically for accessing Asian markets. The Company studied and experimented in the market for a year and had a clearer view of the business model. The Company will cooperate with furniture stores in the showroom area of the Alexander & James brand along with providing support in the area of sales equipment, product placement and showroom decoration to help stores promote the Company's product brands. The Company made contracts to become official sales representatives and received good responses in the past. In 2018, the Company plans to fully expand showrooms in China from three showrooms in 2017 to ten showrooms in 2018.

In the meantime, the Company is studying the feasibility of entering the furniture business group into the stock exchange in England in order to increase share values and profit for the business.

Automobiles Carpet and Upholstery Business Group

Over the past year, the Company focused on product research and development, including personnel development, to advance to the international level and increase capacity of products and income after the Company has succeeded in producing and distributing new products consisting of artificial leather, PU and PVC as upholstery for two major automobile manufacturers. Therefore, the Company plans to expand this product market this year to cover every automobile company manufactured in Thailand within three years.

In addition to upholstery products, the Company has a project to develop headliners to enable competition in the market in terms of price and quality in addition to making design models to have the same patterns as fabric in order to create a difference and be able to hold markets in Malaysia and expand into Indonesia. Furthermore, the Company has developed automobile floor carpets with good sound absorbing properties and lighter weight than older carpet models.

The aforementioned plan will help the Company have consistent sales growth in the long-term.

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION AT YEARS ENDED

(Unit:Thousand Baht)

		2017	2016	2015
Total Revenues		7,711,908	3,911,652	2,396,738
Sales		7,633,134	3,872,073	2,366,047
Gross Profit		1,990,835	1,011,244	639,428
Net Profit(Loss)		327,718	270,346	180,555
Net Profit(Loss)(The Parent)		204,824	174,111	112,212
Total Assets		8,818,316	4,888,747	3,368,105
Total Liabilities		6,172,024	3,152,058	1,944,579
Equity		2,646,292	1,736,689	1,423,526
Equity(The Parent)		2,282,694	1,393,040	1,156,377
FINANCIAL RATIOS				
Earnings per Share (Baht)		0.39	0.40	0.31
Book Value per Share (Baht)		4.33	3.24	3.21
Liquidity Ratios				
Current ratio	(times)	0.73	1.33	1.67
Quick ratio	(times)	0.51	0.99	1.15
Account receivable turnc	(times)	6.01	5.82	5.04
Average collection perio	(days)	60.73	62.71	72.42
Inventory turnover	(times)	7.90	7.27	5.56
Days sales of inventory	(days)	46.20	50.21	65.65
Account payable turnov	(times)	5.13	4.68	6.28
Payment days	(days)	71.15	77.99	58.12
Profitability Ratios				
Gross profit margin	(%)	26.08	26.12	26.94
Net profit margin	(%)	4.29	6.98	7.63
Return on equity	(%)	8.97	12.50	9.70
Efficiency Ratios				
Return on assets	(%)	3.72	5.53	5.36
Asset turnover	(times)	0.87	0.79	0.70
Financial Policy Ratio				
Debt to equity ratio	(times)	2.33	1.81	1.37

INFORMATION OF SECURITIES AND SHAREHOLDER

Company's Securities

As of 31 December 2017, the Company has registered capital amounting to Baht 1,119,343,830 which can be divided into 1,017,585,300 ordinary shares at par value of Baht 1.10 per share, and has paid-up capital amounting to Baht 839,507,872.50 with record of capital increase/decrease as follows:

Month/Year of Registration of Paid-up Capital	Registered Capital (Million Baht)	Paid-up Capital		Offer for sale to....for .....
		Increased (Decreased) Capital (Million Baht)	After increase (or decrease) Million Baht	
2 October 2017	1,119.34	-	-	Issued 508,792,650 new common shares at a par value of 1.10 Baht to support RO and TCMC-W2 warrants.
27 November 2017	1,119.34	279.84	839.51	From exercising the right of RO for 254,396,325 shares at a par value of 1.10 Baht.

Shareholding Structure

Name list of 10 major shareholders when closing the book of shareholder's registration at the date of shareholders' extraordinary meeting No. 1/2017 on 21 August 2017 is as follows:

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
1	**Srivikorn Family**		
	Mr. Pimol Srivikorn	51,489,000	10.12%
	Mr. Chaiyut Srivikorn	34,955,743	6.87%
	Mr. Wikorn Srivikorn	34,000,000	6.68%
	Khun Ying Sasima Srivikorn	21,289,269	4.18%
	Mrs. April Srivikorn	1,000,000	0.20%
	Total of Srivikorn Family	142,734,012	28.05%
2	Mrs. Taya Teepsuwan	33,495,293	6.58%
3	**Chiawsakul Family**		
	Miss Piraya Chiawsakul	16,245,700	3.19%
	Mr. Suchart Chiawsakul	3,655,000	0.72%
	Total of Chiawsakul Family	19,900,700	3.91%
4	Thai NVDR Co., Ltd.	17,305,100	3.40%
5	Mr. Kiattinan Denpaisan	16,720,300	3.29%
6	**Cholsaipan Family**		
	Mrs. Nipa Cholsaipan	10,717,400	2.11%
	Mr. Nam Cholsaipan	2,023,900	0.40%

No.	Name of major shareholders	Number of shares being held	Shareholding ratio
	Miss Nonthip Cholsaipan	363,850	0.07%
	Mr. Akarin Cholsaipan	314,000	0.06%
	Mr. Arthapon Cholsaipan	314,000	0.06%
	Miss Namthip Cholsaipan	273,850	0.05%
	Total of Cholsaipan Family	14,007,000	2.75%
7	**Jearananta Family**		
	Mr. Thawit Jearananta	8,000,000	1.57%
	Mr. Monchai Jearananta	50,000	0.01%
	Mr. Phairat Jearananta	12,000	0.00%
	Total of Jearananta Family	8,062,000	1.58%
8	Capital Engineering Network PCL.	7,689,300	1.51%
9	Mr. Lert Nitteeranon	5,560,200	1.09%
10	**Limatibul Family**		
	Mrs. Parada Limatibul	4,370,000	0.86%
	Miss Daranee Limatibul	700,000	0.14%
	Mr. Boonchu Limatibul	187,500	0.04%
	Mr. Suraparp Limatibul	120,000	0.02%
	Miss Sulaksana Limatibul	100,000	0.02%
	Total of Limatibul Family	5,477,500	1.08%

Issuance of Other Securities

The shareholders' extraordinary meeting No. 1/2017 being held on 20 September 2017 has resolved to approve the Second issuance and offer of share warrant for the purchase of the Company's ordinary shares by allocating to former shareholders according to the following details.

Category of Securities	Warrant No. 1 representing the right to purchase ordinary shares of TCM Corporation PLC ("Warrant" or "TCMC-W2")
Type	Shares with name of shareholders being specified and being transferrable
Number	254,396,325 units
Number of ordinary shares being allocated to accommodate the exercise of warrant	254,396,325 shares at par value of Baht 1.10
Offer price	Baht 0.00 (Zero Baht) per unit
Method of Allocation	Allocated for the Company's original shareholders who had reserved and paid the costs of reservations to purchase the Company's new capital increase common shares issued and offered to the Company's original shareholders according to right offering and excess rights at a ratio of one allocated capital increase common share to one warrant. In cases where there are remainders, the entire amount is to be rounded off. After calculating rights of shareholders who will be allocated warrants in cases once all remainders have been rounded off, the Company will cancel the aforementioned remaining warrants from allocations, leaving warrants allocated to shareholders divisibly.
Exercise ratio	One unit of warrants has the right to purchase a capital increase in common shares (which may be changed afterward according to conditions for adjusting rights specified on specifications on rights and duties of warrant issuers and shareholders with warrants who will purchase the Company's capital increase common shares ("Statement of Rights").
Exercise price	4 Baht per share, except for cases with adjustments in the price of exercising rights based on the conditions for adjusting rights specified on the Specification of Rights.
Term of Validity	No more than two years from the date of issuing and offering warrants.
Exercise period	Warrant holders can exercise rights as per warrants for the entire amount on every last business day of March and September of each calendar year throughout the term of the warrants (Date for Exercising Rights). The first date for exercising rights falls on the last business day of March 2018 after the warrant issuance date (First Date for Exercising Rights) and the last date for exercising rights falls on the expiration date of the warrant (Last Date for Exercising Rights). If the last date for exercising rights falls on a holiday of the Stock Exchange of Thailand, the rights shall be exercised on the last business day before the last date for exercising rights. Warrants leftover from exercising or not exercising rights on any date for exercising rights can be accumulated for the next date of exercising rights throughout the warrant term. However, if the warrant's term is expired, any unused warrants will be cancelled and no longer effective.

Policy on dividend payment

The Company will maintain policy on dividend payment for shareholders being entitled to receive dividend according to shareholding proportion, at the amount not exceeding 60% of net profit after deducting income tax and legal reserve when the Company gains profit, does not encounter accumulated loss, and has good financial liquidity.

Past Dividend Payouts (Last 3 Years)

2015

The Company had a net profit of 0.20 Baht per share and paid out dividends at 0.12 Baht per share. Dividends were paid from net profit in 2015 at 0.11 Baht per share and from accumulated profits at 0.01 Baht per share from 386,036,011 shares and a par value of 1.10 Baht.

2016

The Company had a net loss of 0.03 Baht per share and paid dividends at 0.12 Baht per share. Dividends were paid from accumulated profits for the entire amount from 508,792,650 shares at a par value of 1.10 Baht.

2017

The Company had a net profit of 0.06 Baht per share and paid dividends at 0.04 Baht per share. The Company will pay dividends at 0.02 Baht per share from net profit and 0.02 Baht per share from accumulated profit for 763,188,975 shares at a par value of 1.10 Baht.

The Company would like to inform that the shareholders whose names are contained in the list of shareholders continue to be at risk of not receiving dividends if the meeting of shareholders does not approve dividend payouts according to proposals made by the Company's Board of Directors.

BOARD OF DIRECTORS

The Board of Directors consists of 9 members as follows:

Mr. Pimol Srivikorn

Current Position : Chairman of the Board
Nationality : Thai
Age : 53 years
Address : 132/4 Soi Jarern Mit, North Pranakorn, Wattana District Bangkok
Education : Master's Degree Business Administration, California University, USA
Bachelor's Degree Business Administration, University of Pennsylvania, USA
Period of Directorship : Holding Positions since 1994 until 2017 for total 24 years
Meeting Attendance of the Past Year : Attended 5 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017, 77,233,500 shares
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	**Type of Directorship**		
1 company	Member of Investment Committee - Zmico Securities PLC.	10 companies	None

Work Experience:

2017 - Present : Director – TCMC HK (2017), HK
2017 - Present : Director – Vechachai Company Limited
2016 - Present : Chairman - DM Midlands Holdings Limited, UK
2015 - Present : Chairman - Manor (2016) Holdings Limited, UK
2015 - Present : Chairman - TCMC Furniture Limited, UK
2015 - Present : Chief Executive Officer – Scomadi Thailand Co., Ltd.
2013 - Present : Member of Investment Committee - Zmico Securities PLC.
2010 - Present : Executive Director - Srivikorn Group Holding Co., Ltd.
2007 - Present : President - Taekwondo Association of Thailand
1989 - Present : Director - President Hotel and Tower Co., Ltd.

Mr. Anun Louharanoo

Current Position : Chairman of Audit Committee and Independent Director
Nationality : Thai
Age : 64 years
Address : 95/81 Golden Lanna Village, Soi Ramkumhang 92, Ramkumhang Road, Saparnsoong, Bangkok
Education : B.A. (Accounting), Thammasat University
B.A. (Law), Thammasat University
Director Accreditation Program : Director Accreditation Program (DAP) Class 1/2003
Director Certification Program (DCP) Class 29/2003
Audit Committee Program (ACP) Class 2/2004
DCP Refresh Course Class 2/2006
Improving the Quality of Financial Reporting (QFR) Class 2/2006
Monitoring the Internal Audit Function (MIA) Class 1/2007
Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
Role of compensation Committee Program (RCC) 7/2008
R-ACF : Audit Committee Forum -1/2016
Period of Directorship : Holding Positions since 2012 until 2017 for total 6 years
Meeting Attendance of the Past Year : Attended 6 of 6 of Board of Directors' Meetings
Attended 5 of 5 of Audit Committee's Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
3 companies	Director - Lanna Resources PCL. Director - Thai Agro Energy PCL. Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member - Diamond Building Products PCL.	4 companies	None

Work Experience:

2016 - Present : Director - Lanna Power Generation Co., Ltd.
2008 - Present : Director – PT. Singlurus Pratama
2006 - Present : Commissioner – PT. Lanna Mining Services
2005 - Present : Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member - Diamond Building Products PCL.
2003 - Present : Director, Thai Agro Energy PCL.
1998 - Present : Director – PT. Lanna Harita Indonesia
1985 - Present : Director - Lanna Resources PCL.

Mr. Soravis Krairiksh

Current Position : Member of the Audit Committee and Independent Director
Nationality : Thai
Age : 45 years
Address : 11/6 Narasiri Bangna Moo14, Bangna Trad Rd., Bangpleeyai Bangplee, Samutprakan
Education : Master in Finance, London Business School
Bachelor in Economics, London School of Economics
Director Accreditation Program : Director Accreditation Program (DAP) Class 42/2005
Period of Directorship : Holding Positions since 2005 until 2017 for total 13 years
Meeting Attendance of the Past Year : Attended 4 of 6 of Board of Directors' Meetings
Attended 3 of 5 of Audit Committee's Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
1 Company	Deputy Managing Director and Executive Vice President, Investment Banking Group - Bualuang Securities PCL.	None	None

Work Experience:

2015 - Present : Deputy Managing Director - Bualuang Securities PCL.
2012 - Present : Executive Vice President, Investment Banking Group - Bualuang Securities PCL.
2009 - 2011 : Senior Vice President - Bangkok Bank PCL.
2007 - 2008 : Senior Vice President - Bualuang Securities PCL.
2004 -2006 : First Vice President - Bualuang Securities PCL.

Mr. Suvitcha Nativivat

Current Position : Member of the Audit Committee and Independent Director
Nationality : Thai
Age : 37 years
Address : 877/105 Soi Ramkhamhaeng 24, Suanluang, Bangkok
Education : Master of Laws, University of Pennsylvania Law School, USA
Bachelor of Laws (Hons.), University of London, UK
Bachelor of Laws, Chulalongkorn University, Thailand
Bachelor of Business Administration, Sukhothai Thammathirat University, Thailand
Director Accreditation Program : Director Certification Program (DCP) 188/2014
Period of Directorship : Holding Positions since 2013 until 2017 for total 5 years
Meeting Attendance of the Past Year : Attended 5 of 6 of Board of Directors' Meetings
Attended 4 of 5 of Audit Committee's Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
1 company	Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.	5 companies	None

Work Experience:

2016 - Present : Managing Director - Vitaboost (Thailand) Co., Ltd.
2016 - Present : Director – Brght TV Co., Ltd.
2015 - Present : Director – Power Matic Co., Ltd.
2014 - Present : Director - N-Vest Venture Capital Co., Ltd.
2011 - Present : Partner - Bunchong and Vidhya Law Office Co., Ltd.
2010 - 2011 : Senior Associate - Timblick and Partners Co., Ltd.
2009 - Present : Independent Director and Audit Committee Member - Manulife Insurance (Thailand) PCL.
2008 - 2010 : Associate - Linklaters (Thailand) Co., Ltd.

Mr. Uthayan Uthayanaka

Current Position : Independent Director
Nationality : Thai
Age : 82 years
Address : 4 Soi Premier, Srinakarin Rd., Bangbon, Prawet, Bangkok
Education : Bachelor Degree in Politic Science, Widener University, USA
Director Accreditation Program : Director Accreditation Program (DAP) Class 42/2005
Audit Committee Program (ACP) Class 2003
Period of Directorship : Holding Positions since 1995 until 2017 for total 23 years
Meeting Attendance of the Past Year : Attended 6 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
None	-	None	None

Work Experience:

Qualified Director - Office of the Civil Service Commission
Vice President - Suanluang RAMA 9 Foundation
Inspector - Prime Minister's office
Assistant Secretary - The Office of Accelerated Rural Development

Mr. Isareit Chirathivat

Current Position : Independent Director
Nationality : Thai
Age : 39 years
Address : 5/4 Unit B3 Soi Atthakan Prasit, Thung Maha Mek, Sathon, Bangkok Thailand 10120
Education : Master's Degree, Marketing, Real Estate & Entrepreneurship, UCLA Anderson School of Management
Bachelor's Degree, Economics, Boston College
Period of Directorship : Holding Positions since 2013 until 2017 for total 5 years
Meeting Attendance of the Past Year : Attended 4 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
1 company	Senior Vice President - Central Pattana PCL.	None	None

Work Experience:

2014 - Present : Vice President, Property Management - Central Pattana PCL.
2013 - 2014 : Business Development Assistant Vice President - Central Pattana PCL
2009 - 2014 : Senior Business Development Manager - Central Pattana PCL.
2005 - 2008 : Business Development Manager - Central Pattana PCL.
2002 - 2003 : Assistant Brand Manager – Central Marketing Group Co.,Ltd.
2000 - 2002 : Equity Syndicate Analyst - Goldman, Sachs & Co, New York

M.L. Walliwan Varavarn

Current Position : Executive Director
Nationality : Thai
Age : 60 years
Address : 1056/3 Nakorn Chaisri Rd., Thanon Nakornchaisri, Dusit, Bangkok
Education : Master Degree, Massachusetts Institute of Technology, USA
Director Accreditation Program : Director Accreditation Program (DAP) Class 14/2005
Period of Directorship : Holding Positions since 2000 until 2017 for total 18 years
Meeting Attendance of the Past Year : Attended 4 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/Connected with Company's Business
Total	**Type of Directorship**		
None	-	10 Companies	None

Work Experience:

2017 - Present : Director – TCMC HK (2017), HK
2017 - Present : Director – Vechachai Company Limited
2016 - Present : Director - DM Midlands Holdings Limited, UK
2015 - Present : Director - Manor (2016) Holdings Limited, UK
2015 - Present : Director - TCMC Furniture Limited, UK
2012 - Present : Director - President Hotel and Tower Co., Ltd.
2011 - Present : Director and executive director - Serenity Asset Co., Ltd.
2010 - Present : Director - T.C.H. Suminoe Co., Ltd.
2003 - Present : Director - Global Utilities Services Co., Ltd.
2001 - Present : Chief executive officer and director - Srivikorn Group Holding Co., Ltd.

Charlie Jangvijitkul Ph.D.

Current Position : Director and Managing Director
Nationality : Thai
Age : 58 years
Address : 199/207 Moo7, Bangchalong, Bangplee, Samutprakan
Education : Ph.D. in Business Administration, Bangkok University
(In Corporate with University of Nebraska Lincoln, USA)
Master's Degree Marketing, Indiana University of Pennsylvania, USA
Bachelor's Degree Business Administration, Kasetsart University, Thailand
Bachelor's Degree Law, Ramkhamheang University, Thailand
Director Accreditation Program : Director Accreditation Program (DAP) Class 33/2005
Director Accreditation Program (DAP) Class 66/2005
Period of Directorship : Holding Positions since 2002 until 2017 for total 16 years
Meeting Attendance of the Past Year : Attended 6 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017 - None
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries : None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	**Type of Directorship**		
None	-	5 Companies	None

Work Experience:

2016 - Present : Director - DM Midlands Holdings Limited, UK
2016 - Present : Director - Manor (2016) Holdings Limited, UK
2015 - Present : Director - TCMC Furniture Limited, UK
2014 - Present : Director - T.C.H. Suminoe Co., Ltd.
2008 - Present : Executive Director - United Carpet Manufacturing Co., Ltd.
1995 - 2001 : Assistant Managing Director - Bangkok Phaisarn Textile Industry Co., Ltd.
1994 - 1995 : Deputy Managing Director - J & D Enterprise (Thailand) Co., Ltd.
1988 - 1994 : Management Consultant - Alexander Proudfoot Plc. (USA)
1982 - 1985 : Loan Officer - Thai Farmer Bank (Head Office)

Mr. Sumate Suwanvongkij

Current Position : Executive Director
Nationality : Thai
Age : 58 years
Address : 88/10 Jakkapong Rd., Taladyad, Pranakorn, Bangkok
Education : Bachelor's Degree, Marketing, Bangkok University
Period of Directorship : Holding Positions since 2013 until 2017 for total 5 years
Meeting Attendance of the Past Year : Attended 6 of 6 of Board of Directors' Meetings
Shareholding in the Company : 31 December 2017, 270 shares
Shareholding for spouse and child in the Company : 31 December 2017 - None
Relationship between the board and the management : None
Direct and indirect interest in any of business with Company and its subsidiaries: None

Director/Executive Position in other Business:

Listed Company		Other Non-Listed Company	Other Position in Competing Business/ Connected with Company's Business
Total	**Type of Directorship**		
None	-	1 company	None

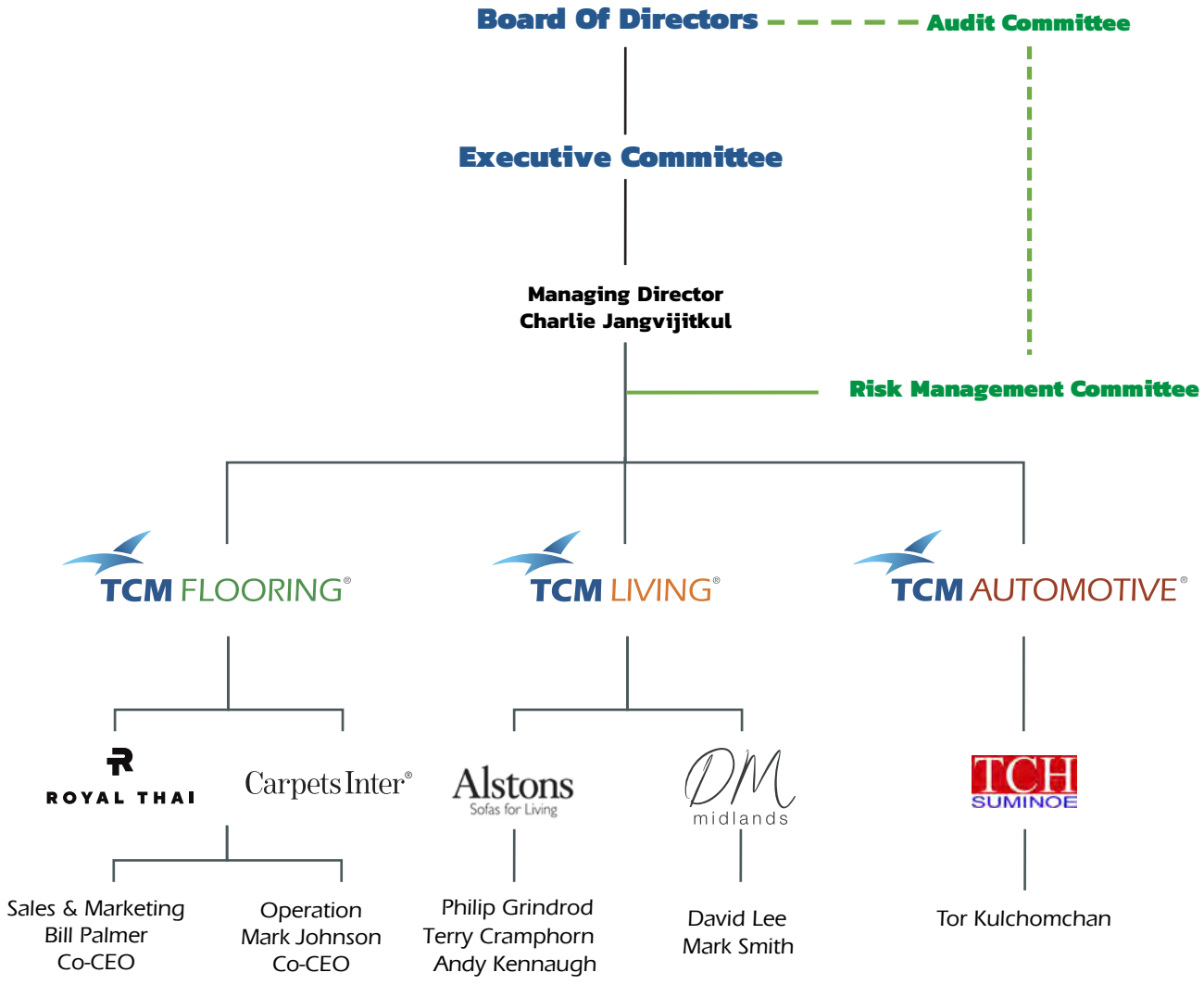
Work Experience:

2012 - Present : Managing Director - Royal Thai International Co., Ltd.
1983 - Present : Domestic Sales Manager - Thailand Carpet Manufacturing PLC.

Alstons
Sofas for Living
TCM LIVING®
A MEMBER OF TCM CORP. PLC.

ORGANIZATION STRUCTURE

In 2017 (after investing in Commercial Carpet Business), the Company had the following management structure.



Board of Directors

The Board of Directors has power to carry out operation pursuant to the laws, the Company's objectives and articles of association. The Company's articles of association prescribe that the Board shall consist of at least five but not exceeding twelve directors and not less than half of directors shall have a place of domicile located in the Kingdom. To elect a director, each shareholder shall have one vote per share being held by him, and each shareholder may use all votes to elect one or several directors, provided that the votes may not be divided more or less for any particular director. Persons having highest votes will be elected as directors according to the number of directors to be elected for the time being. During each annual meeting, one third of directors serving in the position the longest will vacate the office, and directors vacating office may be re-elected.

The Company has a total of nine directors as listed below:

1.	Mr. Pimol Srivikorn	Chairman of the Board
2.	Mr. Anun Louharanoo	Chairman of Audit Committee and Independent Director
3.	Mr. Soravis Krairiksh	Member of Audit Committee and Independent Director
4.	Mr. Suvitcha Nativivat	Member of Audit Committee and Independent Director
5.	Mr. Uthayan Uthayanaka	Independent Director
6.	Mr. Isareit Chirathivat	Independent Director
7.	M.L. Walliwan Varavarn	Executive Director
8.	Dr. Charlie Jungwichitkul	Director and Managing Director
9.	Mr. Sumate Suwanvongkij	Executive Director

Signing method in binding the Company

Name and number of directors being authorized to sign on behalf of the Company: Mr. Pimol Srivikorn jointly signs with one director and affixes the Company's seal.

Executive Board

In 2017, the Company has four members in its Executive Board as follows:-

1.	Mr. Pimol Srivikorn	Chairman of Executive Board
2.	M.L. Walliwan Varavarn	Executive Director
3.	Dr. Charlie Jungwichitkul	Managing Director
4.	Mr. Sumate Suwanvongkij	Executive Director

Audit Committee

Consists of three members as follows:

1.	Mr. Anun Louharanoo	Chairman of Audit Committee
2.	Mr. Soravis Krairiksh	Member of Audit Committee
3.	Mr. Suvitcha Nativivat	Member of Audit Committee

The No.1 and No.2 members of Audit Committee have adequate knowledge and experience to review the credibility of financial statements.

Risk Management Committee

The Company's Risk Management Committee consists of 8 members as follows:-

1.	Mr. Charlie Jungwichitkul	Chairman of Risk Management Committee
2.	Mr. Sumate Suwanvongkij	Member of Risk Management Committee
3.	Mrs. Supinda Tantiprasut	Member of Risk Management Committee
4.	Mr. Jirasak Yangyuen	Member of Risk Management Committee
5.	Miss Monsikarn Jitkul	Member of Risk Management Committee
6.	Mrs. Noppaporn Apiwattanakul	Member of Risk Management Committee
7.	Mr. Somboon Weeraprasertsuk	Member of Risk Management Committee
8.	Mr. Sompong Prangchaives	Member of Risk Management Committee

Management Committee

At 31 December 2017, the Company has Management Committee as follows:-

1.	Mr. Charlie Jangvijitkul	Managing Director
2.	M.L. Walliwan Varavarn	Executive Director and Financial consultant
3.	Mr. Sumate Suwanvongkij	Executive Director
4.	Mr. William Palmer	Co-CEO, TCM Flooring
5.	Mr. Mark Johnson	Co-CEO, TCM Flooring
6.	Mr. Philip Grindrod	Managing Director, Alstons Group
7.	Mr. Terence Henry Cramphorn	Finance Director, Alstons Group
8.	Mr. Andrew Kennaugh	Commercial Director, Alstons Group
9.	Mr. David James Lee	Managing Director, DM Midlands Group
10.	Mr. Mark Alexander Smith	Design Director, DM Midlands Group
11.	Mr. Tor Kulchornchan	Managing Director, T.C.H.Suminoe Co., Ltd.

Company's Secretary

The Board of Directors has appointed Mrs. Noppaporn Apiwattanakul, Manager for Accounting and Finance, as the Company's secretary on 1 June 2010 by determining scope of duties and responsibilities as

1. To provide basic recommendation to directors with regard to legal provisions, rules and regulations, and report any significant change to legal provisions to the directors;
2. To convene shareholders' meeting and Board of Directors' meeting in accordance with applicable laws, regulations and practices;
3. To record minutes of shareholders' meeting and Board of Directors' meeting, maintain minutes of meeting that have been approved by the Board of Directors and concerned parties, and monitor the compliance with shareholders' meeting and Board of Directors' meeting resolution;
4. To ensure that data and information report in the area of responsibility will be disclosed to regulatory agencies and in accordance with government agencies' regulations and requirements;
5. To contact and communicate with general shareholders to ensure that they will acknowledge shareholders' rights and the Company's information; and
6. To monitor the Board of Directors' activities and perform other conducts as prescribed by laws or as assigned by the Board of Directors.

Shareholding of Director and Management

Changes in Securities Holding of directors and Management as follows:

Name of Directors	Ordinary Shares (shares)				Change	
	Director and Executives		Spouse			
	As at 01/01/17	As at 31/12/17	As at 01/01/17	As at 31/12/17	Increase / Decrease	%
1. Mr. Pimol Srivikorn	51,489,000	77,233,500	-	-	25,744,500	50
2. Mr. Anun Louharanoo	-	-	-	-	-	-
3. Mr. Soravis Krairiksh	-	-	-	-	-	-
4. Mr. Suvitcha Nativivat	-	-	-	-	-	-
5. Mr. Uthayan Uthayanaka	-	-	-	-	-	-
6. Mr. Isareit Chirathivat	-	-	-	-	-	-
7. M.L. Walliwan Varavarn	-	-	-	-	-	-
8. Mr. Sumate Suwanvongkij	270	270	-	-	0	0
9. Mrs.Noppaporn Apiwattanakul	-	-	-	-	-	-
10. Mrs. Supinda Tantiprasut	-	-	-	-	-	-
11. Mr. Somboon Weeraprasertsuk	-	-	-	-	-	-

Remuneration of Directors and Management

The shareholders' ordinary meeting of 2017 has approved the determination of director's remuneration to ensure that it will be in accord with remuneration rate of similar industrial sector. In 2017, the Chairman of the Board of Directors received meeting allowance amounting to Baht 25,000 per meeting, and directors not receiving salary received meeting allowance amounting to Baht 20,000 per person per meeting. In 2017, the Company convened Board of Directors' meetings and paid meeting allowance as follows:

Name of Directors	Position	Number of meeting being attended	Meeting Allowance
1. Mr. Pimol Srivikorn	Chairman of the Board of Directors	5/6	125,000
2. Mr. Anun Louharanoo	Chairman of Audit Committee and Independent Director	6/6	120,000
3. Mr. Soravis Krairiksh	Member of Audit Committee and Independent Director	4/6	80,000

Name of Directors	Position	Number of meeting being attended	Meeting Allowance
4. Mr. Suvitcha Nativivat	Member of Audit Committee and Independent Director	5/6	100,000
5. Mr. Uthayan Uthayanaka	Independent Director	6/6	120,000
6. Mr. Isareit Chirathivat	Independent Director	4/6	80,000
7. M.L. Walliwan Varavarn	Executive Director	4/6	-
8. Dr. Charlie Jungwichitkul	Managing Director	6/6	-
9. Mr. Sumate Suwanvongkij	Executive Director	6/6	-

Remuneration of Audit Committee

Since members of Audit Committee are independent and external entities with great duties and responsibilities to monitor and audit financial reports and review to the ensure that the Company complies with applicable laws and criteria, the shareholders' ordinary meeting of year 2017 therefore resolved to approve the payment of Audit Committee's remuneration according to the following rate.
Chairman of Audit Committee receives remuneration of Baht 10,000 per month.
Member of Audit Committee receives remuneration of Baht 6,000 per month.
Such rate of remuneration will become effective from the date of approval obtained from the shareholders' ordinary meeting onward until the shareholders' meeting will resolve otherwise. In 2017, meeting of Audit Committee has been convened and remuneration has been paid as follows:

Name of members of Audit Committee	Position	Number of meeting being attended	Remuneration
1. Mr. Anun Louharanoo	Chairman of Audit Committee	5/5	125,000
2. Mr. Soravis Krairiksh	Member of Audit Committee	3/5	72,000
3. Mr. Suvitcha Nativivat	Member of Audit Committee	4/5	72,000

Remuneration of Management

As of 31 December 2017, the Company has management team comprising of 7 members, and the Company has paid salary and bonus for year 2017 and 2016 amounting to Baht 15.28 million and Baht 17.05 million, respectively, and provided vehicles for 2 members of the management team.

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MANAGEMENT TEAM

1. Name and Surname : Charlie Jangvijitkul Ph.D.
   Age : 58 Years
   Nationality : Thai
   Position : Managing Director
   Education : Ph.D. in Business Administration, Bangkok University
   (In Corporate with University of Nebraska Lincoln, USA)
   Experience : Director – DM Midlands Holdings Limited, UK
   Director – Manor (2016) Holdings Limited, UK
   Director – TCMC Furniture Limited, UK
   Director - T.C.H. Suminoe Co., Ltd
   Executive Director - United Carpet Manufacturing Co., Ltd
   Assistant Managing Director - Bangkok Phaisarn Textile Industry Co., Ltd
   Deputy Managing Director - J & D Enterprise (Thailand) Co.,Ltd.
   Management Consultant - Alexander Proudfoot Plc. (USA)
   Loan Officer - Thai Farmer Bank (Head Office)
   Shareholding in the Company : 31 December 2016 - None
   Shareholding for spouse and child in the Company : 31 December 2016 - None
   Relationship between the board and the management : None

2. Name and Surname : M.L. Walliwan Varavarn
   Age : 60 Years
   Nationality : Thai
   Position : Executive Director
   Education : Master's Degree, Massachusetts Institute of Technology, USA
   Experience : Director – TCMC HK (2017), UK
   Director – Vechachai Company Limited
   Director - DM Midlands Holdings Limited, UK
   Director - Manor (2016) Holdings Limited, UK
   Director - TCMC Furniture Limited, UK
   Director - President Hotel and Tower Co., Ltd.
   Director and executive director - Serenity Asset Co., Ltd.
   Director - T.C.H. Suminoe Co., Ltd.
   Director - Global Utilities Services Co., Ltd.
   Chief executive officer and director - Srivikorn Group Holding Co., Ltd.
   Shareholding in the Company : 31 December 2016 - None
   Shareholding for spouse and child in the Company : 31 December 2016 - None
   Relationship between the board and the management : None

3. Name and Surname : Mr. Sumate Suwanvongkij
   Age : 58 Years
   Nationality : Thai
   Position : Domestic Sales Manager
   Education : Bachelor Degree, Major Marketing, Bangkok University
   Experience : Sales Manager, Thailand Carpet Manufacturing Public Company Limited
   Shareholding in the Company : 31 December 2017, 270 shares
   Shareholding for spouse and child in the Company : 31 December 2017 - None
   Relationship between the board and the management : None

4. Name/Surname : William Palmer
Age : 56
Nationality : American
Position : Co-CEO, TCM Flooring
Education : Bachelor of Science in Business Administration
Work Experience : 32 years in the hospitality industry mostly with carpet
Shareholding : as at 31 December 2017 - None
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

5. Name/Surname : Mark Robert Johnson
Age : 57
Nationality : British
Position : Co-CEO, TCM Flooring
Education : City & Guilds Textile Dyeing, Member of The Society of Dyers and Colorists (UK).
Work Experience : 36 Years in carpet manufacturing, 20 years in Asia with senior management positions in China, India and Thailand.
Shareholding : as at 31 December 2017 - None
Shareholding for spouse and child in the company : as at 31 December 2017 – None
Relationship between Board of directors and management : None

6. Name/Surname : Philip Grindrod
Age : 64
Nationality : British
Position : Managing Director, Alstons group
Work Experience : From June 2015 Managing Director
20+ years' experience as Operations Director
Joined Alstons 1995 as Works Director
Previously Production Director at Buoyant
Shareholding : as at 31 December 2017 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

7. Name/Surname : Terence Henry Cramphorn
Age : 61
Nationality : British
Position : Finance Director, Alstons group
Work Experience : FCCA 25+ years' experience as Financial Director
Alstons Financial Director for 7 years
Previously Managing Director of a plc. subsidiary
Corporate Finance background
Shareholding : as at 31 December 2017 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

8. Name/Surname : Andrew Kennaugh
Age : 48
Nationality : British
Position : Commercial Director, Alstons group
Work Experience : Alstons Commercial Director for 6 years
Previously Managing Director with Jensen Beds
Sales and Marketing Director at Derwent for 5 years
Retail experience within John Lewis
Shareholding : as at 31 December 2017 - 8% share in TCMC Furniture Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

9. Name/Surname : David James Lee
Age : 50
Nationality : British
Position : Managing director, DM Midlands Group
Work Experience : 2013-Present, Managing director at Alexander and James
2000-Present, Managing director at AMX Design
1993-Present, Joint Managing director at Ashley Manor Upholstery
1990-1993, Operations manager at Goldline Upholstery
1989-1990, Group Furniture Division Buyer at Coloroll Plc.
1986-1989, Auditor at PA Langard and Co. Certified Accountants
Shareholding : as at 31 December 2017 - 12.5% share in DM Midlands Holdings Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

10. Name/Surname : Mark Alexander Smith
Age : 46
Nationality : British
Education : BA Honours Interior Architecture and Design
Royal Society of the Arts
Position : Design director, DM Midlands Group
Work Experience : 1999-2008, Design Director at Ashley Manor Upholstery
1997-1999, Group Design Manager at Wyefield Group
1996-1997, Design Manager at Lincoln House Furnishing
1994-1996, Designer at Medallion Upholstery
Shareholding : as at 31 December 2017 - 12.5% share in DM Midlands Holdings Limited, UK
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

11. Name/Surname : Tor Kulchornchan
Age : 56
Nationality : Thai
Education : Master's Degree
Position : Managing Director, T.C.H.Suminoe Co., Ltd
Work Experience : Managing Director (7 years) – T.C.H. Suminoe Co., Ltd.
Managing Director (12 years) – Texchem – Pack (Thailand) Co.,Ltd.
Production Manager and Engineering Manager (Washing Machine) (6 years) - Toshiba Consumer Product (Thailand)
Production Manager (Medical Supplies) – Kawasumi Laboratories(Thailand) Co.,Ltd
Shareholding : as at 31 December 2017 - None
Shareholding for spouse and child in the company : as at 31 December 2017 - None
Relationship between Board of directors and management : None

REPORT FROM RISK MANAGEMENT COMMITTEE

The Board of Directors has appointed Risk Management Committee which consists of 8 executives from all units, with power to consider potential risk factors against business operation of the Company and its subsidiaries that the executives and employees in various units must place importance on risk management and have understanding in their duties and responsibilities relating to risk management of the Company, establish effective risk management procedures in accordance with good corporate governance in order to minimize impact from any potential risk, minimize uncertainty of overall business operation and increase opportunity of success by identifying, assessing and managing risks of the Company appropriately and in accordance with changing situation and reporting the operation to the Audit Committee and Board of Directors at least once every quarter.

In 2017, the Risk Management Committee has duties under the responsibilities as assigned by the Board of Directors for the consideration and assessment of both internal and external risk factors that may pose significant impact on the Company's business operation in a comprehensive manner in order to establish preventive measures and minimize risks by emphasizing on risk management that is effective and suitable for economic and social conditions and the Company's business environment, whereby Risk Management Committee's report can be summarized as follows:

(1) Risk management procedures and plans have been considered to ensure that risk management is effective and sufficient for and in accord with acceptable level of risk and the Company's operation

(2) Risk factors have been considered and risk management has been monitored for the Company as a whole by convening Risk Management Committee once every quarter in order to support risk management procedures more effectively, and offer recommendation that is beneficial to risk management at present and in the future

(3) Overall operation of Risk Management Committee has been summarized for Audit Committee and Board of Directors to acknowledge at least once every quarter

(4) Significant risk management of the Company has been disclosed in annual report of 2017

With regard to the operation of Risk Management Committee in 2017, risks have been controlled in the level that does not pose significant impact on the Company's business operation, and the Risk Management Committee has monitored risk management and performed duties in responsible and cautious manners for maximum benefit of the Company, shareholders and all stakeholders.

28 December 2017
On behalf of Risk Management Committee

(Mr. Charlie Jungwichitkul)
Chairman of Risk Management Committee

RISK FACTORS

The Company is determined and aware of the importance of risk management in order to ensure smooth business operations and achieve goals. The Company operates business under the related law, rules and associated regulations strictly via the Company's Risk Management Committee.

The Risk Management Committee hosts the organization's risk management meeting on a quarterly basis and may call additional urgent meetings in cases where undesirable incidents occur unexpectedly, which may lead to severe effects on the Company's business operations in order to govern, consider and screen policies in addition to specifying the Company's strategies and risk management guidelines in order to be consistent with the Company's policy. The Risk Management Committee assesses monitors and maintains the Company's risks at appropriate levels.

Risk factors, including external factors and internal factors with potential effects on performance and achievement of the Company's objectives, can be summarized as follows:

1. Raw Material Risk

For main raw materials, especially wool, if the Company relies on a major supplier and if the supplier increases raw material prices, there will be problems with production process and production costs since the Company has a slight bargaining power, both in terms of prices and time of delivery. If a certain raw material is needed urgently, the Company may not be able to ask the supplier to deliver such raw material in a timely manner. At present, the Company has more than one supplier for supply of major raw materials. Purchase orders are made to all suppliers for the purpose of balance of power. In the case where any one supplier increases raw material prices, the Company will be able to check the market prices from other suppliers. The prices of main raw materials usually do not fluctuate. However, if a change occurs, every supplier will raise prices at the same time and notify the Company in advance, thereby enabling the Company to notify customers of produce price adjustments in advance if price rises cause significant impacts on the cost of products. The Company performs work regarding main raw materials by negotiating to make contracts at least 6 months to 1 year in advance by specifying the amount to be purchased and sending to suppliers in advance. Delivery times are flexible based on the amount of work anticipated.

2. Substitute Goods Risk

There are now many kinds of flooring materials, each of which has different qualifications. Consumers have more choices. However, a decision to buy a product is usually made from the need of the buyer and utility of the goods. The Company has developed a number of methods to deal with risk from substitute goods. Some activities that have been carried out to control such risk include: (1) studying the market needs and types of substitute goods to consider what goods the Company should launch; (2) engaging suitable suppliers; (3) preparing distribution plans; (4) training and educating sales staff; and (5) monitoring change in substitute goods from time to time to adjust the goods to be sold to customers.

3. Risk Regarding Development of Carpet Manufacturing Technology

Industrial factories are now constantly developing more modern technologies in order to avoid falling behind business competitors. Thus, the Company supports development by beginning with personnel. The Company directs employees to enter training courses or seminars to seek knowledge and apply knowledge to work. Furthermore, the Company also has projects and contests in each agency's production improvements in order to help improve employees' capacity and search for new related technology to support greater production efficiency.

4. Compliance Risk

The Company is aware of risks from changes to policies, rules and regulations related to the Company with potential legal effects. Therefore, the Company manages the aforementioned risks at acceptable levels by specifying risk control by monitoring changes to the law and government regulations. The Company receives accurate and punctual news and information and the Company updates information to be current in addition to disseminating news and information for every employee to acknowledge in case of changes.

5. Labor Shortage Risk

Significant production risks currently consist of labor shortage risks, particularly when the Company operates in the business of manufacturing and distributing machine-woven and hand-woven carpets. In the hand-woven carpet manufacturing process, the Company is dependent on skilled labor. Replacement labor would need time to train. Therefore, the Company places particular importance on this area of labor in order to motivate employees to work with the Company for a long time by increasing welfare and wages calculated from skilled labor costs. However, the Company managed the aforementioned risks within acceptable criteria. The Company prepares manpower survey plans at least once a year. Employee selection is not focused on the merit system and the Company more frequently uses a retention system by seeking the main persons responsible and developing education to build expertise in employees for advancement on the career path.

6. Environment Risk

The Company's production has some involvement with environment since the Company has its own wool-dyeing process, which releases a large amount of wastewater a day. Therefore, it is important to oversee the wastewater treatment system to prevent pollution both in and outside the plant. The Company controls environment risk by establishing a procedure for examining wastewater quality before it is released outside. Standard wastewater treatment system is also in place along with the systems to inspect related equipment and control wastewater on a regular basis.

7. Occupational Safety, Health, and Environment Risk

Occupational safety, health, and environment risk concerns the laws, which have direct impacts on the Company and the employees. Therefore, the Company established the Occupational Safety, Health and Work Environment Committee and safety committees at the supervisor level in order to represent in making corrections and modifying work environments for employees. For example, the Company has the 5S project and issues strict regulations and punishments for topics, such as requiring sound protection equipment for employees who work with machines for over two hours and requiring carpet decorators and dyeing room employees who come into contact with chemicals to wear dust protection masks, etc.

8. Finance Risk Management

The Company and its subsidiaries manage financial risks that may occur with financial assets and liabilities in the normal course of business operations by using the general internal management and control. The Company does not engage in the business of financial derivatives trading.

8.1 Credit Risk

The Company continues to be very strict in giving customers credit as usual. Credit risk is directly related to accounts receivable and notes receivable. Due to the fact that the Company has a large number and diversity of customers so it does not expect any damage from collection of payment from such accounts receivable. Moreover, the Company's bad debts have been dealt with effectively and, as a result, the number of accounts receivable that may cause trouble to the Company decreases gradually.

The Company has a measure to reduce risk from exporting its goods. Most of the overseas customers are required to pay 50% of total price of goods orders before production of the goods and the remaining 50% is paid before the goods are exported. For the customers of goods with installation services, most of who are from the Middle East, in order to minimize risk, the Company requires this group of customers to open Letter of Credit (L/C). Credit is provided only to those customers who have continuously purchased goods from the Company and have reliable financial position.

With regard to domestic sales, mostly the Company sells and installs products for domestic customers. Generally, credit term is offered to customers as appropriate on a case by case basis. A deposit amount is collected before commencement of production whereas the remaining amount will be paid after delivery of the goods. The Company tries to collect debt in a timely manner and there are measures to collect debts that have been overdue for a long time. In case of a customer with payment problem against whom the Company has taken legal proceedings, if such customer makes a purchase order again, he/she has to pay 100% of the price of the goods ordered before production. As a result, the Company has a minimal risk of uncollectable debt.

8.2 Interest Rate Risk

The Company and its subsidiaries are exposed to interest rate risk because they have bank deposits, overdrafts, short-term loans, and long-term loans. The financial assets and liabilities bear both floating interest rate and fixed interest rate, most of which are close to the current market rates. However, the Group believes

that fluctuation in market interest rates in the future will have no significant impact on operating results and cash flows. The Company and its subsidiaries do not use financial derivatives to prevent such risk.

8.3 Exchange Rate Risk

The Company and its subsidiaries are exposed to foreign exchange rate risk as their revenues from overseas sales are mostly in USD. Therefore, in the course of its business, the Company uses currency future contracts to minimize risk from exchange rate fluctuations that may have impact on the Business when exporting goods and importing raw materials, machinery and equipment. Besides, the Company closely monitors change in foreign exchange rates and considers using suitable financial instruments in a certain situation that may affect the Company at the time being to most effectively reduce risk from exchange rate fluctuations.

In 2016, Britain's vote to leave the European Union or Brexit resulted in vigorous fluctuation of the British Pound. The Pound's depreciation affected long-term loans in the Pound currency and the exchange rate loss recorded at year end was THB 82.51 million. With regard to foreign loans with subsidiaries, this resulted in a large amount of foreign exchange loss. In 2017, the Company entered a cross currency swap contract with a commercial bank in Thailand to reduce potential exchange rate risks from accepting to pay 3.56 million pounds in debt for subsidiaries.

8.4 Liquidity Risk

The Company and its subsidiaries control liquidity risk by maintaining adequate cash flows and cash equivalents necessary for the operations and acquiring short-term credit facilities from financial institutions well in advance to reduce the impact of cash flow fluctuations.

Other Factors Affecting Investment Decisions

Apart from the abovementioned items, the Company and its subsidiaries have no other obligations and there are no irregular or significant events that may have significant impacts on the financial position and operating results of the Company and its subsidiaries in the future.

CORPORATE GOVERNANCE

The Company is aware of the importance of good governance, which is important for reinforcing the organization to have effective systems for the maximum benefit of the Company and every stakeholder party. Therefore, the Company has a policy to implement practice guidelines concerning good governance according to stock exchange specifications. The Company's good governance principles are divided into the following six parts:

Section 1: Shareholder's rights
Section 2: Equitable Treatment of Shareholders
Section 3: Roles of Stakeholders
Section 4: Information Disclosure and Transparency
Section 5: The Board of Directors' Responsibilities
Section 6: Guidance on Good Governance Principles

Section 1: Shareholder's rights

1. The Company places importance on and respects the rights of every shareholder. The annual general meeting of shareholders is held at least once a year as required by the law. In 2017, the annual general meeting of shareholder was held on 28 April 2017 at President Room 1-2, Floor 4 of the InterContinental Hotel Bangkok, Ploenchit Road, Lum Phini Sub-district, Pathum Wan District, Bangkok Metropolis.

2. The Board of Directors will consider holding the annual general meeting of shareholders and determining the book closing date for suspension of share transfer as required by the law. All shareholders will be notified immediately after the Board passes a resolution approving the meeting schedule through the electronic system of the Stock Exchange of Thailand.

3. The Company assigned Thailand Securities Depository Company Limited, which is the Company's share registrar, to send shareholders meeting invitations including documents accompanying the meeting in each agenda for shareholders to acknowledge no less than 14 days in advance of the meeting (or as prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand). Furthermore, information is disseminated on the Company's website to allow shareholders to access information conveniently and quickly.

4. The Company prepares a notice of meeting, containing details of each agenda item and opinions of the Board as well as meeting documents and determines independent directors to act as representatives of shareholders who want to appoint proxies to attend the meeting on their behalf. The notice of meeting, both in Thai and English versions, containing required details and opinions of the Board, and specifying which agenda items are for acknowledgement, approval, or consideration, as the case may be, is sent to shareholders. The notice of meeting also contains information on directors, who have completed the term of office and are reappointed, background information of independent directors who are appointed as proxies as mentioned above, and the proxy form as determined by the Ministry of Commerce to enable a shareholder who cannot attend the meeting on his/her own to assign a person or independent director to attend the meeting and vote on his/her behalf. The notice of meeting will be sent to shareholders named on the share registrar on the book-closing date 14 days prior to the meeting date. Invitation to meeting is also published in a Thai daily newspaper for three consecutive days not less than three days before the scheduled date of meeting.

5. At the shareholders' meeting, the Company hires Thailand Securities Depository Company Limited for Depositors to provide services and supervise the counting of votes on each agenda by notifying the shareholders of the procedures for voting and counting the votes before the meeting starts. The voting cards for each agenda are distributed to the shareholders. Regarding election of directors, the director will be elected one by one. Resolutions of the meeting are clearly recorded along with the numbers of approval, disapproval, and abstention votes on every agenda item where voting is conducted.

6. The Board and executives, including Chairman of the Board, Chairman of the Executive Committee, Chairman of the Audit Committee, and the managing director, attend the shareholders' meeting to clarify and answer questions of the shareholder' meeting. Chairman of the meeting gives every shareholder an equal opportunity to examine the Company's performance by asking questions, expressing opinions, or proposing any recommendations. Important questions and opinions are put in the minutes of meeting.

Section 2: Equitable Treatment of Shareholders

1. The Company will not deprive the shareholders of their right to study the information of the Company and attend the shareholders' meeting, such as by abruptly not distributing additional documents containing important information at the shareholders' meeting, not adding an agenda item, changing important data without giving the shareholders a prior notice, or not allowing shareholders who arrive late to attend the meeting.

2. The Company will provide minority shareholders with an opportunity to propose agenda items for the shareholders' meeting in advance and nominate qualified candidate(s) to be considered for election as a director of the Company in accordance with criteria recommended by the Stock Exchange of Thailand, which shall be notified to the shareholders through the data dissemination channels of the Stock Exchange of Thailand and the Company's website. The minority shareholders may propose the agenda items or nominate the candidate(s) during December and January of the following year.

3. Shareholder meeting invitations are prepared in Thai and English and disseminated via the Company's website at least 14 days before shareholder meeting dates.

4. On the date of general meeting of shareholders, the Company facilitates all shareholders who attend the meeting equally by requiring all shareholders to register before attending the meeting, providing a sufficient number of staff to greet and facilitate the shareholders.

Section 3: Roles of Stakeholders

The Company operates business on the basis of accountability to all stakeholders for mutual and sustainable benefits. The Board of Directors is responsible for ensuring that the Company recognizes the rights of all stakeholders, both stipulated by the laws and written in the good corporate governance principles, and that such rights are protected and equally respected. The Company has developed the guidelines on practices towards stakeholders, including shareholders, employees, customers, and business partners, which can be summarized as follows:

1. Shareholders: the Company respects and recognizes the basic rights of all shareholders, either stipulated by laws or articles of association of the Company, such as the rights to examine the quantity of shares, to receive share certificates, to attend and vote at the shareholders meeting, to voice opinions independently at the shareholders meeting, and to take part in making a decision on important matters relating to the Company's business operations, as the owners of the Company.

2. Employees: All employees are treated fairly and equally and given fair remuneration.

3. Trade Partners: the Company adheres to the principles of fair trade, strictly follows the requirements of contracts and promises given to the trade partners, and has a policy to deliver goods of high quality on a timely basis.

4. Customers: the Company is determined to provide customers with the best products and services in terms of quality and prices and also hopes to maintain sustainable relationship with all customers. The Company is ready to provide suggestions, recommendations, and solutions for customers to ensure maximum satisfaction of customers with the Company's products and services.

5. Competitors: the Company behaves according to the code of fair competition principles, conducts business under the principles of morality and requirements of laws, and will not use any dishonest methods to destroy its competitors.

6. Community and Society: the Company is responsible for environment of the community and society. The Company needs to comply with relevant laws and regulations to ensure that related parties and all stakeholders will be treated properly. Directors and executives of the Company are notified of their obligation to report their holding of the Company's securities as well as change in their securities holding to the Securities and Exchange Commission in accordance with Section 59 and Section 275 of the Securities and Exchange Act.

Section 4: Information Disclosure and Transparency

1. The Board of Directors realizes that the Company's information, both financial and non-financial, and other reports affect the decision-making process of investors and stakeholders so the management is instructed to disclose information in a complete, accurate, reliable, regular, and timely manner and the management of the Company will adhere to such instruction.

2. The Board of Directors is responsible for preparation of consolidated financial statements of the Company and its subsidiaries as well as financial reports listed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2), which are prepared in accordance with the generally accepted accounting principles. Accounting policies suitable for the nature of business will be carefully adopted. Important and adequate data will be disclosed in the notes to financial statements. The financial reports will be examined by independent auditors. The Audit Committee will be responsible for quality of such financial reports.

3. The Company discloses shareholder structure by revealing the major shareholders and clearly showing shareholding ratio of minority shareholders. Information on shares held by directors and executives is stated in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

4. Information necessary for decision-making of users of the financial statements is disclosed sufficiently, accurately, completely, and appropriately through communication channels that users have access to. The Company has set up the Investor Relations unit to provide information and news of the Company to investors, shareholders, analysts, and the general public. Investors can contact such unit at:
Mrs. Noppaporn Apiwattanakul (Tel: 0-2533-6393 to 6400)

Section 5: The Board of Directors' Responsibilities

Board of Directors consists of experienced and competent members playing an important role in determining the Company's policies relating to finance, risk management, and the overall operations. The Board of Directors is also responsible for independently supervising, examining, and evaluating the Company's operations and the performance of top executives to ensure compliance with established plans. The current Board of Directors is composed of nine members, four of which are executive directors (accounting for 44.44% of the total directors) and the other five are non-executive directors (accounting for 55.56% of the total directors). Three out of five of the non-executive directors are members of the Audit Committee and are considered representatives of the shareholders to carry out the function of supervising the Company's performance to ensure validity and transparency.

Furthermore, the Board of Directors has appointed a number of sub-committees to assure the shareholders that the Company will conduct business carefully, such as the Executive Committee and Audit Committee, to perform specific tasks and propose certain matters to the Board of Directors for consideration or acknowledgement.

Executive Committee consists of four directors of the Company and is responsible for running the Company's affairs as assigned by the Board of Directors in accordance with policies and goals of the Company. The Executive Committee has the power to operate under the laws, objectives, articles of association of the Company, and resolutions of the Board of Directors Meeting.

Audit Committee comprises three independent directors all of whom shall have knowledge, understanding, and experience in accounting or finance. The Audit Committee is responsible for reviewing the Company's operations to ensure compliance with policies, regulations, and articles of association of the Company as well as laws, regulations, and requirements or regulatory bodies. The Audit Committee is committed to promoting the advancement of financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. Members of the Audit Committee carry out their duties and express their opinions independently and discuss with external auditors on a regular basis. Duties and responsibilities of the Audit Committee are as described in the Audit Committee Charter.

Risk Management Committee is composed of at least five members. One top executive is selected as Chairman of the Risk Management Committee. The Risk Management Committee is tasked to determine risk management policy and charter, develop action plans, review and supervise the efficiency of risk management, report risk control matters to the Audit Committee, the Executive Committee, and the Board of Directors, and ensure that existing risk management system is adequate, appropriate, and conforms to the good corporate governance principles. A resolution to approve the Audit Committee Charter shall be passed so there are clear and appropriate guidelines for the Audit Committee to perform its tasks.

To ensure maximum benefits of all stakeholders, the Company requires that not less than 50% of the directors shall be non-executive ones. Therefore, in 2017, five out of a total of nine directors of the Company were independent non-executive directors. The independent directors were outsiders from the private sector who were knowledgeable and competent. All of the Company's directors are fully independently to express their opinions on operations of the Company under the policies set out each year.

To maximize audit efficiency, the Company has clearly separated and defined the duties and responsibilities of the Chairman of the Board, Chairman of the Executive Committee, managing director, and executive directors for the purpose of supervision, accountability, and balance of power. As a result, the Company's operations are balanced and effective. At each and every board meeting and throughout their term of office, the directors have not been dominated and their roles have not been limited in any way. All directors perform their duties correctly in accordance with laws and are able to protect and safeguard the benefits of the Company and all shareholders.

Roles, Duties, and Responsibilities

Leadership and Visions

The Board of Directors directs the Executive Committee to implement the policies and plans presented to the board meeting. Such policies and plans took account of the current positioning of the Company in Thailand and abroad as a respectable leader in carpet manufacturing in terms of quality, designs and services of international standard on the basis of good corporate governance.

Business Ethics

The Company has placed importance on business ethics and reputation and strictly adhered to the principles of integrity, transparency, and accountability to its stakeholders. The Board of Directors has required executives to implement management policies in a manner that contributes to good corporate governance in which the Company has to be accountable to all groups of stakeholders and treats them equally and fairly. Executives, employees and relevant parties, especially those with power to make a decision, are encouraged to understand and perform their functions in accordance with business ethics.

Conflict of Interest

The Board of Directors puts strong emphasis on conflict of interest so it has established a policy and developed a clear guideline that prevents executives and stakeholders who have knowledge of inside information from disclosing it to the third parties, which may lead to improper personal gain or advantage. Conflict of interest may also involve the executives or any group of stakeholders committing any act in a manner that results in business advantage or personal benefits, but causes disadvantage to the Company and other groups of stakeholders. Where a director has an interest in a given matter, such director has to disclose such interest to the meeting and shall have no right to vote on that matter.

Internal Control System

The Company has placed importance on good and effective internal control system at the administrator and operator levels. Therefore, clear powers and responsibilities of the administrators and operations have been prepared in writing. Functions of the operators and supervisors are clearly separated and assessment is regularly conducted to ensure balance of power and accountability.

Furthermore, the Board of Directors has made a request for establishment of an internal audit unit within the Company, consisting of persons competent and experienced in internal audit to control and supervise the Company's internal control system.

Board of Directors Meeting

The Board of Directors meets once every three months. The date, time, and agenda of meeting are clearly determined. Accompanying documents will be sent to all directors not less than seven days prior to the meeting to allow the directors enough time to study the documents. At the meeting, the directors make and submit recommendations to the executives to improve management efficiency. Minutes of meetings are prepared in writing and the minutes approved by the Board of Directors are kept available for inspection by the Board of Directors and related parties.

The Company has correct and complete minutes of meetings available for inspection by shareholders. The Company's secretary is responsible for keeping such minutes of meetings readily available for inspection by the Board of Directors and related parties.

Remuneration of Directors

The Board of Directors has recommended the remuneration of directors to reflect their duties and responsibilities. Information on remunerations of directors of other listed companies in the Stock Exchange of Thailand with total income close to that of the Company is also taken into consideration when determining the directors' remuneration. The recommended remuneration has been submitted to and approved by the shareholders meeting. Remuneration of the executives is in compliance with the principles and policy determined by the Board of Directors and linked with performance of the Company and each of the executives.

At present, the Company has no Remuneration Subcommittee, but there is a process in place for the Board of Directors to specify appropriate remuneration, taking account of the information on remunerations of directors of other companies that are in the same industry and with similar size with the Company as well as the operating results of the Company.

The 2017 Annual General Meeting of Shareholders approved the remunerations for members of the Board of Directors and the Audit Committee for the year 2017. The Chairman of the Board would receive THB 25,000 per meeting and each of the directors who did not receive a salary would receive THB 20,000 per meeting. As regards remunerations of the Audit Committee, the Chairman of the Audit Committee would receive THB 10,000 per month and each member would receive THB 6,000 per month. The Company has determined the remuneration for the directors according the industry standard in order to maintain the qualified directors.

Development of Directors and Management

The Board of Directors encourages and supports the directors, executives, and secretary to participate in different seminars and training courses organized by the Thai Institute of Directors, the Stock Exchange of Thailand, the Securities and Exchange Commission, or any other independent organizations to improve their knowledge, competency, and performance of duties. All new directors are required to participate in the Director Accreditation Program (DAP) whereas members of the Audit Committee have to attend the Audit Committee Program (ACP). Moreover, directors are encouraged to participate in other training courses on a regular basis to enhance their knowledge, to be prepared for rotation of positions within the organization, and to be ready to succeed the position of chief executive officer. There is also a program to assess the performance of senior executives.

Succession Plan

The Board of Directors shall ensure that the Company has a system to select qualified staff to hold important managing positions at all levels properly. A succession plan has been developed to prevent shortage of administrative personnel due to inability to replace the existing personnel with knowledgeable and competent ones, which will have a great impact on business operations. Shortage of personnel may be caused by early retirement or promotion. Therefore, the Company has a strategy to recruit qualified persons to success important positions in order to prevent such problem.

Subcommittees

The Company has the subcommittees as follows:

Board of Directors

In 2017, the Company had nine directors (names and positions of the directors are shown under the topic of "Organizational Structure".)

Powers and Responsibilities of the Board of Directors

1. To determine the Company's visions, missions, and business operation policies and to treat all stakeholders fairly;
2. To monitor the implementation of operating plans and improve the Company's capabilities to ensure that it can be competitive at the global level;
3. To assess the Company's performance;
4. To oversee risk management system and improve the Company's corporate governance to keep it consistent with acceptable standards;
5. To devote their time and efforts to the Company without seeking benefits for themselves or others and not to act in conflict of interest or in competition with the Company;
6. To direct the Company's operation in compliance with the laws, objectives and Articles of Association of the Company, and resolutions of shareholders meetings in good faith and with care to preserve the maximum interests of the Company;
7. To comply with good corporate governance principles and best practices for directors of listed companies and guidelines developed by SEC and the Stock Exchange of Thailand;

8. To supervise and monitor the performance evaluation and to require regular reporting of performance as well as to determine a policy to develop and improve the performance;

9. To encourage staff at all levels to be conscious of ethics and morality while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act; and

10. To maintain the shareholders' interests.

Executive Committee

The Executive Committee is authorized to carry out any acts approved by the Board of Directors and is directly accountable to the Board of Directors. In 2017, the Executive Committee had four members.

Powers and Responsibilities of the Executive Committee

1. To monitor the Company's operation and supervise the performances of the Management to ensure that they implement the established policies effectively and efficiently;

2. To perform their duties in accordance with the laws, objectives and Articles of Association of the Company, and resolutions of shareholders meetings in good faith and with care to preserve the maximum interests of the Company;

3. To review the statement of financial position and statement of comprehensive income at the end of the Company's fiscal year to ensure that they are correct and true, accurately reflect the Company's position, are prepared in accordance with the generally accepted accounting principles, and have been audited by the Company's auditors before being submitted to the Meeting of the Board of Directors; and

4. To review the plans for business expansion, capital increase, issuance of debenture, and initial control and acquisition before submitting to the Board of Director for approval.

The powers to carry out the abovementioned functions do not include delegation of authority, which enables the Executive Committee to approve any transaction that they or other person may have any interest in or have conflict of interest of any kind with the Company or a subsidiary, and does not include connected transactions or those transactions involving acquisition or disposition of important assets of the listed companies under the rules of the Stock Exchange of Thailand (SET). The Company is required to comply with other relevant rules, regulations, and requirements of the SET. Moreover, the abovementioned powers shall not cover other matters that the Company's Articles of Association requires approval of the shareholders meeting.

Audit Committee

The Audit Committee consists of three members.

Powers and Responsibilities of the Audit Committee

The scope of duties and responsibilities of the Audit Committee is as follows:

1. To review and ensure accuracy and sufficiency of the Company's financial reports.

2. To review and ensure that the Company has an appropriate and efficient internal control system and internal audit system, to consider independency of the internal audit unit, and to approve the appointment, transfer, and termination of employment of chief of the internal audit unit or any other unit responsible for internal audit.

3. To review the Company's performance in compliance with securities and exchange laws, SET's regulations, and other laws related to the business.

4. The Risk Management Committee reviews to ensure that the Company complies with policies and practice guidelines in line with anti-corruption measures.

5. Consider selecting and nominating the Company's auditor in addition to proposing auditor's fees and appointing the original auditor by considering reliability, resource sufficiency and the auditing workload of that auditing office including experience of personnel assigned to audit the Company's accounts along with attending meetings with auditors without the management participating in the meeting at least once a year.

6. To review connected transactions or transactions that may lead to conflict of interest and acquisition or disposition of assets, to comply with laws, Securities and Exchange Commission requirements and regulations of the Stock Exchange of Thailand .To ensure that the transactions are reasonable and for the highest benefit of the Company.

7. Review to ensure the Company has appropriate and effective risk management systems.

8. Review and approve internal audit and internal audit agency performance to be effective with coverage of the Company and companies in the network or the same group.

9. Review and work to provide the executive or management departments to have systems or processes for receiving petitions or complaints in addition to modifying and regulating complaints as appropriate for each issue on a case-by-case basis.

10. Assess the Audit Committee's performance on an annual basis along with reporting assessments for the Board of Directors to acknowledge and consider at least once a year.

11. Prepare an Audit Committee Report disclose in the Annual Registration Statement (56-1) and Annual Report (56-2), which must be signed by Chairman of the Audit Committee and contain the following data, at a minimum.

a) An opinion on accuracy, completeness, and creditability of the Company's financial report;
b) An opinion on the adequacy of the Company's internal control system;
c) An opinion on the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, or the laws relating to the Company's business;
d) An opinion on the suitability of an auditor;
e) An opinion on the transactions that may lead to conflicts of interests;
f) The number of the audit committee meeting, and the attendance of such meetings by each committee member;
g) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
h) Other transactions which according to the Audit Committee's opinion should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and

12. Perform any other actions assigned by the Company's Board of Directors with approval from the Audit Committee on a case-by-case basis.

13. Report the Audit Committee's performance for the Board of Directors to acknowledge periodically at least once every quarter.

Risk Management Committee

The Risk Management Committee consists of eight members.

Powers and Responsibilities of the Risk Management Committee

1. To determine risk management policy and plan that cover all kinds of risks that may be posed to the business of the Company;

2. To control and monitor the results of management of unacceptable risk to see how to prevent and correct potential risks by preparing a risk management report;

3. To review risk management policy, risk analysis and evaluation system, and risk control system as well as inspection and reporting processes to assure that the Company has a sufficient and effective risk management system;

4. To monitor relevant units' compliance with the established risk management policy and practices and to review disclosure of risk data to regulatory bodies; and

5. To perform other duties in relation to risk management of the Company as assigned by the Audit Committee, the Executive Committee, or the Board of Directors.

Recruitment and Appointment of Directors and Top Executives

1. Recruitment of Independent Directors

The Meeting of the Board of Directors will consider recruiting independent directors who fit the Definition of Independent Director of the Company and have knowledge and competency helpful to the Company's business. Then, the Board of Directors will present qualified candidates to the shareholders meeting for consideration and appointment as directors of the Company in accordance with the recruitment process described under the topic of 'Recruitment of Directors and Executives.'

Qualifications of Independent Directors

1. Holding shares not exceeding one percent of the total number of shares with voting rights of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, including shares held by related persons of such independent director;

2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, or a person that may have a conflict of interest, unless the foregoing status has ended more than two years prior to the filing of registration statement to the SEC;

3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of the child of a director, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary;

4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary, affiliate, or a juristic person that may have conflict of interest, in the manner which may interfere with his/her independent judgment, and neither being nor used to be a major shareholder, director rather than an independent director, or executive of any person having a business relationship with the Company, its parent company, subsidiary, affiliate, or a juristic person that may have conflict of interest, unless the foregoing relationship has ended for more than two years;

The term 'business relationship' under the above paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or THB 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the SET's Board of Governors governing disclosure and practices of listed companies with respect to connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary, affiliate, a juristic person with potential conflict of interest, major shareholder, director rather than an independent director, executive, partner or manager of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, a juristic person with potential conflict of interest, unless the foregoing relationship has ended for more than two years;

6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding THB 2 million per year from the Company, its parent company, subsidiary, affiliate, a juristic person with potential conflict of interest. Where the provider of professional services is a juristic person, it shall also include major shareholder, director rather than an independent director, executive, or managing partner of such provider of professional services, unless the foregoing relationship has ended for more than two years;

7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder of the Company;

8. Not undertaking any business in the same nature and significantly in competition with the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary, or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and significantly in competition with the business of the Company or its subsidiaries; and

9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

2. Recruitment of Directors and Top Executives

Recruitment of directors of the Company shall be as provided in the Articles of Association of the Company, which is by means of voting. One shareholder shall have one vote for each share. Each shareholder shall exercise all the votes he/she has to elect one or several person(s) to be directors, but cannot divide the votes for any person to any extent. Persons receiving the most votes, in descending order, are those who are elected directors, to the number of directors who are to be elected. If there is a tie in the last to be elected and this would exceed the said number of directors, the Chairman of the meeting shall have a casting vote.

At every annual general meeting, one-third of directors, or, if their number is not a multiple of three, then the number nearest to one-third shall retire from office.

The directors retiring in the first and second years following the establishment of the Company shall be drawn by lots. In subsequent years, the directors who have been longest in office shall retire. A retiring director is eligible for re-election.

Apart from retirement by rotation, a director shall vacate his/her office upon:

a) Death;
b) Resignation;
c) Lack of qualifications, or possession of prohibited characteristics as specified by law;

d) Removal by a resolution of the shareholders' meeting by voting of not less than three-fourths of the number of shareholders present and entitled to vote and having shares in aggregate not less than one-half of the number of shares held by the shareholders present and entitled to vote; or
e) Removal by a court order.

In case of vacancy in the number of directors other than a retirement by rotation, the Board of Directors shall elect a person who is qualified and does not possess prohibited characteristics as specified by law to fill the vacancy at the next Board of Directors' meeting, except that the remaining term of the former director is less than two (2) months. The replacement director shall retain his/her office only during the period for which the former director was entitled to retain the same.

The resolution of the Board of Directors under paragraph one must be passed by a vote of not less than three-fourths of the number of the remaining directors.

Supervision of the Use of Internal Information

The Company has a measure and methods to supervise the directors or executives' use of internal information that has not been disclosed to the public to seek personal gain, including securities trading, as follows:

1. The Company has informed directors and executives of their duty to report their securities holdings in the Company as well as those of their spouses, children who are minors, and persons holding securities on their behalf and the change in their securities holding to the Securities and Exchange Commission. The Company has also notified the directors and executives of penalties under Section 59 and Section 275 of the Securities and Exchange Act, B.E. 2535 (A.D. 1992).

2. The Company requires directors and executives to report their trading of the Company's securities to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act, B.E. 2535 (A.D. 1992) within the business day following the date of trading and send a copy of such report to the Company by the same day the report is submitted to the Securities and Exchange Commission.

3. The Company prohibits its directors, executives, and relevant employees who are aware of essential Internal information from disclosing such information to third parties or unauthorized persons and from trading the Company's securities during the month before the Company's financial statements are disseminated to the general public.

4. The Company will impose disciplinary penalties if internal information is used to seek personal gains. Such penalties include written warning, reduction of wage, suspension from work without pay, or termination of employment. Imposition of penalties will be considered on the basis of intent of the act and severity of the offence.

Section 6: Guidance on Good Governance Principles

To achieve good governance objectives by indicating that the Company has effective, transparent and accountable management systems as instruments for building trust and confidence for every stakeholder party, the Company's Board of Directors has specified the following practice guidelines on good governance.

1. Best Practice Guidelines for the Board of Directors
2. Best Practice Guidelines for the Executives and Employees
3. Best Practice Guidelines for Human Resource Management
4. Best Practice Guidelines for Accounting and Financial Transactions
5. Best Practice Guidelines for Internal Control
6. Best Practice Guidelines for Use of Information Technology and Communication
7. Best Practice Guidelines for Procurement
8. Best Practice Guidelines for Safety, Occupational Health, and Environment
9. Best Practice Guidelines for Use of Company's Internal Information
10. Best Practice Guidelines for Confidentiality
11. Best Practice Guidelines for Report on Interest
12. Best Practice Guidelines for Non-Violation of Intellectual Properties and Copyright
13. Best Practice Guidelines for Energy Management
14. Best Practice Guidelines for Social and Environmental Responsibility
15. Best Practice Guidelines for Anti Corruption
16. Best Practice Guidelines for Political Contributions
17. Best Practice Guidelines for Accepting Gifts, Hospitality and other Benefits
18. Best Practice Guidelines for Giving Gifts, Hospitality and other Benefits
19. Best Practice Guidelines for Charitable Contribution
20. Best Practice Guidelines for Sponsorship

21. Best Practice Guidelines for Whistle Blowing
22. Best Practice Guidelines for Disclosure and Transparency

Ethical Treatment of Stakeholders

1.1 Shareholders

The Company respects and recognizes the basic rights of all shareholders, either stipulated by laws or Articles of Association of the Company, such as the right to examine the quantity of shares, the right to receive share certificates, the right to attend, vote, and express opinions independently at the shareholders' meeting, and the right to take part in making a decision on important matters relating to the Company's business operations, as the owners of the Company. All shareholders will be treated equally. Data will be disclosed transparently and reliably to the shareholders.

1.2 Creditors and Trade Partners

The Company conducts business with any creditors and trade partners on the basis of morality and honesty and will not act in a manner that ruin the Company's reputation or is in violation of the laws. The Company will take equality in business operations and mutual benefits into consideration. Selection of trade partners will be conducted fairly. The Company considers that trade partners are an important factor to contribute to value addition for customers. The Company will uphold the conditions of contracts executed and comply with all obligations it has towards its creditors and trade partners.

1.3 Customers

The Company is devoted to satisfaction and confidence of customers and will ensure that they receive products and services of the best quality. The Company is determined to maintain good relationship with its customers by adhering to the following principles:

1.3.1 To manufacture and render standard products and services, to be determined to continuously upgrade the standard of its products and services, and to provide the customers with complete and accurate information; and

1.3.2 Not to disclose any customer's information without permission of the customer, except where it is required by laws to disclose such information to another person.

1.4 Employees

1.4.1 Employees are the most valuable resource and key to the Company's success. Therefore, the Company is committed to continuously enhance corporate culture and good working environment, to promote teamwork. The Company discourages power abuse and strongly prohibits sexual harassment.

1.4.2 Employees will be treated with politeness and respect.

1.4.3 Employment, appointment, and transfer will be on the ethical basis and the human resources will be engaged to the best advantage of the Company.

1.4.4 The Company takes responsibility in maintaining the safe working environment for both employees and their properties. Labor laws are strictly followed as well.

1.5 Competitors

TCMC has a policy to promote and support fair and open competition. The Company does not seek its competitors' information through illegal or unethical means.

1.6 Society and Environment

The Company is well aware that it is a part of the society and has social obligation to support the society and community in which it is operating. TCMC has a policy to promote activities relating to conservation of natural resources and environment. It is also the Company's policy to select and promote the use of environmentally friendly products.

1.7 Human Rights

1.7.1 The Company respects human dignity, privacy, and personal rights of every person it comes into contact with during the course of work. The Company will not engage in or promote any act that violates human rights.

1.7.2 Working Environment

a) The Company will promote employment equality, not support discrimination, either direct or indirect, whether on the basis of race, color, gender, sexual orientation, age, disability, religion, and legal expression of political and other views. The Company will provide benefits and welfare that all employees are entitled to, such as holidays, overtime pay, medical treatment expenses, various kinds of loans, and etc.
b) The Company has put in place procedure and process to file complaints and will consider settling complaints in a suitable and fair manner.

c) In case of violation of regulations or disciplines, an investigation should be conducted and penalties may be imposed, as the case may be. Investigation of a disciplinary offence will be conducted by the Investigation Committee only for fairness.

1.7.3 Occupational Health and Safety of Employees

The Company will support and promote occupational health and safety activities to ensure good health and safe working environment where all hazards are effectively controlled and work-related injury and illness are prevented.

CORPORATE SOCIAL RESPONSIBILITY

The Company gives precedence to achieve sustainable growth for our business operations with corporate social responsibilities. Basing our entrepreneurial philosophy on concerns and care for all stakeholders, economy, society and the environment using our virtue, ethics and code of conduct, the Company is looking forward to operating under corporate social responsibilities and is determined to benefit the society as a whole and enable company's growth. The Company has thus categorized our corporate social responsibilities policy into 8 aspects as follows:

Fair Business Operations

In the course of business operations, the Company requires the employees at all levels to treat trade partners and related parties fairly and promote performance of all activities in full compliance with laws and regulations of the Company. The Company does not encourage acceptance or payment of bribes under any circumstance and will not carry out any unfair act or try to damage competitors' reputation. All employees shall be careful with violation of intellectual property. The Company believes that fair business operations will be advantageous to the Company as follows:

1. Customers have good opinion of the Company and have trust in quality of its products and services.
2. The Company gains trust from creditors. If there is a financial crisis, it will be easier for a company with good history of debt repayment to negotiate with creditors.
3. Employees are proud of being a part of the Company.
4. When the Company continues to treat every party fairly, it can accumulate the bargaining power, which will eventually encourage other relevant entities to do the same. If any entity does not operate business fairly, it will not be able to demand fairness from others.

Anti-Corruption

The Company has placed importance on anti-corruption since corruption tends to be more widespread. What seems to be scary about corruption is that a lot of people believe that corruption is a normal practice. As a matter of fact, corruption is a major problem of the society and organizations. Thus, the Company has a policy to encourage employees to be against all forms of corruption in order to operate business fairly and comply with the principles of good corporate governance.

The Board of Directors' Meeting No. 3/2557 held on 27 August 2014 passed a resolution to apply for membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company signed the Declaration of Intent on 1 September 2014 and its status has been approved by Thailand's Private Sector Collective Action Coalition Against Corruption. In 2016, the Company conducted a self-evaluation on anti-corruption measures to get approval for membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company has applied for membership in the third quarter of 2016 and its application has already been approved. The Company has received the Certificate of Membership on 18 October 2016.

The Company is determined to fight against corruption by requiring all directors, executives, and employees to comply with established anti-corruption policy and guidelines. The anti-corruption policy and guidelines are aimed at enabling the Company to conduct business honestly, effectively, and efficiently to prevent, avoid, and minimize corruption. The Company has developed guidelines for treating trade partners or related parties and established channels for reporting of information. The organization has disclosed its anti-corruption intent to third parties. In addition to training activities, the Company has also communicated its anti-corruption guidelines to all employees on a regular basis through different channels to raise the employees' awareness of corruption and anti-corruption measures.

Anti-Corruption Practices

1. Directors, executives and employees of the Company and its affiliates as well as contractors and subcontractors shall not engage in, accept or support corruption of all forms, either directly or indirectly. The Company will review compliance with anti-corruption policy on a regular basis and ensure that established practices are in line with related policies, regulations, requirements, announcements, laws, and business changes.

2. All personnel of the Company should not be negligent when witnessing any acts deemed potential for corruption, and must immediately report to their supervisors or any responsible individuals. He or she must give full cooperation in the investigation process and should there be any doubts or queries, one is advised to consult with their supervisor or responsible persons, through available channels.

3. The Company has arranged for appropriate and sufficient internal control to prevent improper conducts of employees, especially those in the sales, marketing, and procurement units.

4. The Company will not engage in or support all kinds of bribery. All activities under control and supervision of the Company, including donation to a political party, must be transparent and without intention to persuade public or private officers to carry out improper activities.

5. The Company is aware of the importance of disseminating anti-corruption knowledge and ensuring an understanding with other persons whose roles or responsibilities are involved with the Company's business and might possibly cause adverse effects upon the Company, with regards to ways of practicing the anti-corruption policy.

Anti-Corruption Duties and Responsibilities

1. The Board of Directors is responsible for considering and approving the anti-corruption policy, supporting anti-corruption act in the organization to encourage all personnel of the Company to understand and realize the significance of anti-corruption initiatives, and cultivating anti-corruption mindset as the Company's culture.

2. The Audit Committee is responsible for reviewing financial and accounting reporting systems, internal control and audit systems, as well as risk management systems, to ensure that they comply with international standards, and are suitable, modern, and effective.

3. Managing director, management team, and executives are responsible for identifying the systems and providing support to any activities in the anti-corruption policies, ensuring that messages have been thoroughly communicated to all relevant staff members and departments, as well as for reviewing the appropriateness of different systems and practices to make sure they facilitate business changes, rules and legal regulations.

4. Internal Audit Department is responsible for performing duties in accordance with established internal audit plans, and submitting the reports on internal control systems and evaluation of corruption risks to the Audit Committee for acknowledgement.

Procedures for Compliance with Anti-Corruption Policy

1. Not accepting or giving gift in the form of cash, check, bond, stock, gold, or other article of similar nature to any related persons you contact with, both in public and private sectors.

2. Not giving any asset, object, or gift to influence a decision of the recipient or make him/her deviate from normal practices that other trade partners do. If it is necessary to give gifts on different occasions, such gifts should not have excessive value and every process of giving the gifts must be accountable.

3. Not being an intermediary in offering valuable asset, including money, to any officer of a governmental agency or any organizations in exchange for a privilege or to cause such officer to omit his/her duties or not follow any rules, regulations and requirements

4. There shall be transparency and accountability in all procurement activities, which shall be conducted in accordance with established procedures and regulations of the Company.

5. If any fund or asset of the Company are to be provided to support any projects, such fund or asset shall be provided under the name of the Company only. Payment of fund must be made for the purpose of business, good image, and reputation of the Company. Reasons for disbursement of fund must be clearly stated and there shall be evidence for subsequent inspection.

6. Fund or asset donated for charitable purpose must be under the name of the Company only. Donations must be made only to licensed or reliable organizations, temples, and hospitals.

7. Any politically related acts shall not be conducted. No resources of the Company may be used to support any political parties or politicians. The Company has no policy to assist any political parties, either directly or indirectly.

8. The Company will treat with fairness and protect any employees who refuse corruption or any employees or persons who make a report on corruption activities related to the Company by using protection measures established by the Company.

9. This Anti-Corruption Policy shall extend to human resource management activities from recruitment to promotion, performance appraisal, and remuneration. The Board of Directors and all levels of personnel are required to understand and comply with the Anti-Corruption Policy.

10. The Board of Directors and the Executive Committee are aware of the significance of disseminating knowledge and advices to all personnel in order to make them understand and follow the Anti-Corruption Policy, as well as setting an example for the personnel.

Guidelines for Making a Tip-Off or Lodging a Complaint

The Company has developed the guidelines for making a tip-off or lodging a complaint in full compliance with the Anti-Corruption Policy approved by the Board of Directors as follows:

Objectives

All directors, executives, and employees are expected to carry out their duties correctly, transparently, and accountably. The Company also expects the directors, executives, and employees to inform the Company in good faith of any acts that are or may be in breach of the principles of good corporate governance, code of business conduct, or related laws in order to ensure that such acts are corrected or conducted properly.

Whistle blowing or Lodging a Complaint

Employees should report any of the following concerns to the Company:

- Violation of good corporate governance, code of business conduct
- Violation of laws or the Company's regulations or articles of association
- Unfair treatment in workplace
- Corruption
- Commission of unlawful act

A concerned person may report any misconduct or post questions through available and appropriate channels as follows:

- Suggestion box
- Direct notification to his/her supervisor (from the level of manager)
- Notification to the Human Resources Department
- If an informant is to make a tip-off or file a complaint regarding corruption, he/she may do so through the Audit Committee at:

Address: Chairman of the Audit Committee
TCM Corporation Public Company Limited
238, Vibhavadi-Rangsit Road, Sanambin Sub-district
Don Mueang District, Bangkok Metropolis 10210
Email: auditcom@tcm-corporation.com

Complaint Handling Procedure

1. Receiving a complaint
   a) A complaint lodged must be forwarded to the Managing Director for investigation. In a special case, an investigation team may be formed.
   b) If a complaint is made against the Board of Directors or Managing Director, it shall be sent directly to the Audit Committee who will investigate the complaint and report to the Board of the Director to jointly impose penalties as appropriate.
   c) In case of any urgent issue, the Company requires the Managing Director report immediately to the Board of Directors and the Audit Committee in case of actual or potential corruption, violation of laws, or any other irregularity that has significant impact on the Company's reputation or financial position, including:
      Conflict of interest
      Corruption or irregularity or defect in the internal control system
      Violation of securities and exchange laws, regulations of the SEC and the SET, and other laws related to the business of the Company.

The Managing Director, through the Corporate Secretary, reports the complaint to the Board of Directors and the Audit Committee within one day.

2. Data Gathering
   a) A person assigned to investigate a complaint is authorized to find facts and advise related persons to behave or do their jobs appropriately. Where any disciplinary punishment is required, Human Resources Department should be consulted to ensure that the punishment is in compliance with the Company's regulations.

b) A person assigned to investigate a complaint has no authority to demand an employee to appear in front of him/her for an inquiry for imposing any punishment. Data and facts gathered must be submitted to the Managing Director or above to consider imposing penalties or any other corrective action, as the case may be.

c) If an anonymous complaint is received and it is impossible to discover sufficient additional information, the person assigned to investigate such complaint shall submit an investigation report and opinion on such complaint to the Managing Director for proper advice. If the Managing Director deems that nothing can be done with the complaint, the case should be closed and a report must be sent to the Audit Committee.

d) If data gathered suggest that the accused is not found guilty or denies the accusation, or the complaint is caused by a misunderstanding, the accused or related persons are advised to behave well, and it is considered that the case should be closed without any penalty imposed, a report on such complaint must be submitted to the Managing Director for approval for closure of the case.

3. Investigation

Where an investigator or working group and Human Resources Department deem that a disciplinary penalty should be imposed, the Human Resources Department shall propose recommended penalty to the Managing Director for approval. A regulation whereby defect is detected should be improved to make it clearer and practical.

Measures for Protecting the Whistleblower or Complainant

Whistleblower or person cooperating in the investigation shall be entitled to protection as follows:

1. A whistleblower or person cooperating in the investigation may choose not to disclose himself/herself if he/she believes that such disclosure may result in any unsafely or damage. However, if he/she chooses to disclose him/herself, it will be more convenient and faster for the organization to give him/her a report on progress of the complaint handling, give him/her clarifications, or mitigate the damage suffered.

2. The organization will not disclose the name, address, photo, or any other identification of the whistleblower or person cooperating in the investigation whereby the ground should be sought.

3. Complaint recipient is required to keep related information confidential and may disclose the information as necessary only, taking account of safety of and damage to the whistleblower or the person cooperating in the investigation, source of the information, or related persons.

4. Where the whistleblower or person cooperating in the investigation considers that he/she may not be safe or damage may be caused to him/her, he/she may ask the organization to take proper protection measures or the organization may determine protection measures without request if it deems that the complaint tends to cause damage or unsafely.

5. Proper and fair processes will be used to mitigate damage caused to the victim.

Corrective Measures and Compensation

Where damage is caused to any employee or stakeholder as a result of violation of lawful rights, the Company will be pleased to listen to his/her opinion or request and to correct any defect or impact caused immediately as well as to take any measures to prevent recurrence of such event. The Company will consider compensating the victim properly and reasonably on a case-by-case basis.

Communication and Disclosure Guidelines

The Company has developed guidelines for communicating and disclosing its anti-corruption activities. Many channels are provided to enable directors, executives, and employees at all levels as well as trade partners and subsidiaries to contact the Company when witnessing any event or behavior that may involve corruption or cause damage to the Company.

1. General communication and disclosure: the Company will communicate and disseminate this document on its website so that all directors, executives, and employees can study and follow and that all stakeholders are aware of the Company's anti-corruption practices as follows:

- Website of the Company: http://www.tcm-corporation.com

2. Internal communication to make its determination to fight against corruption known to the employees will be made as follows:

- The Company will disseminate brochures containing brief anti-corruption practices and guidelines to the employees.
- Anti-corruption training will be organized for existing employees and the anti-corruption topic will be added to the new employee orientation.
- Information will be sent to employees' emails.

- Information will be posted on bulletin board.

3. External communication: to show the Company's intention to fight against corruption in all forms, various channels will be used to communicate with all groups of stakeholders as follows:

- Letters or emails will be sent to customers or trade partners on a regular basis at least once a year.

Respect for Human Rights

The Company emphasizes respect for human rights with the ambition to bring equality and justice, both inside and outside the organization. The Company vows not to commit any act that violates liberty and rights in either directly or indirect way. The Company has the policy to promote and protect human rights by preventing company business from involving with human rights violation. For instance, the Company prohibits illegal labor and child labor. In addition, the Company respects and treats all stakeholders with fairness basing on the virtue of humanity. The Company prioritizes equality without discrimination on origin, racial background, gender, age, skin, religion, physical appearance, wealth and family background. Moreover, the Company supports the monitoring of human rights compliance within the company, as well as encourages investors, trading partners and all stakeholders to follow international human rights standards. The Company protects the rights of stakeholders who might suffer from the violation of all forms resulting by any of the company's business operations. In such case, the Company will consider a remedy in the rate not lower than the requirements of applicable laws, etc.

Fair Labor Treatment

The Company has the policy to create a happy work environment for employees in which everyone respects one another and employees of all levels are being treated like family members without unfair exploitation of others. In managing the wellbeing of employees, the Company has established efficient human resource management across all level for optimum efficiencies, ranging from recruitment, personnel development to constant employee training. Fair remuneration and employee benefits are determined. Moreover, the Company encourages and supports our employees to grow professionally, to be eager to learn regardless of their level and to sharpen skills in order to optimize professionalism in a pleasant work environment. Key policies of the Company are listed as follows:

Remuneration and Welfare

The Company has the policy to offer appropriate wage, as well as ensure career stability, fair growth opportunity and various types of employee welfare according to applicable laws, such as social security, etc. In addition, other benefits not required by law are provided to our employees. For example, health and accident insurance plans are secured. There are also other types of subsidy, e.g. a supplement to ease funeral costs of employee's parents, children of employee's scholarships, etc.

Employee Capability Development and Training

The Company has the policy to support personnel development by encouraging employees to enhance their knowledge and capabilities, along with fostering positive attitude, virtue, ethics and teamwork. Training, seminar and education tours are provided to enable employees to prosper efficiently.

Moreover, the Company supports the advancement of organization and human resources through efficient operating procedures. Responsibility of employees is clearly determined, side by side with appropriate remuneration, appraisal system development and employee performance improvement scheme.

Safety and Occupational Health Policy

The Company has determined the policy that encourages employees to work safely with occupational health concern in a desirable work environment. The Company emphasizes the prevention of accidents using our utmost capability and fosters a sense of safety among employees. Knowledge on safety is provided through training. The Company realizes that employee's health is important and thus we strictly do not cause any destructive impact on the health of employees, customers or end users. The Company promotes the hygiene and safety of our workplace.

Accountability to Consumers

The Company has the following responsibilities towards its consumers or customers:

1. To treat the customers with honesty and fairness and provide them with correct and complete information on products and services;
2. To strictly comply with all conditions and obligations it has towards the customers;
3. To receive customers' complaints and process such complaints fairly and quickly to meet their needs;
4. To keep the customers' secret information confidential and not use such information to seek personal gain for oneself or others;

5. To constantly produce and deliver quality products and services and improve the quality of products or services to add value to them and meet the customers' needs; and

6. To reasonably determine the prices of products and services to ensure that they are not too expensive compared to their quality and avoid setting conditions unfair to the customers.

Environmental Protection

The Company is aware of the characteristics and intensity of environmental impacts caused by its business operations and admits that it has to make improvements to the business processes in order to minimize such impacts as well as to protect or restore the environment. This will add value to and enhance sustainable growth of the Company, society, and community as a whole.

The Company's industrial plant had wool-dyeing process. After the plant was flooded at the end of 2011, wastewater treatment system used to treat wastewater from wool-dyeing was damaged so the Company had to improve the wastewater treatment system in order to prevent environmental impact.

Participation in Community and Social Development

The Company recognizes and bears responsibilities towards the community and society we live in. Specific policies were developed to assist social development as follows:

1. The Company allows opportunities for the community and related parties to participate in public hearing held for the Company's projects which might cause impacts to the community. Opinions and complaints relating to the Company's operations are welcomed here.

2. The Company will cooperate to run business in coherence with industrial standards or any international agreement on issues relevant to prevent or reduce impacts on the environment.

3. The Company gives precedence to respond to any situation that affects the community, society and environment in a timely and efficient manner.

4. The Company encourages the employees to have a sense of responsibilities toward the environment and society.

Creation of Innovation and Promotion of Innovation Created with Responsibilities toward the Society, Environment and Stakeholders

The Company understands that stakeholders play a vital role in determining the direction of business operations. Therefore we have given precedence to recognize stakeholders of both inside and outside the organization. Therefore, the Company has the policy to create innovation on both internal operating levels and external cooperation with other organizations. Not only working with innovative ways, but these might also include idea changes, value creation with production, and value addition for the community, society and environment, side by side with sustainable business growth. Our practices are as follows:

- Thoroughly analyze operating procedures in order to open a new door to create new business innovations
- Create new opportunities in inventing new products for company growth alongside sustainable profitability
- Cooperate with state agencies in the development of new products to promote the use of domestic materials

The Company is committed to disseminate innovations by directly and indirectly communication and promotion among stakeholders through various channels in order to ensure that the Company's movements are completely acknowledged by stakeholders

TRANSACTION WITH RELATED PARTIES

(A) Purchasing-Selling : Carpets

1. **Nature of transaction**

Purchase and sell raw materials to maufacture carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* TCMC hold 51% of issued and fully paid-up share capital of UCM and there are the same director 3 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, and M.L. Walliwan Varavarn

Reasons and necessity

* The subsidiary do not have to purchase raw materials to be inventories

Transactions occurred in 2017		
The value of raw materials	1,598,588	BAHT
Outstanding as of December 31,2017	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

2. **Nature of transaction**

Purchase and sell carpets and materials for installation

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid-up share capital of RTI and there are the same director 4 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, M.L. Walliwan Varavarn, and Mr. Sumate Suwanvongkij

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of carpets and materials for installation	273,289,967	BAHT
Outstanding as of December 31,2017	112,279,756	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

3. **Nature of transaction**

Purchase and sell carpets and fabric

The parties involved

Seller : T.C.H. Suminoe Company Limited (TCH)

Buyer : Suminoe Textile Japan (STJ)

Relationship related

* STJ hold 50.10% of issued and fully paid-up share capital of TCH and there are the same director

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	84,966	BAHT
Outstanding as of December 31,2017	8,721,166	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

4. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : United Carpet Manufacturing Company Limited (UCM)

Buyer : Decorative Carpet

Relationship related

* Decorative Carpet hold 19% of issued and fully paid-up share capital of UCM

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	8,459,210	BAHT
Outstanding as of December 31,2017	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

5. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : Carpets International Thailand Public Company Limited (CIT)

Buyer : TCM Corporation Public Company Limited (TCMC)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Vechachai

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	29,797,917	BAHT
Outstanding as of December 31,2017	14,942,712	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

6. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Carpet International Thailand Public Company Limited (CIT)

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Vechachai

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	25,349,771	BAHT
Outstanding as of December 31,2017	27,917,760	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

7. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai HK Limited (RTHK)

Relationship related

* TCMC hold 100% of issued and fully paid_up share capital of TCMC HK and TCMC HK hold 100% of RTHK' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	690,649	BAHT
Outstanding as of December 31,2017	690,649	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

8. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai America Inc. (RTUS)

Relationship related

* TCMC hold 100% of issued and fully paid_up share capital of TCMC HK and TCMC HK hold 100% of RTUS' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	12,852,842	BAHT
Outstanding as of December 31,2017	12,852,842	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

9. **Nature of transaction**

Purchase and sell carpets

The parties involved

Seller : TCM Corporation Public Company Limited (TCMC)

Buyer : Royal Thai Singapore Pte. Ltd. (RTSG)

Relationship related

* TCMC hold 100% of issued and fully paid_up share capital of TCMC HK and TCMC HK hold 100% of RTSG' share

Reasons and necessity

* The normal business condition and general trading condition

Transactions occurred in 2017		
The value of goods	2,995,636	BAHT
Outstanding as of December 31,2017	2,995,636	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(B) Production Fee

1. **Nature of transaction**

Commission Tufted

The parties involved

Vendor : TCM Corporation Public Company Limited (TCMC)

Contractor : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* TCMC hold 51% of issued and fully paid_up share capital of UCM and there are the same director 3 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, and M.L. Walliwan Varavarn

Reasons and necessity

* In order to deliver products to customers on time

Transactions occurred in 2017		
The value of production fee	3,820,148	BAHT
Outstanding as of December 31,2017	1,022,194	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

2. **Nature of transaction**

The contract to dye yarns

The parties involved

Vendor : United Carpet Manufacturing Company Limited (UCM)

contractor : TCM Corporation Public Company Limited (TCMC)

Relationship related

* TCMC hold 51% of issued and fully paid_up share capital of UCM and there are the same director 3 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, and M.L. Walliwan Varavarn

Reasons and necessity

* Service to dye yarns for manufacturing to subsidiary

Transactions occurred in 2017		
The value of production fee	2,721,217	BAHT
Outstanding as of December 31,2017	1,420,456	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(C) Office Rental

1. **Nature of transaction**

Office rental

The parties involved

Lessor : TCM Corporation Public Company Limited (TCMC)

Renter : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid-up share capital of RTI and there are the same director 4 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, M.L. Walliwan Varavarn, and Mr. Sumate Suwanvongkij

Reasons and necessity

* The normal business condition

Transactions occurred in 2016		
The value of service fee	1,170,000	BAHT
Outstanding as of December 31,2016	-	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(D) Transportation Service

1. **Nature of transaction**

Transportation service

The parties involved

Service Provider : Decorative Carpet

Service Recipient : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* Decorative Carpet hold 19% of issued and fully paid-up share capital of UCM

Reasons and necessity

* The normal business condition

Transactions occurred in 2017		
The value of service fee	1,007,391	BAHT
Outstanding as of December 31,2017	402,508	BAHT
Pricing policies		
According to general trade practice and approximate to market price		

(E) Support administrative and sale support

1. **Nature of transaction**

Support in operation

The parties involved

Service Provider : TCM Corporation Public Company Limited (TCMC)

Service Recipient : Royal Thai International Company Limited (RTI)

Relationship related

* TCMC hold 99.99% of issued and fully paid up share capital of RTI and there are the same director 4 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, M.L. Walliwan Varavarn, and Mr. Sumate Suwanvongkij

Reasons and necessity

* The normal business condition

Transactions occurred in 2017		
The value of service fee	5,122,207	BAHT
Pricing policies		
According to the normal trading rate		

2. **Nature of transaction**

Support in sale

The parties involved

Service Provider : Royal Thai LLC. (RTME)

Service Recipient : TCM Corporation Public Company Limited (TCMC)

Relationship related

* The shareholder of RTME - Mr. Nataphol Teepsuwan is spouse of Mrs.Taya Teepsuwan who is shareholder of TCMC

Reasons and necessity

* In order to help to take care foreign customers

Transactions occurred in 2016		
The value of service fee	11,800,719	BAHT
Pricing policies		
According to agree upon rate		

3. **Nature of transaction**

Support in technician

The parties involved

Service Provider : Suminoe Textile Japan (STJ)

Service Recipient : T.C.H. Suminoe Company Limited (TCH)

Relationship related

* STJ hold 50.10% of issued and fully paid-up share capital of TCH and there are the same director

Reasons and necessity

* In order to support in technician

Transactions occurred in 2017	42,268,246	BAHT
The value of service fee	-	BAHT
Outstanding as of December 31,2017		
Pricing policies		
According to agree upon rate		

(F) Support in finance

1. **Nature of transaction**

Support in finance

Lender : TCM Corporation Public Company Limited (TCMC)

Borrower : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* TCMC hold 51% of issued and fully paid-up share capital of UCM and there are the same director 3 persons are Mr. Pimol Srivikorn, Mr. Charlie Jangvijitkul, and M.L. Walliwan Varavarn

Reasons and necessity

* In order to use in operation

Transactions occurred in 2017		
Loan	2,550,000	BAHT
Interest	29,325	BAHT

Interest Rate

According to interest rate on bank deposit

The subsidiary borrowed short-term loan from shareholders was presented in the form of promissory note, maturity on September 15,2017 with the interest of 1.15% per annum and there is change promissory note, maturity on September 15, 2018 with the interest of 1.15% per annum

2. **Nature of transaction**

Support in finance

The parties involved

Lender : Decorative Carpet

Borrower : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* Decorative Carpet hold 19% of issued and fully paid-up share capital of UCM

Reasons and necessity

* In order to use in operation

Transactions occurred in 2017		
Loan	950,000	BAHT
Interest	10,925	BAHT

Interest Rate

According to interest rate on bank deposit (Detail as same as no.1)

3. **Nature of transaction**

The parties involved

Lender : Other Shareholders

Borrower : United Carpet Manufacturing Company Limited (UCM)

Relationship related

* Other shareholder 3 persons hold 30% of issued and fully paid-up share capital of UCM

Reasons and necessity

* In order to use in operation

Transactions occurred in 2017		
Loan	1,500,000	BAHT
Interest	17,250	BAHT
Interest Rate		
According to interest rate on bank deposit (Detail as same as no.1)		

4. **Nature of transaction**

Support in finance

Lender : TCM Corporation Public Company Limited (TCMC)

Borrower : TCMC Furniture (TCMF)

Relationship related

* TCMC hold 76% of issued and fully paid-up share capital of TCMF and there are the same director 3 persons are Mr. Pimol Srivikorn,Mr. Charlie Jangvijitkul, and M.L. Walliwan Varavarn

Reasons and necessity

* In order to use in investment

Transactions occurred in 2017		
Loan	-	BAHT
Outstanding as of December 31,2017	337,496,049	BAHT
Interest	7,049,844	BAHT
Interest Rate		
Interest according to market rate		

5. **Nature of transaction**

Guarantees for loans

The parties involved

Guarantor : Suminoe Textile Japan (STJ)

Be Guaranteed : T.C.H. Suminoe Company Limited (TCH)

Relationship related

* STJ hold 50.10% of issued and fully paid up share capital of TCH and there are the same director

Reasons and necessity

* In order to guarantee of loan with bank without collateral

Transactions occurred in 2017		
Guarantee Fee	114,274	BAHT

6. **Nature of transaction**

Prepaid expenses for operation in Dubai

The parties involved

Provider : Royal Thai LLC. (RTME)

Recipient : TCM Corporation Public Company Limited (TCMC)

Relationship related

* The shareholder of RTME - Mr. Nataphol Teepsuwan is spouse of Mrs.Taya Teepsuwan who is shareholder of TCMC

Reasons and necessity

* In order to help to take care foreign customers

Transactions occurred in 2017		
Prepaid expenses	8,559,764	BAHT
-Expenses to install carpets, office rents, apartment, letter of guarantee		

7. **Nature of transaction**

Advance Payment for subsidiary

The parties involved

Provider : TCM Corporation Public Company Limited (TCMC)

Recipient : Manor (2016) Holdings Limited

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Manor (2016) Holdings Limited

Reasons and necessity

* Advance payment for subsidiary

Transactions occurred in 2017		
Advance payment	21,759,900	BAHT
-In order to pay expenses of subsidiary		

8. **Nature of transaction**

Advance Payment for subsidiary

The parties involved

Provider : TCM Corporation Public Company Limited (TCMC)

Recipient : DM Midlands Holdings Limited

Relationship related

* TCMC hold 100% of issued and fully paid-up share capital of Manor (2016) Holdings Limited, and Manor (2016) Holdings Limited hold 75% of share capital of DM Midlands Holdings Limited

Reasons and necessity

* Advance payment for subsidiary at the beginning of the company

Transactions occurred in 2016		
Advance payment	2,929,785	BAHT
-In order to pay expenses of subsidiary at the beginning of the company		

REPORT OF THE BOARD'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements Year 2017 of Thailand Carpet Manufacturing Public company Limited and its subsidiaries have been prepared in accordance with the Notification of the Department of Business Development, regarding to the condensed transactions of the financial statements, effective under the Accounting Act B.E. 2543 (2000) and in compliance with the accounting standard established in the Accounting Profession Act B.E. 2547 (2004).

The Board of Directors is responsible for the preparation of the financial report of Thailand Carpet Manufacturing Public company Limited and its subsidiaries, assuring that the report of the financial status, operating results, and cash flows are presented in truth and fairness by having established a correct and complete keeping of the financial records. These financial statements have been prepared in accordance to the generally accepted accounting standard by using accounting policies that are appropriate and corresponding to the business operation, which are undertaken on a regular basis. The Company also considers and maintains adequate provisions for uncertainty items or items that may have significant effect on future operation, by disclosing important information in the Notes to Financial Statement with certified accountant's opinions in the Report of Independent Auditor.

Accordingly, the Board of Directors has appointed the Audit Committee, comprising of independent and non-executive directors with complete qualifications as established by the Securities and Exchange Commission (SEC), to review the financial statements for compliance with the accounting standard; to review the internal control and internal audit system for appropriateness and efficiency; to review that the business operation has been conducted in accordance with the Company's regulations and relevant laws and regulations; and to oversee that there are no conflict of interest; as well as to consider the propose for the appointment of the Company's auditors. The opinions of the Audit Committee are expressed in the Report of the Audit Committee which has been included within the Annual Report 2017.

28 February 2018
On behalf of the Board of Director of TCM Corporation PLC

(Mr. Pimol Srivikorn)
Chairman

(M.L. Walliwan Varavarn)
Chief Executive Officer

amxdesign
the leather experts

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REPORT FROM AUDIT COMMITTEE

The Audit Committee of TCM Corporation Public Company Limited [formerly "Thailand Carpet Manufacturing Company Limited"] is appointed by the Company's Board of Directors and is composed of three independent directors with Mr. Anan Laoharenu as the Audit Committee Chairman while Mr. Sorawit Krairerk and Mr. Suwitcha Netiwiwat are directors.

The Audit Committee performed duties according the authority, duties and responsibilities assigned by the Company's Board of Directors by attending meetings with executives and auditors along with reporting performance to the Company's Board of Directors to regularly acknowledge and consider every quarter by requesting performance reports for 2017 with significant contents summarized as follows:

(1) Reviewed the financial statements quarterly and annually for the fiscal year 2017 by conferring with the auditor and executives in order to verify the correctness of the financial statements and adequacy of information disclosure, including to acknowledge the observations and comments of the auditor, which the Audit Committee is of the opinion that the said financial statements are appropriately correct under the accounting standard as required under generally accepted accounting principles.

(2) Reviewed the adequacy of the internal control system for the fiscal year 2017 whereby the Company has engaged P & L Internal Audit Company Limited to audit the important work system and the internal control system of the Company which no significant mistakes were found by recommending the executives to adjust and change any work system to be more careful and appropriate.

(3) Reviewed compliance with laws on securities and stock exchanges, including regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in addition to laws involving the Company's business in 2017. The Audit Committee advised the Management Department to complete all legal requirements.

(4) Reviewed related transactions or transactions with potential conflicts of interest and acquisition and distribution of assets in 2017, including disclosure of information on the aforementioned transactions as per specifications of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee checked and found transactions with significant contents already disclosed and displayed on the financial statement and remarks accompanying financial statements of 2017.

(5) Reviewed management in compliance with good governance in 2017 by recommending the Management Department to place importance on management in line with good governance with consistency in addition to supporting executives and employees at every level to adhere to and comply with business rules, regulations and ethics in order to create transparency, acceptance and increase confidence among customers and all related parties.

(6) Reviewed self assessment on anti-corruption measures to certify membership of the Private Sector Collective Action Coalition Council. The company had already been certified in 2017.

(7) Considered selecting auditors and auditing fee specifications for 2018. The Audit Committee may nominate the original auditor or nominate a new auditor and terminate employment of the original auditor in order to propose for the Company's Board of Directors to consider requesting approval from the general meeting of shareholders in 2018 after considering performance, independence and suitability of wages by comparing with the original auditor, and hereby deems appropriate to appoint Mr. Sathien Vongsnan, Certified Public Accountant No. 3495 or Mr. Atipong Atipongsakul, Certified Public Accountant No. 3500, or Mr. Vichai Ruchitanont, Certified Public Accountant No. 4054 or Ms. Kultida Pasurakul, Certified Public Accountant No. 5946 or Ms. Panita Chotisaengmaneekul, Certified Public Accountant No. 9575 the auditors of ANS Audit Co., Ltd., acting singly, as the Company's auditors and fix the remuneration of the Auditors for the fiscal year 2018 in the amount not exceeding 3,100,000 baht, down from previous year amount 130,000 baht is equal to 4.02%, which was considered to be the appropriate remuneration.

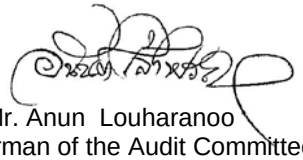
(8) The audit committee had appointed the criteria and self-assessment of the audit committee, both individual and group for the fiscal year 2017. The assessors identified strengths, weaknesses, and the issues that need to be improved. The audit committee will jointly consider the evaluation results and determine ways to improve work more effective in the next year.

(9) During the fiscal year 2017, the Audit Committee Meeting was held 5 times, there were attendees as follow:-

List of the Audit Committee	Position	No. of times to attend meeting in 2017
(1) Mr. Anun Louharanoo	Chairman of the Audit Committee	5/5 times
(2) Mr. Soravis Krairiksh	Audit Committee Member	3/5 times
(3) Mr. Suvitcha Nativivat	Audit Committee Member	4/5 times

The Audit Committee has the independence in the performance of the work as assigned by the Board of Directors of the Company by conferring with the relevant executives from time to time and meeting with the auditor every quarter in order to review and acknowledge the observations in relation to the financial statements and the internal control system of accounting and finance, which no significant abnormalities were found for the fiscal year 2017.

27 February 2018
On behalf of the Audit Committee



Mr. Anun Louharanoo
Chairman of the Audit Committee

TCH SUMINOE

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FINANCIAL STATUS AND PERFORMANCE ANALYSIS

Overall Performance

The Company's Board of Directors Meeting No. 3/2560 on 3 August 2017 approved to establish two subsidiaries consisting of TCMC HK (2017) Limited, registered in Hong Kong, and RT UK (2017) Limited, registered in the United Kingdom, in order to invest in all Commercial Carpet Businesses of Tai Ping Carpets International Limited by purchasing shares from the former shareholders of Tai Ping Carpets International Limited which operates in the business of carpet manufacturing and distribution.

On 20 September 2017, the Company's Extraordinary Shareholder Meeting No. 1/2560 approved for TCMC HK (2017) Limited to hold shares in Costigan Limited ("CTG") at a ratio of 100 percent. CTG holds shares in the Commercial Carpet Business in the United States and Asia. Furthermore, the meeting approved for RT UK (2017) Limited to receive transfers of businesses in Europe and the Middle-East. The Company and TCMC HK (2017) Limited will jointly hold shares in Vechachai Company Limited, which holds 99.30 percent of shares in Carpet International Thailand Public Company Limited, a carpet manufacturing factory located in Thailand. Shares were purchased from Tai Ping and subsidiaries of Tai Ping's shareholders, who are the current shareholders of companies operating in the Commercial Carpet Business, not connected the Company. After the Company entered into the transaction, the Company's subsidiaries, TCMC HK (2017) Limited and RT UK (2017) Limited, hold 100 percent of shares in the Commercial Carpet Business of Tai Ping Carpets International Limited.

On 29 September 2017, TCMC HK (2017) Limited and RT UK (2017) Limited invested in companies operating in the Commercial Carpet Business of Tai Ping Carpets International Limited. Therefore, the Commercial Carpet Business has status as a direct and indirect subsidiary of the Company. And financial data on the date of business acquisition was used to prepare the Company's consolidated financial statement from 30 September 2017 onward. For the year ending on 31 December 2017, the Company had a profit of 31.19 million Baht when compared to the year ending on 31 December 2016 when the Company had a loss of 13.44 million Baht. The consolidated financial statement for the year ending on 31 December 2017 had a profit of 204.82 million Baht when compared to a profit of 174.11 million Baht in the year ending on 31 December 2016, or a change of over 20 percent with the following reasons.

1. Income

In 2017, the Company had sales and service income at 571.14 million Baht, a higher amount than in 2016 by 40.03 million Baht, or 7.54 percent. For the financial statement of 2017, the Company had sales and service income at 7,633.13 million Baht. The Company's sales ("TCMC") were at 571.14 million Baht, Royal Thai International Company Limited ("RTI") sales were at 274.51 million Baht, Vechachai Company Limited sales were 659.73 million Baht, TCMC Hong Kong (2017) Company Limited sales were 577.75 million Baht, United Carpet Manufacturing Company Limited ("UCM") sales were 50.62 million Baht, T.C.H. Suminoe Company Limited ("TCH") sales were 1,424.03 million Baht, TCMC Furniture Limited ("TCMF") sales were 1,302.15 million Baht and Manor (2016) Holding Limited ("Manor") sales were at 3,350.30 million Baht. Thus, sales in 2017 were higher than 3,872.07 million Baht in 2016, or an increase of 97.13 percent from the Company's investment in companies operating in the Commercial Carpet Business of Tai Ping Carpets International Limited.

2. Sales and Service Costs

In 2017, the Company had sales and service costs at 447.05 million Baht, or 78.27 percent of income when compared to 419.19 million Baht or 78.93 percent of income in 2016. According to the consolidated financial statement of 2017, the Company had sales and service costs at 5,642.30 million Baht or 73.92 percent of income when compared to 2,860.83 million Baht or 73.88 percent of income in 2016.

3. Income from Dividends

In 2017, the Company received dividends from TCH at 73.69 million Baht. In 2016, the Company received dividends from TCH at 51.50 million Baht.

4. Other Income

In 2017, the Company had other income at 18.89 million Baht when compared to 21.78 million Baht in 2016, or a reduction of 2.89 million Baht. In the consolidated financial statement, the Company had other income in 2017 at 78.77 million Baht and 23.10 million Baht in 2016, or an increase of 55.67 million Baht. In 2016, the Company perceived income from cancellation of machine hire-purchase contracts with Couristan at 15.23 million Baht because the Company received consistently lower purchase orders than specifications on contracts.

5. Sales and Management Expenses and others

In 2017, the Company had sales and management expenses at 134.29 million Baht when compared to 124.19 million Baht in 2016, or an increase of 10.10 million Baht or 8.13 percent. The consolidated financial

statement in 2017 showed sales and management expenses at 1,553.58 million Baht when compared to 697.52 million Baht in 2016, or an increase of 856.06 million Baht or 122.73 percent from investment in companies operating in the Commercial Carpet Business of Tai Ping Carpets International Limited.

In 2017, the Company had losses from exchange rates at 1.10 million Baht and 83.31 million Baht in 2016. This was caused by exchange rate losses from 82.51 million Baht in loans provided by the Company for TCMF in England to purchase shares in Alstons Group. The consolidated financial statement of 2017 showed a loss from exchange rates at 1.97 million Baht while profit from exchange rates in 2016 was at 1.24 million Baht.

6. Financial Costs

In 2017, the Company had financial costs of 58.51 million Baht when compared to 20.37 million Baht in 2016, an increase of 38.14 million Baht. Loan interest increased due to the investment in the Commercial Carpet Business of Tai Ping Carpets International Limited. For the consolidated financial statement of 2017, the Company had a financial cost of 106.38 million Baht when compared to 50.69 million Baht in 2016, an increase of 55.69 million Baht.

Financial Position

Assets

As at 31 December 2017, the Company had total assets at 5,100.27 million Baht, an increase from the statement of financial status as at 31 December 2016 with a total amount of 1,874.62 million Baht. According to the consolidated financial status as at 31 December 2017, the Company had total assets of 8,818.32 million Baht when compared to the consolidated financial status as at 31 December 2016 (adjusted) when the Company had total assets at 4,888.75 million Baht, an increase of 3,929.57 million Baht from investment in the Commercial Carpet Business of Tai Ping Carpets International Limited.

Liabilities

As at 31 December 2017, the Company had total liabilities of 3,145.18 million Baht, an increase from 652.86 million Baht on 31 December 2016. On the consolidated financial statement as at 31 December 2017, the Company had total liabilities at 6,172.02 million Baht when compared to 3,152.06 million Baht on the consolidated financial statement as at 31 December 2016 (adjusted), an increase of 3,019.96 million Baht.

Shareholders' Equity

As at 31 December 2017, the Company had shareholders' equity of 1,955.09 million Baht, an increase from 1,221.76 million Baht on 31 December 2016. For the consolidated financial statement as at 31 December 2017 with shareholders' equity at 2,646.29 million Baht, an increase from 1,736.69 million Baht according to the consolidated financial statement as at 31 December 2016 (adjusted).

AUDITOR'S REPORT

To The Shareholders and Board of Directors of TCM Corporation Public Company Limited
(Formerly, Thailand Carpet Manufacturing Public Company Limited)

Opinion

I have audited the consolidated financial statements of TCM Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of TCM Corporation Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of TCM Corporation Public Company Limited and its subsidiaries as at December 31, 2017, its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of TCM Corporation Public Company Limited as at December 31, 2017, its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 33 in the notes to the financial statements in respect of the previous year adjustment of the financial statements as the Group received additional information related to the fact findings and existing situation as at the business acquisition date of DM Midlands Group in the United Kingdom. Such information has effect on the recognition of assets and liabilities as at the business acquisition date. Therefore, the Group has adjusted the financial statements for the book value of net identifiable assets acquired and liabilities assumed as at the business acquisition date from the previously recorded to comply with Thai Financial Reporting Standard No.3 (revised 2016) Business Combinations. My opinion is not modified is respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Business combination

(1) As described in Note 10.1.1 in the notes to the financial statements on November 1, 2016, the Group has purchased the shares of DM Midland Limited Group ("DMM") in the United Kingdom from the group of existing shareholders resulting in the shareholding by the Group at 75 percent of the total ordinary shares of DMM. In 2017, the Group has carried out the fair value measurement of the identifiable assets acquired and liabilities assumed from the business acquisition by an independent valuer. Then, the financial statements were restated on the book value of net identifiable assets acquired and liabilities assumed as at the business acquisition date from the previous record. I have paid special attention to this business acquisition transaction

because the initial record of business acquisition and determination of the useful lives of intangible assets acquired require the use of significant judgment of the management.

I assessed the fair value of net identifiable assets acquired and liabilities assumed as stated in the value assessment document by the purchase approach prepared by an independent valuer by considering various methods and key assumptions used by the independent valuer in calculating the fair value of assets and liabilities including assessment of knowledge, ability and independence of the valuer including testing the calculation and considering the adequacy of information disclosure in accordance with applicable financial reporting standards.

(2) As described in Note 10.1.2 in the notes to the financial statements on September 29, 2017, the Group has invested in all Commercial Carpet Business of Tai Ping Carpet International Limited by purchasing shares from the Group's existing group of shareholders Tai Ping Carpet International Limited that operates carpet business. The Group is under fair value assessment process of the net assets acquired by an independent value. The management has estimated value to be approximate to its fair value of the identifiable assets acquired and liabilities assumed from this business acquisition to be used in recording accounts as at the reporting date by considering the financial information of the acquired business (book value), difference of the cash paid is recorded in goodwill account before the fair value is being measured within the period not over 1 year from the business acquisition date in accordance with Thai Financial Reporting Standard No. 3 (revised 2016) Business Combinations. During the period of this fair value measurement, the Company will restate the previously recognized estimates as at the acquisition date to reflect the effect of additionally received information related to the fact findings and existing situation as at the business acquisition date. I considered this matter to be significant in the audit as the accounting for business acquisition is complex and the identification and measurement of fair value of the assets acquired and liabilities assumed require significant judgment and the acquisition of such business has a significant amount.

I audited the value of business acquisition with the supporting documentation and payment in order to assess whether such value reflects the fair value of the reward being transferred and it does not include the cost applicable to the business acquisition by considering the method and financial information gathering used by the management in recording the accounts whether it is reasonable to the acquired information or not including considering the adequacy of the information disclosure in accordance with the applicable financial reporting standards.

Impairment of goodwill and intangible assets

As described in Notes 10.3 and 12 in the notes to the financial statements in respect to goodwill and intangible assets as at December 31, 2017 amounting to Baht 3,545.23 million or 40.20 percent of total assets, these items arise from the business acquisition of the Group in many countries and there are external factors such as economic, political, legal, trade fluctuations, changes in the environment, weather condition and illness. Therefore, there are significant risks that the operation of some business may not meet the expectation and initial estimation and may affect the book value of assets to be higher than the recovery value which may cause a loss on impairment. I considered this matter to be significant in the audit as the testing for impairment of the management requires the use of significant judgment.

I assessed the consideration of the management regarding the reasonableness of the indication of impairment and tested the impairment of goodwill and intangible assets including assessing the significant assumptions supporting management expectation, inquired the management on the discounted cash flow model, including understanding the business and strategy of the Group, operating environment, knowledge about the industry and other information received during the audit, audited the supporting documentation used by the management in simulating the discounted cash flow as well as tested the calculation and considered the adequacy of the information disclosure in accordance with the related financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with standard on Auditing, I exercise professional judement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner reponsible for the audit resulting in this independent auditor's report is Miss Sulalit Ardsawang.

(Miss Sulalit Ardsawang)
Certified Public Accountant
Registration No. 7517

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 28, 2018

FINANCIAL STATEMENT

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

ASSETS

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Note		(Restated)		
Current assets					
Cash and cash equivalents	4	469,532,838.76	371,838,122.71	58,443,305.41	20,833,453.95
Temporary investments	5	127,261,439.54	-	-	-
Trade and other receivables	6				
Related parties	26	8,583,632.22	10,493,562.89	194,843,873.41	128,072,720.06
Other companies		1,618,263,223.88	901,649,877.48	95,883,167.95	103,411,608.97
		1,626,846,856.10	912,143,440.37	290,727,041.36	231,484,329.03
Current portion of long-term loans to subsidiary	8, 26	-	-	2,550,000.00	2,550,000.00
Short-term loans to subsidiary	26	-	-	45,260,592.00	39,960,949.79
Inventories	7	981,734,874.67	446,753,285.52	116,986,120.73	119,178,252.99
Other current assets	9	35,195,762.28	16,612,502.33	17,557,674.46	11,292,948.57
Total current assets		3,240,571,771.35	1,747,347,350.93	531,524,733.96	425,299,934.33
Non-current assets					
Deposit at bank used for guarantee	14	1,640,000.00	2,253,525.79	-	613,525.79
Long-term loans to subsidiary	26	-	-	292,235,457.00	324,482,382.21
Investments in subsidiaries	10.1	-	-	3,690,971,820.07	515,560,850.00
Other long-term investment		2,887,933.66	2,891,157.32	-	-
Investment property		6,325,478.63	6,332,539.46	-	-
Property, plant and equipment	11	1,983,312,422.91	1,205,048,166.65	583,485,927.20	606,070,716.76
Goodwill	10.3	3,017,587,835.64	1,308,520,231.92	-	-
Intangible assets	12	527,646,078.77	587,751,102.32	1,141,060.06	1,682,847.78
Deferred tax assets	13	18,992,407.75	19,094,651.62	-	-
Other non-current assets	15	19,352,511.14	9,507,843.10	907,827.10	907,827.10
Total non-current assets		5,577,744,668.50	3,141,399,218.18	4,568,742,091.43	1,449,318,149.64
Total assets		8,818,316,439.85	4,888,746,569.11	5,100,266,825.39	1,874,618,083.97

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016 (Restated)	2017	2016
Current liabilities					
Bank overdraft and short-term loans from financial institutions	16	2,589,669,659.92	112,417,769.38	2,558,417,061.93	60,000,000.00
Trade and other payables	17				
Related parties	26	51,722,529.13	21,202,856.83	20,039,183.23	4,066,045.47
Other companies		1,316,441,475.55	811,175,648.65	132,317,097.77	79,007,880.39
		1,368,164,004.68	832,378,505.48	152,356,281.00	83,073,925.86
Current portion of long-term liabilities					
Long-term loans from financial institutions	18	263,451,100.55	184,119,250.14	99,894,953.95	64,894,953.95
Liabilities under finance lease agreements	19	9,452,967.94	13,911,384.53	987,721.92	3,043,854.53
Short-term loans from related parties	26	2,450,000.00	2,450,000.00	-	-
Income tax payable		70,903,379.50	51,642,368.62	-	-
Other current liabilities		142,174,014.55	120,171,922.50	985,501.72	4,151,980.97
Total current liabilities		4,446,265,127.14	1,317,091,200.65	2,812,641,520.52	215,164,715.31
Non-current liabilities					
Long-term loans from financial institutions	18	1,268,777,564.39	1,531,793,017.93	235,398,013.34	335,293,254.36
Long-term loans from related persons	26	32,198,117.86	34,920,230.80	-	-
Liabilities under finance lease agreements	19	9,350,920.46	5,628,344.27	1,694,622.35	2,682,374.27
Deferred tax liabilities	13	200,488,969.37	186,364,647.98	44,908,218.63	53,326,967.93
Other provisions		9,738,479.14	9,160,285.51	-	-
Employee benefit obligations	20	205,205,085.89	67,099,884.55	50,536,376.00	46,394,726.75
Total non-current liabilities		1,725,759,137.11	1,834,966,411.04	332,537,230.32	437,697,323.31
Total liabilities		6,172,024,264.25	3,152,057,611.69	3,145,178,750.84	652,862,038.62

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Note		(Restated)		
Shareholders' equity					
Share capital	22				
Authorized share capital					
1,017,585,300 ordinary shares, Baht 1.10 each		1,119,343,830.00		1,119,343,830.00	
513,355,860 ordinary shares, Baht 1.10 each			564,691,446.00		564,691,446.00
Issued and fully paid-up share capital					
763,188,975 ordinary shares, Baht 1.10 each		839,507,872.50		839,507,872.50	
508,762,650 ordinary shares, Baht 1.10 each			559,671,915.00		559,671,915.00
Premium on share capital		633,252,886.50	149,899,869.00	633,252,886.50	149,899,869.00
Retained earnings					
Appropriated					
Legal reserve	24	16,778,369.22	16,778,369.22	16,778,369.22	16,778,369.22
Unappropriated		604,617,329.97	460,553,321.49	151,874,823.93	181,731,769.73
Other components of equity		188,537,440.54	206,136,958.88	313,674,122.40	313,674,122.40
Total equity attributable to owers of the parent		2,282,693,898.73	1,393,040,433.59	1,955,088,074.55	1,221,756,045.35
Non-contrilling interest		363,598,276.87	343,648,523.83	-	-
Total sharedholders' equity		2,646,292,175.60	1,736,688,957.42	1,955,088,074.55	1,221,756,045.35
Total liabilities and sharedholders' equity		8,818,316,439.85	4,888,746,569.11	5,100,266,825.39	1,874,618,083.97

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Note		(Restated)		
Revenues					
Sales	25, 26	7,604,315,125.10	3,858,554,863.23	524,643,337.36	514,192,886.45
Service incomes	25, 26	28,819,064.56	13,517,864.77	46,495,029.19	16,913,873.62
Gain on exchange rate		-	1,242,170.19	-	-
Dividend income	10	-	-	73,690,360.50	51,504,433.00
Gain from cancelled of financial lease	19.1	-	15,234,929.78	-	15,234,929.78
Other incomes	26	78,773,463.64	23,102,252.05	18,892,274.17	21,778,934.08
Total revenues		7,711,907,653.30	3,911,652,080.02	663,721,001.22	619,625,056.93
Expenses					
Cost of sales	26	5,616,952,233.77	2,851,226,365.90	421,794,610.39	407,186,253.93
Cost of service	26	25,347,205.05	9,602,849.98	25,249,974.76	12,005,798.68
Selling expenses	26	775,363,235.52	347,754,518.81	63,320,966.75	72,882,768.67
Administrative expenses	26	778,216,311.11	349,769,947.57	70,970,675.59	51,307,955.36
Loss from exchange rate		1,971,724.24	-	1,102,154.47	83,309,539.17
Finance costs	26	106,383,201.30	50,694,582.52	58,506,772.36	20,365,098.08
Total expenses		7,304,233,910.99	3,609,048,264.78	640,945,154.32	647,057,413.89
Profit (loss) before (income) tax expenses		407,673,742.31	302,603,815.24	22,775,846.90	(27,432,356.96)
(Income) tax expenses	28	79,955,820.07	32,258,159.83	(8,418,749.30)	(13,988,543.71)
Profit (loss) for the year		327,717,922.24	270,345,655.41	31,194,596.20	(13,443,813.25)
Other comprehensive income :					
Item that may be reclassified subsequently to profit or loss					
Differences on translating financial statements		(26,800,903.18)	(146,370,811.23)	-	-
		(26,800,903.18)	(146,370,811.23)	-	-
Iterm that will not be reclassified to profit or loss					
Acturial gain arising from post employee benefit	20	713,997.00	4,108,928.77	-	4,586,559.77
Income tax relating to component of other comprehensive income	28	(142,799.40)	(821,785.55)	-	(917,311.95)
		571,197.60	3,287,143.22	-	3,669,247.82
Other comprehensive income (loss) for the year, net of income tax		(26,229,705.58)	(143,083,668.01)	-	3,669,247.82
Total comprehensive income (loss) for the year		301,488,216.66	127,261,987.40	31,194,596.20	(9,774,565.43)

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF COMPREHENSIVE INCOME (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) attributable to	Note		(Restated)		
Owners of the parent		204,824,239.70	174,111,488.72	31,194,596.20	(13,443,813.25)
Non-controlling interests		122,893,682.54	96,234,166.69	-	-
		327,717,922.24	270,345,655.41	31,194,596.20	(13,443,813.25)
Total comprehensive income (loss) attributable to					
Owners of the parent		187,516,032.14	37,474,794.29	31,194,596.20	(9,774,565.43)
Non-controlling interests		113,972,184.52	89,787,193.10	-	-
		301,488,216.66	127,261,987.39	31,194,596.20	(9,774,565.43)
Basic earnings (loss) per share	29				
Attributable to owners of the parent		0.3885	0.4049	0.0592	(0.0313)

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht									
		Consolidated financial statements									
		Equity attributable to owners of the parent									
		Ordinary shares, issued and paid-up	Premium on share capital	Retained earnings		Other components of equity			Total equity attribulable to owers of the parent	Non-controlling	Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	Capital surplus from fixed assets revaluation - net of income tax	Differences on translating financial statements	Total other components of equity			
	Note										
Beginning balance, as at January 1, 2016		424,639,612.10	39,418,893.90	13,117,709.22	332,939,155.53	313,674,122.40	32,587,189.46	346,261,311.86	1,156,376,682.61	267,149,310.25	1,423,525,992.86
		-	-	-	-	-	-	-	-	38,423,144.48	38,423,144.48
Increase in share capital		135,032,302.90	110,480,975.10	-	-	-	-	-	245,513,278.00	-	245,513,278.00
Legal reserve		-	-	3,660,660.00	(3,660,660.00)	-	-	-	-	-	-
Dividend		-	-		(46,324,321.32)	-	-	-	(46,324,321.32)	(51,711,124.00)	(98,035,445.32)
Total comprehensive income for the year											
Profit for the year (restated)		-	-		174,111,488.72	-	-	-	174,111,488.72	96,234,166.69	270,345,655.41
Other comprehensive income - net of income tax											
- Differences on transtating financial statements		-	-	-	-	-	(140,124,352.98)	(140,124,352.98)	(140,124,352.98)	(6,246,458.25)	(146,370,811.23)
- Actuarial gain		-	-		3,487,658.56	-	-	-	3,487,658.56	(200,515.34)	3,287,143.22
Ending balance, as at December 31, 2016		559,671,915.00	149,899,869.00	16,778,369.22	460,553,321.49	313,674,122.40	(107,537,163.52)	206,136,958.88	1,393,040,433.59	343,648,523.83	1,736,688,957.42
Non - controling interest on purchase business		-	-	-	-	-	-	-	-	6,905,023.27	6,905,023.27
Increase in share capital	22	279,835,957.50	483,353,017.50	-	-	-	-	-	763,188,975.00	-	763,188,975.00
Dividend	24	-	-	-	(61,051,542.00)	-	-	-	(61,051,542.00)	(100,927,454.75)	(161,978,996.75)
Total comprehensive income for the year											
Profit for the year		-	-	-	204,824,239.70	-	-	-	204,824,239.70	122,893,682.54	327,717,922.24
Other comprehensive income (loss) - net of income tax											
- Differences on transtating financial statements		-	-				(17,599,518.34)	(17,599,518.34)	(17,599,518.34)	(9,201,384.84)	(26,800,903.18)
- Actuarial gain		-	-		291,310.78	-	-	-	291,310.78	279,886.82	571,197.60
Ending balance, as at December 31, 2017		839,507,872.50	633,252,886.50	16,778,369.22	604,617,329.97	313,674,122.40	(125,136,681.86)	188,537,440.54	2,282,693,898.73	363,598,276.87	2,646,292,175.60

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht					
		Separate finanicial statements					
		Ordinary shares, issued and paid-up	Premium on share capital	Retained earnings		Capital surplus from land revaluation -net of income tax	Total shareholders' equity
	Note			Appropriated Legal reserve	Unappropriated		
Beginning balance, as at January 1, 2016		424,639,612.10	39,418,893.90	13,117,709.22	241,491,316.48	313,674,122.40	1,032,341,654.10
Increase in share capital		135,032,302.90	110,480,975.10	-	-	-	245,513,278.00
Legal reserved		-	-	3,660,660.00	(3,660,660.00)	-	-
Dividend		-	-	-	(46,324,321.32)	-	(46,324,321.32)
Total comprehensive income for the year							
Profit for the year		-	-	-	(13,443,813.25)	-	(13,443,813.25)
Other comprehensive income, net of income tax							
-Actuarial gain		-	-	-	3,669,247.82	-	3,669,247.82
Ending balance, as of December 31, 2016		559,671,915.00	149,899,869.00	16,778,369.22	181,731,769.73	313,674,122.40	1,221,756,045.35
Increase in share capital	22	279,835,957.50	483,353,017.50	-	-	-	763,188,975.00
Dividend	24	-	-	-	(61,051,542.00)	-	(61,051,542.00)
Total comprehensive income, for the year		-	-	-	31,194,596.20	-	31,194,596.20
Ending balance, as of December 31, 2017		839,507,872.50	633,252,886.50	16,778,369.22	151,874,823.93	313,674,122.40	1,955,088,074.55

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Cash flows from operating activities				
Profit (loss) for the year	327,717,922.24	270,345,655.41	31,194,596.20	(13,443,813.25)
Reconciliations of profit (loss) for the year to net cash provided by (used in) operating activities:				
Other income - write off other payable	(42,158,534.00)	-	-	-
Increase (decrease) in allowance for doubtful accounts	2,289,370.96	2,679,011.21	(550,008.72)	561,566.45
Increase (decrease) in allowance for decline in value of obsolete inventories	(20,798,115.32)	569,908.84	240,238.21	(2,005,046.58)
Increase in allowance on impairment of investments in subsidiaries	-	-	2,000,000.00	5,100,000.00
Increase in allowance on impairment of goodwill	-	845,505.77	-	-
Decrease inallowance on impairment of other assets	(137,895.65)	-	-	-
Depreciation of property, plant and equipment	144,339,288.29	111,434,423.80	25,536,022.96	25,953,237.50
Amortization of intangible assets	65,689,083.48	62,566,263.39	541,787.72	553,775.87
Provision from claim on defected goods	8,707,647.29	-	8,707,647.29	-
Provision from liabilities	582,777.55	-	-	-
Amortization loans fee	7,090,093.20	5,392,305.20	104,758.98	105,334.08
Write off prepaid corporate income tax	30,214.04	-	-	-
(Gains) loss on disposal of fixed assets	(2,017,742.91)	6,764,893.54	66,254.85	(70,092.46)
Realized (gain) loss on exchange rate	-	(222,475.61)	75,467.90	3,942,320.75
Unrealized (gain) loss on exchange rate	6,204,614.44	(392,565.64)	5,313,729.98	79,222,461.15
Dividend income	-	-	(73,690,360.50)	(51,504,683.00)
Gain from cancelled financial lease	-	(15,234,929.78)	-	(15,234,929.78)
Interest income	(564,261.96)	(1,022,808.54)	(7,477,001.83)	(10,012,397.18)
Employee benefit expenses	15,569,345.16	10,464,636.66	6,670,392.00	6,407,946.00
Finance cost	106,383,201.30	50,694,582.52	58,506,772.36	20,365,098.08
(Income) tax expenses	79,955,820.07	32,258,159.83	(8,418,749.30)	(13,988,543.71)
Profit provided by operating activities before changes in operating assets and liabilities	698,882,828.18	537,142,566.60	48,821,548.10	35,952,233.92
(Increase) decrease in operating assets				
Trade and other receivables	(39,974,309.27)	(95,504,463.59)	(63,449,045.21)	(25,063,324.65)
Inventories	148,729,768.82	(26,990,694.44)	1,951,894.05	15,448,976.26
Other current assets	(1,811,927.51)	(1,537,404.58)	(2,406,774.67)	(1,068,882.04)
Other non-current assets	(10,588,931.43)	(190,651.94)	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	(170,170,506.73)	(224,244,745.55)	35,421,538.90	10,334,263.03
Other current liabities	(26,617,172.64)	5,772,313.39	(3,166,479.25)	4,151,980.97
Employee benefit obligation	(7,007,172.61)	(4,950,964.25)	(2,528,742.75)	(3,006,874.25)
Cash received from operations	591,442,576.81	189,495,955.64	14,643,939.17	36,748,373.24
Interest income received	51,353.95	458,699.00	-	-
Income tax expense paid	(106,601,181.14)	(50,039,244.05)	(3,857,951.22)	(7,858,764.46)
Net cash provided by operating activities	484,892,749.62	139,915,410.59	10,785,987.95	28,889,608.78

TCM CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY, THAILAND CARPET MANUFACTURING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES)
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Cash flows from investing activities				
Decrease in deposit at bank used for guarantee	613,525.79	2,520,226.29	613,525.79	2,520,226.29
Cash receipts from long-term loans to subsidiary		-	26,363,499.25	46,626,661.29
Cash receipts from sale of temporary investments	10,476,163.15	-	-	-
Cash payments for investments in subsidiary (net from cash purchase)	(3,091,556,699.13)	(667,631,188.56)	(3,153,281,970.07)	(310,528,000.00)
Cash receipts from sale of investment property	-	2,140,985.00	-	-
Cash payments for purchase of fixed assets	(73,738,871.36)	(54,484,158.55)	(3,582,852.74)	(9,299,985.88)
Cash receipts from disposal of fixed assets	4,994,604.21	3,417,940.33	565,364.49	70,093.46
Cash payments for purchase of intangible assets	(205,720.00)	(64,500.00)	-	-
Dividend received	-	-	73,690,360.50	51,504,683.00
Interest income received	467,532.60	567,725.18	7,465,031.72	13,726,930.51
Net cash used in investing activities	(3,148,949,464.74)	(713,532,970.31)	(3,048,167,041.06)	(205,379,391.33)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	2,469,337,484.48	(3,082,866.62)	2,498,417,061.93	38,442,412.78
Cash payments for long-term loans from related person	(2,688,357.30)	(2,685,639.39)	-	-
Cash receipts from long-term loans from financial institution	-	856,394,000.00	-	-
Cash payments for long-term loans from financial institution	(187,953,970.00)	(106,975,235.00)	(65,000,000.00)	(20,000,000.00)
Cash payments for liabilities under finance lease agreements	(12,851,964.87)	(29,745,146.90)	(3,043,884.53)	(7,115,085.90)
Cash receipts from increase in share capital	763,188,975.00	245,513,278.00	763,188,975.00	245,513,278.00
Dividend paid	(161,809,988.51)	(98,035,445.32)	(61,051,542.00)	(46,324,321.32)
Interest expense paid	(106,358,676.79)	(62,936,830.65)	(57,519,705.83)	(20,657,840.42)
Net cash provided by financing activities	2,760,863,502.01	798,446,114.12	3,074,990,904.57	189,858,443.14
Net increase in cash and cash equivalents	96,806,786.89	224,828,554.40	37,609,851.46	13,368,660.59
Cash and cash equivalents - beginning of year	371,838,122.71	199,011,741.27	20,833,453.95	7,464,793.36
Differences on translating financial statements	887,929.16	(52,002,172.96)	-	-
Cash and cash equivalents - ending of year	469,532,838.76	371,838,122.71	58,443,305.41	20,833,453.95
Supplementaly disclosure for cash flows information:-				
Non-Cash transactions				
During the year, accquied fixed assets by mean of liabilities under finance lease agreements	(610,702.00)	778,504.67	-	-

NOTE TO FINANCIAL STATEMENT

1. GENERAL INFORMATION

(a) Legal status and address

The Company had registered to be a limited company on April 10, 1967. The Company's status had been changed to be the public company limited and registered with the Ministry of Commerce on March 31, 1994.

The address of its registered office as follow:

238 Viphavadee-Rangsit Road, Sanambin Subdistrict Donmuang District Bangkok, 10210 Thailand.

At the Extraordinary General Meeting of shareholders No. 1/2017 held on September 20, 2017, to approved the changing the Company's name from "Thailand Carpet Manufacturing Public Company Limited" to "TCM Corporation Public Company Limited". The Company registered its the amendment of the Company's name with the Ministry of Commerce on October 2, 2017.

The major shareholder of the Company is The Srivikorn Family holding 34.41% of all ordinary shares.

(b) Nature of the business operation

The Company and its 2 local subsidiaries operate the business of manufacturer, distributor and/or sale various types of rugs and carpeting including the Axminster carpet and hand carpet to decorate hotel, theater, airport, palace, house including selling of flooring products.

A local subsidiary operate the business of manufacturer and distributor carpets for internal flooring of the vehicles and upholstery fabrics for vehicles, manufacturing fabrics and carpets for furniture industry and interior decoration the buildings.

A group of 2 overseas subsidiaries are "TCMC Furniture Limited" and "Manor (2016) Holding Limited" operates the business of manufacturer and distributor sofa chair.

A group of 1 overseas and 1 local subsidiaries are Commercial Carpet Business operate the business of distributor and/or sale and install carpet for flooring to decorate hotel, theater, airport, palace and house etc.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

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

2.2 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of TCM Corporation Public Company Limited and its subsidiaries as follows;

Company name	Type of business	Percentage of holding % of share capital 2017	2016	Head office location
Direct subsidiaries held by the Company				
United Carpet Manufacturing Co., Ltd.	Manufacturer and distributor of carpet	51.00	51.00	Thailand
Royal Thai international Co., Ltd.	Flooring distributors	99.99	99.99	Thailand
T.C.H. Suminoe Co., Ltd	Manufacturer and distributor of carpet	49.90	49.90	Thailand
TCMC Furniture Limited	Holding company in sofa business	76.00	76.00	England
Manor (2016) Holdings Limited	Holding company in sofa business	100.00	100.00	England
TCMC HK (2017) Limited	Holding company in carpet business	100.00	-	Hong Kong
Vechachai Company Limited	Holding company in carpet business	100.00	-	Thailand
Indirect subsidiaries held by TCMC Furniture Limited				
Alstons (Upholstery) Limited	Manufacturer and distributor of sofa chair	76.00	76.00	England
Alstons (Carbinets) Limited	Manufacturer of wooden flame for sofa chair	76.00	76.00	England
Indirect subsidiaries held by Manor (2016) Holdings Limited				
DM Midlands Holding Limited	Holding company in sofa business	75.00	75.00	England
DM Midlands Limited	Holding company in sofa business	75.00	75.00	England
Ashley Manor Upholstery Limited	Manufacturing and distributor sofa chairs	75.00	75.00	England
AMX Design Limited	Sofa chairs distributors	75.00	75.00	England
Alexander and James Limited	Sofa chairs distributors	75.00	75.00	England
James Alexander Co., Ltd.	Research and product development center for Alexander and James Limited and distributor sofa	75.00	75.00	Thailand

Company name	Type of business	Percentage of holding % of share capital 2017	2016	Head office location
Indirect subsidiaries held by TCMC (HK) (2017)				
Costigan Limited	Holding company in carpet business	100.00	-	British Virgin Islands
Anderry Limited	Holding company in carpet business	100.00	-	British Virgin Islands
Onsem Limited	Holding company in carpet business	100.00	-	British Virgin Islands
Royal Thai HK (2017) Limited	Carpet distributors	100.00	-	Hong Kong
Royal Thai America (2017) Inc.	Carpet distributors	100.00	-	USA
Royal Thai Singapore (2017) Pte.Ltd.	Carpet distributors	100.00	-	Singapore
Royal Thai Macau (2017) Limited	Carpet distributors	100.00	-	Macau
Royal Thai India (2017) Limited	Carpet distributors	100.00	-	India
RT UK (2017) Limited	Carpet distributors	100.00	-	England
Royal Thai China Trading Limited	Carpet distributors	100.00	-	China
Indirect subsidiaries held by Vechachai Co., Ltd.				
Carpets International Thailand Plc.	Manufacturing and selling of carpet	99.30	-	Thailand

2.2.2 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.2.3 The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of “Difference on translating financial statements” in shareholders’ equity.

During the year 2016, BREXIT occurred in United Kingdom and caused fluctuation in the pound value. The pound depreciates and has an impact on the currency translation of the subsidiary in United Kingdom in the negative way to the financial statements.

2.2.4 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company and its subsidiaries evaluated that these revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue and expenses recognition

The Company and its subsidiaries recognizes the revenues on sales when significant risks and rewards of ownership of the goods are transferred to the buyer. The revenues on sales are recorded on invoicing price net of output tax, rebate and discounts.

The Company recognizes the revenues from rendering services when the services are rendered on the basis of percentage of completion.

The Company and its subsidiaries recognized the interest income on the period and accrual basis.

The Company and its subsidiaries recognized other income and expenses on the accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.3 Investment

Investments are classified as available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. The management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are included in current assets because management has expressed the intention of holding the investments for less than 12 months from the date on statement of financial position to raise operation capital.

Purchases and sales of investments are recognized on the trad date, which is the date that the company commits to purchase or sell the investments. Cost of investment included transaction costs. Available-for-sale investments are subsequently carried at fair value.

The fair values of investments are based on Net Assets Value (NAV) announced by Asset Management Company. Unrealized gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognized in other comprehensive income when investments classified as available-for-sale are sold or impaired, the accumulated fair value

adjustments are included in the profit or loss as gains and losses from investment in securities

On disposal of investments, the difference between the net disposal preceeds and the carrying amount is charged of credited to the profit or loss.

3.4 Trade and other receivables

Trade and other receivables (including balances with related parties) are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the statements of comprehensive income as part of administrative expenses.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable.

3.5 Inventories

Inventories are presented at the lower of cost or net realizable value, cost being determined as follow :

Finished goods manufactured by other parties	FIFO / specific
Finished good manufactured by the company	Average cost / standard cost, which approximate actual cost
Work in process	Average cost / standard cost, which approximate actual cost
Raw material	Average cost / FIFO

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

Allowance for obsolete stocks is set up based on the outstanding inventories balance at the end of year which estimated from consideration of states and quality of inventories by the management.

3.6 Investment in subsidiaries and goodwill

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investment in subsidiaries in separate financial statement

Investment in subsidiary is accounted for under the cost method less allowance for impairment loss on the investment, (if any). The Company recognizes impairment loss (if any) on the investment in the statement of comprehensive income.

Goodwill in consolidated financial statement

Goodwill represents the excess of the cost of investment over the fair value of investment, which the Company shares in the net identifiable assets of the subsidiary at the date of acquisition. Goodwill on acquisition of a subsidiary is presented as a separate line in the consolidated financial statement.

The goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment of goodwill is determined by calculating the realizable value based on the value-in-use calculation. Such calculation requires the use of estimates made by management. The allowance for impairment loss on goodwill is not reversed.

As for the cost of acquiring an investment that is lower than the fair value of the share of net assets of the subsidiary, the difference is negative goodwill and will be recognized immediately in the statement of comprehensive income.

3.7 Investment property

Investment property is properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and impairment losses, (if any).

3.8 Property, plant and equipment and depreciation

Land is stated at cost and adjusted by appraisal values of assets.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Repair and maintenance costs are recognized as an expense when incurred.

For appraisal of land, reappraised value is the fair market value, which is revalued by the independent appraiser, using the market approach. The Company has a policy to revalue land on a regular basis of five years to ensure that their carrying amounts do not differ materially from their fair values at the statement of financial position date. When an asset's carrying amount is increased as a result of a revaluation, the increase should be recorded as "capital surplus from land revaluation" under "other components of equity" in the statement of financial position.

Any increase in value of land, on revaluation, is credited to the revaluation reserve unless it offsets a pervious decrease in value recognized in the statement of comprehensive income. A decrease in value of land is recognized in the statement of comprehensive income to the extent that it exceeds the increase previously recognized in the revaluation reserve. Upon disposal of previously appraised assets, the revaluation surplus of the fixed asset is transferred directly to the retained earnings, not to the statement of comprehensive income to close off the surplus account of that fixed asset.

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful life of the assets as follows:

Land improvements	5 - 10	years
Leasehold improvement	10 - 20	years
Building	5 - 50	years
Machinery and equipment	3 - 40	years
Furniture, fixture and office equipment	3 - 10	years
Vehicles	3 - 10	years

The Company and its subsidiaries have reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.9 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

3.10 Intangible assets and amortization

Intangible assets are stated at cost less accumulated amortization and allowance on impairment (if any). Amortization is calculated by cost on a straight-line method over their estimated useful life. The estimated useful life is as follows:

Software license	5 - 10	years
Software for digitalization and archives of carpet	10	years
Customer base	7 - 12	years
Trade name	10 - 15	years
Design	5	years

3.11 Impairment of assets

As at the statement of financial position date, the Company and its subsidiaries assesses whether there is an indication of asset impairment. If any such indication exists, the Company and its subsidiaries will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.12 Trade and others payables

Trade and other payables (including balances with related parties) are stated at cost.

3.13 Financial leased contract

The contract of leased asset carried the risk and owner remuneration is mainly transferred to lesser will be classified as financial leased contract. The contract of financial lease is recorded as capital expenditure by fair value of leased asset or present value of minimum amount which has to repay in accordance with the leased contract whichever amount is lower. The amount which has to repay in each time is divided as liability portion and financial expenditure so that fixed interest rate over outstanding liability obligation burden in accordance with the financial leased contract will be recorded as long term liability. Interest payable will be recorded in the statement of income throughout the leased contract life.

3.14 Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.15 Financial instruments

The Company and its subsidiaries have no policy to speculate in and or engage in the trading of any financial derivative instruments.

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 30.

3.16 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.17 Foreign currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

3.18 Employee benefits

Short-term employment benefits

The Company and its subsidiaries recognize salary, wage, bonus and contributions to social security fund as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments that it must pay to the employees upon retirement under the Company's and its subsidiaries' article and the labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retained earring.

3.19 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lesser are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.20 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

Current tax (any if) is the expected tax payable on the taxable profit for the year, using tax rates enacted at the statements of financial position date .

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expenses which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.21 Fair value of financial instrument

The Company and its subsidiaries use the market approach to measure their 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

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

3.22 Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect amounts reported8 in the financial statements and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follows:

3.22.1 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

3.22.2 Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgments and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

3.22.3 Impairment of investment in subsidiary

The Company reviews the impairment of investment in the subsidiary, which requires management to prepare projections of the cash flows expected to be generated by the investment in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

3.22.4 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

3.22.5 Property, plant and equipment/depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review.

3.22.6 Goodwill and intangible assets

In recording the initial recognition and measurement of goodwill and other intangible assets as at the acquired date and subsequent impairment testing, the management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

3.22.7 Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required

to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

3.22.8 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of:

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash and deposits at financial institutions					
Cash on hand		1,174,799.25	1,022,928.33	555,925.69	519,130.31
Deposits at financial institutions	- current accounts	343,691,142.33	309,024,517.15	3,442,679.63	1,772,391.09
	- savings accounts	122,576,724.86	61,790,677.23	54,444,700.09	18,541,932.55
Fixed deposit		2,090,172.32	-	-	-
Total		469,532,838.76	371,838,122.71	58,443,305.41	20,833,453.95

5. TEMPORARY INVESTMENTS

Temporary investments are short-term investments in marketable securities available-for-sale represent investments in debt securities which are carried at fair value (Level 1), use of quoted prices (unadjusted) in active markets for identical assets of liabilities

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Note receivable	239,320.66	7,085,690.30	-	-
Trade receivable (Note 6.1)	1,491,541,049.99	832,254,922.15	237,734,839.07	202,079,902.75
Other receivable (Note 6.2)	151,158,003.97	78,604,952.44	54,282,757.71	31,244,990.42
Less allowance for doubtful accounts	(16,091,518.52)	(5,802,124.52)	(1,290,555.42)	(1,840,564.14)
Net	1,626,846,856.10	912,143,440.37	290,727,041.36	231,484,329.03

Movement of the change in the allowance for doubtful accounts for the years ended December 31, 2017 and 2016 were summarized as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance of the year	5,802,124.52	3,281,533.98	1,840,564.14	1,278,997.69
Allowance for doubtful from purchase business	7,989,610.12	-	-	-
Additional during the year	5,198,486.21	2,802,580.77	-	561,566.45
Deduction during the year	(2,909,115.25)	(123,569.56)	(550,008.72)	-
Difference on translating financial statements	10,412.92	(158,420.67)	-	-
Ending balance at end of year	16,091,518.52	5,802,124.52	1,290,555.42	1,840,564.14

6.1 Trade receivable

Trade receivable classified by currency consisted of:

	Consolidated financial statements			
	Foreign currencies		Baht	
	2017	2016	2017	2016
Trade receivable, domestic;				
Baht			143,333,308.17	276,204,517.44
Trade receivable, oversea;				
Baht			932,928.19	421,257.76
U.S. Dollars	24,435,271.96	3,758,111.25	795,701,797.71	134,009,738.49
Euro	690,393.23	62,770.35	26,754,424.38	2,346,299.18
Pound	10,150,320.46	9,521,133.93	446,565,026.20	419,268,845.28
Yen	-	14,000.00	-	4,264.00
Hong Kong Dollars	7,963,471.00	-	33,289,843.21	-
India Rupees	580,853.17	-	296,481.12	-
Macau Patacas	5,151,497.21	-	21,160,457.90	
Singapore Dollars	961,411.60	-	23,506,783.11	
Total			1,491,541,049.99	832,254,922.15

	Separate financial statements			
	Foreign currencies		Baht	
	2017	2016	2017	2016
Trade receivable, domestic;				
Baht	-	-	136,467,848.16	125,389,328.78
Trade receivable, oversea;				
U.S. Dollars	2,997,974.38	2,084,878.75	96,774,975.57	74,344,274.78
Euro	116,190.74	62,770.35	4,492,015.34	2,346,299.19
Total			237,734,839.07	202,079,902.75

Trade receivable classified by ages of accounts consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Not over due	865,512,806.56	686,806,567.26	193,000,405.54	165,069,943.74
Over due not over 1 month	276,161,721.15	96,578,602.07	18,678,857.76	19,921,031.38
Over due 1 months to 2 months	112,735,986.83	21,082,208.29	24,765,020.11	15,248,363.49
Over due 2 months to 3 months	69,840,421.59	7,041,650.65	-	-
Over due 3 months to 6 months	126,092,112.16	5,057,840.12	-	-
Over due 6 months to 12 months	4,181,924.38	12,175,977.31	-	-
Over due 12 months to 24 months	12,182,138.36	273,984.23	-	-
Over due more than 24 months	24,833,938.96	3,238,092.22	1,290,555.66	1,840,564.14
Total	1,491,541,049.99	832,254,922.15	237,734,839.07	202,079,902.75

6.2 Other receivable

Other receivable consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Prepaid for installation	-	1,653,692.54	-	1,653,692.54
Marketing tool (Pom Box)	9,034,080.00	9,770,400.00	9,034,080.00	9,770,400.00
Prepaid expenses	74,809,339.47	47,728,536.48	5,763,357.69	3,311,181.91
Accrued interest income	19,461.04	21,312.27	215,391.70	268,200.24
Advance payment - other	3,811,358.66	513,813.75	68,500.00	349,751.75
Advance payment - subsidiary	-	-	21,759,900.00	-
Deposit for inventories	5,493,440.88	1,593,199.72	2,725,976.39	1,593,199.72
Others	57,990,323.92	17,323,997.68	14,715,551.93	14,298,564.26
Total	151,158,003.97	78,604,952.44	54,282,757.71	31,244,990.42

7. INVENTORIES

Inventories consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	376,756,426.71	127,119,323.45	37,641,065.45	34,157,602.61
Raw materials	447,752,907.94	255,756,623.87	60,012,897.18	70,267,827.58
Work in process	113,830,226.32	33,170,742.32	10,433,359.88	6,380,993.35
Maintenance and factory supplies	44,564,083.99	31,972,438.62	11,483,253.30	15,432,955.04
Goods in transit	80,721,707.24	28,480,003.19	5,714,572.34	997,663.62
	1,063,625,352.20	476,499,131.45	125,285,148.15	127,237,042.20
Less allowance for decline in value obsolete stock	(81,890,477.53)	(29,745,845.93)	(8,299,027.42)	(8,058,789.21)
Net	981,734,874.67	446,753,285.52	116,986,120.73	119,178,252.99

Movement of the change in the allowance for decline in value obsolete stock for the years 2017 and 2016 were as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance of the year	29,745,845.93	29,888,819.89	8,058,789.21	10,063,835.79
Allowance for obsolete stock from purchase business	72,949,794.85	-	-	-
Additional during the year	5,311,705.81	8,826,526.72	2,539,555.81	5,199,760.30
Deduction during the year	(26,109,821.13)	(8,256,617.88)	(2,299,317.60)	(7,204,806.88)
Difference on translating financial statements	(7,047.93)	(712,882.80)	-	-
Ending balance at end of year	81,890,477.53	29,745,845.93	8,299,027.42	8,058,789.21
Decline in value of inventory recognized as cost of goods sold for the year	5,311,705.81	8,826,526.72	2,539,555.81	5,199,760.30
Reversal of the decline in values of inventory for the year	(26,109,821.13)	(8,256,617.88)	(2,299,317.60)	(7,204,806.88)

8. SHORT-TERM LOANS TO SUBSIDIARY

The movement of short-term loans to subsidiary during the year were as follow :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	-	-	2,550,000.00	2,550,000.00
Addition lending during the year	-	-	-	-
Less Receipt of loans during the year	-	-	-	-
Ending balance	-	-	2,550,000.00	2,550,000.00

As at December 31, 2017 and 2016, short-term loans to a subsidiary in promissory note had matured on September 15, 2017 with the interest rate of 1.15% per annum and renewed which will be matures September 15, 2018 with the interest of 1.15% per annum (reference to six-month fixed deposit interest rate).

9. OTHER CURRENT ASSETS

Other current assets consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Value add tax refundable	18,388,245.26	9,525,585.09	7,435,410.33	6,127,286.98
Withholding tax and prepaid income tax	11,330,920.92	6,517,503.98	8,540,477.82	4,682,526.60
Others	5,476,596.10	569,413.26	1,581,786.31	483,134.99
Total	35,195,762.28	16,612,502.33	17,557,674.46	11,292,948.57

10. INVESTMENTS IN SUBSIDIARIES

10.1 Investments in subsidiaries consisted of :

		Separate financial statements							
		Percentage of ownership (%)		Thousand Baht					
				Paid up shares		At cost method		Dividend income	
	Type of business	2017	2016	2017	2016	2017	2016	2017	2016
Local subsidiaries companies									
United Carpet Manufacturing Co., Ltd.	Manufacturing and sale of carpet	51.00	51.00	20,000	20,000	10,200	10,200	-	-
Less : Allowance on impairment of investment						(7,100)	(5,100)		
						3,100	5,100		
Royal Thai International Co., Ltd.	Sale of carpet	100.00	100.00	1,000	1,000	1,000	1,000	-	-
T.C.H Suminoe Co., Ltd.	Manufacturing and sale of carpet	49.90	49.90	250,000	250,000	162,175	162,175	73,690	51,504
Overseas subsidiary companies									
TCMC Furniture Limited	Holding company in sofa business (Alston group 76%)	76.00	76.00	48,366 (1 million Pound)	48,366 million Pound)	36,758	36,758	-	-
Manor (2016) Holdings Limited	Holding company in sofa business (DMM group 75%)	75.00	100.00	310,528 (6.25 million Pound)	310,528 5 million Pound)	310,528	310,528	-	-
TCMC HK (2017) Limited	Holding company in carpet business (Carpet distributors)	100.00	-	2,969,903 (690 million dollar Hong Kong)	-	1,429,133	-	-	-
Vechachai Co., Ltd.	Holding company in carpet business (Manufacturing and sale of carpet)	100.00	-	1,000	-	1,748,278	-	-	-
Total						3,690,972	515,561	73,690	51,504

10.1.1 Investments in Manor (2016) Holding Limited

On September 1, 2016, the Meeting of the Board of Directors No. 4/2016 passed a resolution to establish 2 subsidiaries, incorporated in England and Wales, with the details as follows:

(1) Name of the subsidiary company No. 1 : Manor (2016) Holdings Limited (“Manor”)
Registered capital : 6,250,000 British Pound (or equivalent to Baht 287,161,875), divided into 62,500,000 shares with a par value of Pound 0.10 per share
Shareholding proportion : The Company will hold 100 percent of the shares
Type of business : Investing in other businesses

(2) Name of the subsidiary company No. 2 : DM Midlands Holdings Limited (“DMMH”)
Registered capital : Pound 750,000 (or equivalent to Baht 34,459,425) divided into 7,500,000 shares with a par value of Pound 0.10 per share
Shareholding proportion : Manor (2016) Holdings Limited will hold 100 percent of the shares
Type of business : Investing in other businesses

The Company has established 2 subsidiaries to invest in the ordinary shares of DM Midlands Limited at 75 percent of total number of issued shares of DM Midlands Limited.
On October 25, 2016, the Extraordinary Shareholders’ Meeting No. 1/2016 has resolved for DM Midlands Holdings Limited (“DMMH”) which is the indirect subsidiary company (England and Wales) of the Company to invest in DM Midland Limited (“DMM”) which is registered in England and Wales in proportion of 100 percent of the total shares, DMM invests in other business by investing in shareholding in the proportion of 100 percent in 4 companies such as (1) Ashley Manor Upholstery

Limited (2) AMX Design Limited (3) Alexander and James Limited (4) James Alexander Co., Ltd. The first three companies are registered in England and Wales and the last company is registered in Thailand (hereinafter collectively referred to as "DMM GROUP"). DMM GROUP principally manufactures and sells sofa to customers in United Kingdom. The transaction has total investment value of Pound 35.00 million, or equivalent to Baht 1,608.11 million by purchasing the shares from the Group of existing shareholders, who are not related parties with the Company. At the completion date, DMMH will increase the capital by issuing 2,500,000 new shares with the par value of Pound 0.10 per share. Then DMMH will purchase 1,900,562 shares of DMM for the proportion of 100 percent of the total shares from the Group of Existing Shareholders with the total investment value of Pound 35.00 million. The payment will be in cash valuing Pound 26.25 million and in DMMH's shares amounting 2,500,000 shares with the par value of Pound 0.10 per share with premium on share of Pound 8.50 Million, total valuing of Pound 8.75 million.

After the transaction, Manor (2016) Holdings Limited, a subsidiary of the Company and the Group of Existing Shareholders, the seller, hold shares in DMMH as the proportion of 75:25 and DMMH hold100 percent of shares in DMM.

And November 1, 2016 (acquisition date), DM Midland Holding Limited ("DMMH") has paid for such ordinary share in full.

Therefore, DMM GROUP is indirectly a subsidiary of the Company and is included in the preparation of consolidated financial statements of the Company from November 1, 2016 onwards.

The fair value amounts of assets and liabilities acquired of DMM GROUP as at October 30, 2016, which is the closet to the acquisition date and has been included in the consolidated financial statements as follows:

	Foreign currency (Pound)			Baht
	Book value	Adjust fair value	Fair value	Fair value
Assets				
Cash and cash equivalents	10,658,317	-	10,658,317	456,385,936.44
Trade and other receivables	6,916,422	-	6,916,422	296,159,115.12
Inventories	2,173,361	-	2,173,361	93,062,666.01
Other current assets	60,875	-	60,875	2,606,649.24
Other long-term investments	65,655	-	65,655	2,811,327.40
Investment property	143,805	-	143,805	6,157,686.96
Property, plant and equipment	319,536	-	319,536	13,682,435.66
Goodwill	-	3,300,000	3,300,000	141,305,010.00
Total	20,337,971	3,300,000	23,637,971	1,012,170,826
Liabilities				
Trade and other payables	(18,310,517)	-	(18,310,517)	(784,050,844.78)
Income tax payable	(342,026)	-	(342,026)	(14,645,450.71)
Other current liabilities	(703,840)	-	(703,840)	(30,138,217.65)
Deferred tax liabilities	-	(660,000)	(660,000)	(28,261,002.00)
Employee benefit obligation	(32,297)	-	(32,297)	(1,382,947.85)
Total	(19,388,680)	(660,000)	(20,048,680)	(858,478,462.99)
Net assets	949,291	2,640,000	3,589,291	153,692,363.84
Less Non-controlling interests			(897,324)	(38,423,144.48)
Net assets acquired			2,691,967	115,269,219.36
Total purchase consideration - cash			26,250,000	1,124,017,125.00
Goodwill			23,558,033	1,008,747,905.64
Total purchase consideration - cash			26,250,000	1,124,017,125.00
Less cash and cash equivalents in subsidiary acquired			(10,658,317)	(456,385,936.44)
Cash outflow on acquisition of investment, net of cash and cash equivalents acquired			15,591,683	667,631,188.56

In 2017, the Company and it subsidaries have carried out the fair value measurement of the identifiable assets acquired and liabilities assumed from the business acquistion by an independent valuer. Then, the Company and its subsidiaries have restated on the book value of identifiable assets acquired and liabilities assumed as at the business acquistion date from the previous record in Note 33.

10.1.2 Investments in Commercial Carpet Business

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 ("Tai Ping"). It has acquired from the existing shareholders of the Group of Tai Ping Carpets International Limited that operates the carpet business. The total investments value in the Commercial Carpet Business is USD 94 million or Baht 3,134.12 million.

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 percent, 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 percent in Carpets International Thailand Public Co.,Ltd., a carpet manufacturing in Thailand by acquiring the shares from Tai Ping and the subsidiaries 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.

And 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.

After the transaction, the Company's subsidiaries are TCMC HK (2017) Limited and RT UK (2017) Limited, holding 100 percent in 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.

The value of assets acquired and liabilities assumed of Commercial Carpet Business as at September 30, 2017 (book value) that is the closest date to the business acquisition have been included in the consolidated financial statements of the group as follows:

	RT UK (2017) Limited		TCMC HK (2017) Limited		Vechachai Co.,Ltd.	Total
	Foreign currency (Pound)	Baht	Foreign currency (US Dollar)	Baht	Baht	Baht
Assets						
Cash and cash equivalents	-	-	1,599,236.00	53,363,946.54	5,638,291.09	59,002,237.63
Temporary investment	-	-	-	-	137,737,602.69	137,737,602.69
Trade and other receivables	752,652	33,710,530.43	14,236,516.12	475,049,764.50	516,556,720.02	1,025,317,014.95
Inventories	-	-	3,275,631.22	109,302,572.80	556,457,953.66	665,760,526.46
Other current assets	-	-	-	-	11,979,738.80	11,979,738.80
Property, plant and equipment	5,010.00	224,392.89	233,241.37	7,782,891.33	833,070,018.61	841,077,302.83
Intangible assets	-	-	-	-	6,403,181.82	6,403,181.82
Other non-current assets	-	-	-	-	502,080.00	502,080.00
Total	757,662.00	33,934,923.32	19,344,624.71	645,499,175.17	2,068,345,586.69	2,747,779,685.18
Liabilities						
Bank overdraft and short-term loan	-	-	-	-	(7,776,521.01)	(7,776,521.01)
Trade and other payable	(479,516.14)	(21,477,048.54)	(23,002,130.96)	(767,544,306.73)	(284,915,622.22)	(1,073,936,977.49)
Income tax payable	-	-	(310,571.00)	(10,363,257.36)	(11,675,358.18)	(22,038,615.54)
Other current liabilities	-	-	-	-	(48,650,672.35)	(48,650,672.35)
Deferred tax liabilities	-	-	-	-	(33,460,254.94)	(33,460,254.94)
Employee benefit obligations	-	-	-	-	(130,254,764.69)	(130,254,764.69)
Total	(479,516.14)	(21,477,048.54)	(23,312,701.96)	(777,907,564.09)	(516,733,193.39)	(1,316,117,806.02)
Net assets value	278,145.86	12,457,874.78	(3,968,077.25)	(132,408,388.92)	1,551,612,393.30	1,431,661,879.16
Less Non-controlling interests						(6,905,023.27)
Net assets acquired						1,424,756,855.89
Total purchase consideration - cash						3,174,687,936.76
Goodwill						1,749,931,080.87
Total purchase consideration - cash						3,174,687,936.76
Less accounts payable - purchases of investments						(24,129,000.00)
						(59,002,237.63)
Less cash and cash equivalents in subsidiary acquired						
Cash outflow on acquisition of investment, net of cash and cash equivalents acquired						3,091,556,699.13

During November to December 2017, the Company restructured the shareholding structure under the same control in the commercial carpet business for the management to correspond with the Group's policy as follows:

1. TCMC HK (2017) Limited transferred the investments in Vechachai Co., Ltd. to the Company in the amount of 489,980 shares at 49 percent of the total shares with the value of total investments USD 52.25 million or equivalent to Baht 1,742.00 million. When combined with the number of existing shares, the Company's shareholding in Vechachai Co., Ltd is 100 percent.
2. The Company transferred RT UK (2017) Limited's shares of 4.20 million shares at 100 percent to TCMC HK (2017) Limited in the amount of Baht 4.20 million pounds or Baht 172.50 million.

For the difference from such share transfer, the Company will settle by issuing promissory note to TCMC HK (2017) Limited without charging interest. TCMC HK (2017) Limited will reduce the capital and pay back the capital in the next procedure.

As at December 31, 2017, the Group is still assessing fair value of the net assets acquired by an independent valuer. The Management has estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record by considering the financial information of the Group acquired in the financial statements (book value) which is the closet to the acquisition date. The difference between cash paid with to the purchase consideration is recorded in goodwill, The fair value is being measured within the period not over 1 year from the business acquisition date in accordance with Thai Financial Reporting Standard No.3 (revised 2016) Business Combinations. During the value measurement period if new information about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognize any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

10.2 The subsidiaries that have material non-controlling interests

The Company has consolidated T.C.H. Suminoe Limited, TCMC Furniture Limited and Manor (2016) Holdings Limited that have material non-controlling interest:

Name of Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Baht Profit(loss) allocated to non-controlling interests		Baht Accumulated non-controlling interests	
		2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
T.C.H. Suminoe Limited Thailand	Thailand	51.10	51.10	87,641,035.00	65,724,340.00	264,988,986.75	250,883,899.16
TCMC Furniture Limited	England	24.00	24.00	11,611,975.82	12,123,148.11	50,854,541.94	39,242,566.12
Mano (2016) Holding Limited	England	25.00	25.00	14,732,631.67	12,389,968.10	37,861,347.68	50,813,112.58
Individually immaterial subsidiaries with non-controlling interests				279,436.35	(450,263.11)	9,893,400.50	2,708,945.97
Total				114,265,078.84	89,787,193.10	363,598,276.87	343,648,523.83

Summarized financial information in respect of T.C.H. Suminoe Limited represents amounts before intragroup eliminations.

	Baht	
	2017	2016
Current assets	451,152,992.00	368,537,033.00
Non-current assets	367,241,281.45	405,218,745.00
Current liabilities	244,939,437.00	230,124,581.00
Non-current liabilities	44,534,703.22	42,895,516.00
Non-Controlling interests	264,988,986.75	250,883,899.16
Revenue	1,430,524,441.00	1,214,119,930.00
Profit attributable to the non-controlling interests	88,090,806.00	66,433,649.00
Other comprehensive loss to the non-controlling interests	-	(709,309.00)
Dividends paid to non-controlling interests	73,985,723.50	51,711,124.00
Net cash provided by operating activities	256,203,628.00	178,364,415.00
Net cash used in investing activities	(19,280,411.00)	(17,451,526.00)
Net cash used in financing activities	(201,015,014.00)	(164,349,524.00)
Net cash increase (decrease)	35,908,203.00	(3,436,635.00)

Summarized financial information in respect of TCMC Furniture Limited represents amounts before intragroup eliminations.

	Baht	
	2017	2016
Current assets	308,731,829.95	306,370,457.23
Non-current assets	849,037,490.92	910,393,343.22
Current liabilities	211,872,220.20	201,227,030.73
Non-current liabilities	734,003,176.07	852,026,077.75
Non-Controlling interests	50,854,541.94	39,242,566.12
Revenue	1,302,248,585.84	1,365,440,604.31
Profit attributable to the non-controlling interests	11,578,830.95	18,369,606.36
Other comprehensive income (loss) to the non-controlling interests	33,144.87	(6,246,458.25)
Net cash provided by operating activities	154,895,049.12	174,612,780.48
Net cash used in investing activities	(19,003,715.75)	(21,134,309.15)
Net cash provided by (used in) financing activities	(131,354,088.31)	(172,210,328.43)
Net cash increase (decrease)	4,537,245.06	(18,731,857.10)
Differences on translating financial statements	843,581.06	(19,635,083.94)

Summarized financial information in respect of Manor (2016) Holdings Limited represents amounts before intragroup eliminations.

	Baht	
	2017	2016 (Restated)
Current assets	591,411,864.39	669,153,924.65
Non-current assets	1,202,152,188.65	1,205,112,181.04
Current liabilities	581,801,605.90	653,489,712.26
Non-current liabilities	827,756,211.40	866,775,305.94
Non-Controlling interests	37,861,347.68	50,813,112.58
Revenue	3,413,566,273.35	724,874,569.11
Profit attributable to the non-controlling interests	23,224,496.06	12,389,968.10
Other comprehensive loss to the non-controlling interests	(9,234,529.71)	-
Net cash used in operating activities	(1,048,328.14)	(253,136,362.79)
Net cash used in investing activities	(17,426,171.84)	(667,467,471.16)
Net cash provided by (used in) financing activities	(81,510,240.33)	1,150,730,867.03
Net cash increase (decrease)	(99,984,740.31)	230,127,033.08
Differences on translating financial statements	(243,289.28)	(31,424,402.56)

10.3 Goodwill from acquisitions of businesses

Goodwill consisted of :

	Baht	
	Consolidated financial statements	
	2017	2016 (Restated)
TCMC Furniture Limited	270,825,804.22	271,128,113.95
Manor (2016) Holdings Limited	1,036,235,374.57	1,037,392,117.97
Commercial Carpet Business	1,710,526,656.85	-
Total	3,017,587,835.64	1,308,520,231.92

Movement of change in goodwill during the year were as follows.

- TCMC Furniture Limited

	Consolidated financial statements			
	Foreign currency (Pound)		Baht	
	2017	2016	2017	2016
Balance, beginning of the year	6,157,021.23	6,157,021.23	271,128,113.95	329,422,185.38
Differences on translating financial statements	-	-	(302,309.73)	(58,294,071.43)
Balance, ending of the year	6,157,021.23	6,157,021.23	270,825,804.22	271,128,113.95

- Manor (2016) Holdings Limited

	Consolidated financial statements			
	Foreign currency (Pound)		Baht	
	2017	2016 (Restated)	2017	2016 (Restated)
Balance, beginning of the year	23,558,033.00	-	1,037,392,117.97	-
Goodwill from purchase business	-	23,558,033.00	-	.,008,747,905.64
Differences on translating financial statements	-	-	(1,156,743.40)	28,644,212.33
Balance, ending of the year	23,558,033.00	23,558,033.00	1,036,235,374.57	.,037,392,117.97

- Commercial Carpet Business

	Baht	
	Consolidated financial statements	
	2017	2016
Balance, beginning of the year	-	-
Goodwill from purchase business	1,749,931,080.87	-
Differences on translating financial statements	(39,404,424.02)	-
Balance, ending of the year	1,710,526,656.85	-

10.4 Dividend received during the period

At the Board of Directors Meeting of T.C.H. Suminoe Co., Ltd. No. 1/2017 and No.2/2017 held on March 30, 2017, and September 14, 2017 the board of directors approved the interim dividend payment from the performance results of the fiscal year 2016, and retained earning as of June 30, 2017 totaling Baht 62.50 million and Baht 85.18 million, respectively, totaling Baht 147.68 million. Which is consisted of the Company's portion in the amount of Baht 73.69 million and non-controlling interests portion in the amount of Baht 73.99 million.

10.5 Guarantee

The share certificates on investment in United Carpet Manufacturing Co., Ltd. of 76,500 shares are used to guarantee the subsidiary's credit line as described in Note 16 to the financial statements.

11. PROPERTY PLANT AND EQUIPMENT

Property plant and equipment consisted of:

	Baht						
	Consolidated financial statements						
	Balance per book as at Dec. 31, 2016	Movement during the year					Balance per book as at Dec. 31, 2017
		Addition from purchase business (Note 10.1.2)	Additions	Deduction	Transferred in (out)	Difference on translating financial statements	
At cost / revaluation							
Land (at revaluation)	451,373,100.00	485,545,000.00	-	-	-	-	936,918,100.00
Land improvement	25,717,090.09	-	114,057.00	-	-	-	25,831,147.09
Building	318,381,492.87	439,321,380.48	34,000.00	-	893,719.61	(103,110.00)	758,527,482.96
Building improvement	55,720,750.51	321,934.32	1,055,607.15	-	6,859,930.00	(23,375.77)	63,934,846.21
Machinery and equipment	1,121,200,083.03	1,801,731,426.89	16,982,093.16	(5,394,845.50)	13,940,884.73	(20,982.81)	2,948,438,659.50
Furniture, fixtures and office equipment	112,933,267.59	184,174,683.55	11,805,074.03	(1,616,910.95)	-	(209,937.28)	307,086,176.94
Vehicles	124,085,446.29	31,319,651.13	29,569,219.52	(19,362,199.32)	1,924,205.00	(20,983.50)	167,515,339.12
Machinery in progress	2,799,683.98	36,564,884.33	25,403,488.90	-	(23,618,739.34)	-	41,149,317.87
Total	2,212,210,914.36	2,978,978,960.70	84,963,539.76	(26,373,955.77)	-	(378,389.36)	5,249,401,069.69
Accumulated depreciation							
Land improvement	(14,427,759.47)	-	(807,175.47)	-	-	-	(15,234,934.94)
Building	(183,166,147.13)	(362,661,858.31)	(12,992,383.45)	-	-	(9,714.14)	(558,830,103.03)
Building improvement	(32,940,130.44)	-	(5,648,666.25)	-	-	(5,043.18)	(38,593,839.87)
Machinery and equipment	(631,268,350.15)	(1,596,044,059.87)	(82,322,268.75)	3,713,009.99	-	(34,290.41)	(2,305,955,959.19)
Furniture, fixtures and office equipment	(93,770,627.93)	(149,078,489.67)	(11,640,710.91)	1,601,416.58	-	15,227.70	(252,873,184.23)
Vehicles	(51,589,732.59)	(27,845,250.02)	(30,928,083.46)	18,086,850.39	-	(52,409.84)	(92,328,625.52)
Total	(1,007,162,747.71)	(2,135,629,657.87)	(144,339,288.29)	23,401,276.96	-	(86,229.87)	(3,263,816,646.78)
Property plant and equipment	1,205,048,166.65	843,349,302.83				(464,619.23)	1,985,584,422.91
Less : Allowance for impairment	-	(2,272,000.00)				-	(2,272,000.00)
Property plant and equipment, net	1,205,048,166.65	841,077,302.83				(464,619.23)	1,983,312,422.91

	Baht						
	Consolidated financial statements						
	Balance per book as at Dec. 31, 2015	Movement during the year					Balance per book as at Dec. 31, 2016
		Additions from purchase business (Note 10.1.1)	Additions	Deduction	Transferred in (out)	Difference on translating financial statements	
At cost / revaluation							
Land (at revaluation)	451,373,100.00	-	-	-	-	-	451,373,100.00
Land improvement	25,717,090.09	-	-	-	-	-	25,717,090.09
Building	334,329,553.69	-	241,229.18	-	3,693,300.00	(19,882,590.00)	318,381,492.87
Building improvement	54,418,360.51	-	324,340.00	-	2,871,630.00	(1,893,580.00)	55,720,750.51
Machinery and equipment	1,083,670,097.27	25,497,975.22	6,189,472.11	(15,439,950.68)	32,923,337.71	(11,640,848.60)	1,121,200,083.03
Furniture, fixtures and office equipment	69,329,539.61	32,412,072.18	3,279,607.73	(54,380.00)	7,046,061.00	920,367.07	112,933,267.59
Vehicles	104,730,873.85	22,204,369.53	20,296,962.41	(10,754,040.11)	-	(12,392,719.39)	124,085,446.29
Construction in progress	26,404,361.69	-	22,929,651.00	-	(46,534,328.71)	-	2,799,683.98
Total	2,149,972,976.71	80,114,416.93	53,261,262.43	(26,248,370.79)	-	(44,889,370.92)	2,212,210,914.36
Accumulated depreciation							
Land improvement	(13,623,014.48)	-	(804,744.99)	-	-	-	(14,427,759.47)
Building	(173,862,471.83)	-	(9,568,937.43)	-	-	265,262.13	(183,166,147.13)
Building improvement	(27,361,491.94)	-	(5,893,102.57)	-	-	314,464.07	(32,940,130.44)
Machinery and equipment	(549,813,642.13)	(23,161,603.93)	(65,968,665.66)	6,530,659.53	-	1,144,902.04	(631,268,350.15)
Furniture, fixtures and office equipment	(59,773,957.98)	(27,854,257.67)	(5,408,672.43)	54,369.00	-	(788,108.85)	(93,770,627.93)
Vehicles	(24,740,302.21)	(15,416,119.67)	(23,790,300.72)	9,584,859.46	-	2,772,130.55	(51,589,732.59)
Total	(849,174,880.57)	(66,431,981.27)	(111,434,423.80)	16,169,887.99	-	3,708,649.59	(1,007,162,747.71)
Property plant and equipment, net	1,300,798,094.14	13,682,435.66				(41,180,720.98)	1,205,048,166.65

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2016	Movement during the year			Balance per book as at Dec 31, 2017
		Additions	Deduction	Transferred in (out)	
At cost / revaluation					
Land (at revaluation)	410,000,000.00	-	-	-	410,000,000.00
Land improvement	25,717,090.09	114,057.00	-	-	25,831,147.09
Building	136,406,732.87	34,000.00	-	893,719.61	137,334,452.48
Building improvement	5,634,306.11	-	-	-	5,634,306.11
Machinery and equipment	350,847,437.34	1,148,537.60	(178,500.00)	377,400.00	352,194,874.94
Furniture, fixtures and office equipment	57,432,294.21	965,138.51	(395,750.00)	-	58,001,682.72
Vehicles	17,622,569.40	-	(1,585,000.00)	-	16,037,569.40
Machinery in progress	789,999.98	1,321,119.63	-	(1,271,119.61)	840,000.00
Total	1,004,450,430.00	3,582,852.74	(2,159,250.00)	-	1,005,874,032.74
Accumulated depreciation					
Land improvement	(14,427,759.47)	(807,175.47)	-	-	(15,234,934.94)
Building	(116,562,100.56)	(4,466,030.94)	-	-	(121,028,131.50)
Building improvement	(5,563,617.05)	(19,499.93)	-	-	(5,583,116.98)
Machinery and equipment	(204,490,983.02)	(16,197,573.50)	41,141.38	-	(220,647,415.14)
Furniture, fixtures and office equipment	(47,942,596.63)	(2,269,068.07)	390,197.62	-	(49,821,467.08)
Vehicles	(9,392,656.51)	(1,776,675.05)	1,096,291.66	-	(10,073,039.90)
Total	(398,379,713.24)	(25,536,022.96)	1,527,630.66	-	(422,388,105.54)
Property plant and equipment, net	606,070,716.76				583,485,927.20

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2015	Movement during the year			Balance per book as at Dec 31, 2016
		Additions	Deduction	Transferred in (out)	
At cost / revaluation					
Land (at revaluation)	410,000,000.00	-	-	-	410,000,000.00
Land improvement	25,717,090.09	-	-	-	25,717,090.09
Building	136,165,503.69	241,229.18	-	-	136,406,732.87
Building improvement	5,634,306.11	-	-	-	5,634,306.11
Machinery and equipment	326,858,116.63	1,250,600.00	-	22,738,720.71	350,847,437.34
Furniture, fixtures and office equipment	50,414,137.51	172,095.70	-	6,846,061.00	57,432,294.21
Vehicles	17,759,569.40	-	(137,000.00)	-	17,622,569.40
Construction in progress	22,738,720.69	7,636,061.00	-	(29,584,781.71)	789,999.98
Total	995,287,444.12	9,299,985.88	(137,000.00)	-	1,004,450,430.00
Accumulated depreciation					
Land improvement	(13,623,014.48)	(804,744.99)	-	-	(14,427,759.47)
Building	(112,015,054.24)	(4,547,046.32)	-	-	(116,562,100.56)
Building improvement	(5,435,125.64)	(128,491.41)	-	-	(5,563,617.05)
Machinery and equipment	(188,669,108.02)	(15,821,875.00)	-	-	(204,490,983.02)
Furniture, fixtures and office equipment	(45,270,022.14)	(2,672,574.49)	-	-	(47,942,596.63)
Vehicles	(7,551,150.22)	(1,978,505.29)	136,999.00	-	(9,392,656.51)
Total	(372,563,474.74)	(25,953,237.50)	136,999.00	-	(398,379,713.24)
Property plant and equipment, net	622,723,969.38				606,070,716.76

As at December 31, 2017 and 2016, the Company and the subsidiaries had machine and equipment, furniture fixture and office equipment and vehicle, which were the fully depreciated but they are still in use with cost price of Baht 1,407.13 million and Baht 467.63 million, respectively (the separate amounting to Baht 190.05 million and Baht 172.92 million, respectively).

As at December 31, 2017 and 2016, the Company and its subsidiaries had machinery and vehicles under the finance lease has the net book value of Baht 66.66 million and Baht 66.92 million respectively (the separate amount to Baht 3.20 million and Baht 7.15 million, respectively).

The Company pledged its land together with the construction and machinery total book value amount of Baht 16.17 million to a financial institution for the guarantee of credit facilities as referred to note 16 and 18.

On May 27, 2013, the Company hired a local independent appraiser namely; American Appraisal (Thailand) Co., Ltd. to appraise the value of land again based on fair market value by using the market approach. The land has cost amounting to Baht 17.91 million and the reappraisal value amounting to Baht 410.00 million. The land appraisal above is the fair value measurement hierarchy in level 2.

12. INTANGIBLE ASSETS

Intangible assets consisted of :

	Baht						
	Consolidated financial statements						
	Balance per book as at Dec. 31, 2016 (Restated)	Movement during the year					Balance per book as at Dec. 31, 2017
		Addition from purchase business (Note 10.1.2)	Additions	Deductions	Transferred in (out)	Difference on translating financial statements	
At cost							
Software	34,112,592.60	23,607,184.95	63,720.00	(8,290.00)	-	-	57,775,207.55
Software for digitalization and archives of carpet	9,155,961.36	-	-	-	-	-	9,155,961.36
Software in progress	-	-	142,000.00	-	-	-	142,000.00
Customer base	393,167,600.20	-	-	-	-	(411,801.70)	392,755,798.50
Trademark	202,255,510.80	-	-	-	-	(225,516.30)	202,029,994.50
Design	67,682,717.20	-	-	-	-	(75,466.70)	67,607,250.50
Total	706,374,382.16	23,607,184.95	205,720.00	(8,290.00)	-	(712,784.70)	729,466,212.41
Accumulated amortization							
Software	(22,623,739.24)	(17,204,003.13)	(3,060,852.05)	4,107.51	-	-	(42,884,486.91)
Software for digitalization and archives of carpet	(915,596.16)	-	-	-	-	-	(915,596.16)
Customer base	(56,383,404.35)	-	(33,945,934.67)	-	-	(151,350.41)	(90,480,689.43)
Trademark	(10,155,357.97)	-	(15,263,117.59)	-	-	(90,043.57)	(25,508,519.13)
Design	(20,304,816.92)	-	(13,419,179.17)	-	-	(66,480.72)	(33,790,476.81)
Total	(110,382,914.64)	(17,204,003.13)	(65,689,083.48)	4,107.51	-	(307,874.70)	(193,579,768.44)
Intangible assets	595,991,467.52	6,403,181.82				(1,020,659.40)	535,886,443.97
Less : Allowance for impairment	(8,240,365.20)	-				-	(8,240,365.20)
Intangible assets - net	587,751,102.32	6,403,181.82				(1,020,659.40)	527,646,078.77

	Baht						
	Consolidated financial statements						
	Balance per book	Movement during the year					Balance per book
	as at Dec. 31, 2015	Addition form purchase business (Note 10.1.1)	Additions	Deductions	Transferred in (out)	Difference on translating financial statements	as at Dec. 31, 2016 (Restated)
At cost							
Software	33,530,092.60	-	-	-	582,500.00	-	34,112,592.60
Software for digitalization and archives of carpet	9,155,961.36	-	-	-	-	-	9,155,961.36
Software in progress	518,000.00	-	64,500.00	-	(582,500.00)	-	-
Customer base	472,574,877.50	-	-	-	-	(79,407,277.30)	393,167,600.20
Trademark	69,180,025.50	141,305,010.00	-	-	-	(8,229,524.70)	202,255,510.80
Design	82,234,879.50	-	-	-		(14,552,162.30)	67,682,717.20
Total	667,193,836.46	141,305,010.00	64,500.00	-	-	(102,188,964.30)	706,374,382.16
Accumulated amortization							
Software	(19,371,282.20)	-	(3,252,457.04)	-	-	-	(22,623,739.24)
Software for digitalization and archives of carpet	(915,596.16)	-	-	-	-	-	(915,596.16)
Customer base	(25,508,946.10)	-	(36,815,632.61)	-	-	5,941,174.36	(56,383,404.35)
Trademark	(3,459,001.28)	-	(7,803,775.55)	-	-	1,107,418.86	(10,155,357.97)
Design	(8,223,487.95)	-	(14,694,398.19)	-	-	2,613,069.22	(20,304,816.92)
Total	(57,478,313.69)	-	(62,566,263.39)	-	-	9,661,662.44	(110,382,914.64)
Intangible assets	609,715,522.77	141,305,010.00				(92,527,301.86)	595,382,914.64
Less : Allowance for impairment	(8,240,365.20)	-				-	(8,240,365.20)
Intangible assets - net	601,475,157.57	141,305,010.00				(92,527,301.86)	587,751,102.32

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 2016	Movement during the year		Balance per book as at Dec. 31, 2017
		Additions	Deductions	
At cost				
Software	6,808,283.80	-	-	6,808,283.80
Software for digitalization and archives of carpet	9,155,961.36	-	-	9,155,961.36
Total	15,964,245.16	-	-	15,964,245.16
Amortization				
Software	(5,125,436.02)	(541,787.72)	-	(5,667,223.74)
Software for digitalization and archives of carpet	(915,596.16)	-	-	(915,596.16)
Total	(6,041,032.18)	(541,787.72)	-	(6,582,819.90)
Intangible assets	9,923,212.98			9,381,425.26
Less : Allowance for impairment	(8,240,365.20)			(8,240,365.20)
Intangible assets - net	1,682,847.78			1,141,060.06

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 2015	Movement during the year		Balance per book as at Dec. 31, 2016
		Additions	Deductions	
At cost				
Software	6,808,283.80	-	-	6,808,283.80
Software for digitalization and archives of carpet	9,155,961.36	-	-	9,155,961.36
Total	15,964,245.16	-	-	15,964,245.16
Accumulated amortization				
Software	(4,571,660.15)	(553,775.87)	-	(5,125,436.02)
Software for digitalization and archives of carpet	(915,596.16)	-	-	(915,596.16)
Total	(5,487,256.31)	(553,775.87)	-	(6,041,032.18)
Intangible assets	10,476,988.85			9,923,212.98
Less : Allowance for impairment	(8,240,365.20)			(8,240,365.20)
Intangible assets - net	2,236,623.65			1,682,847.78

13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Deferred tax assets	18,992,407.75	19,094,651.62	33,767,520.77	25,237,516.14
Deferred tax liabilities	(200,488,969.37)	(186,364,647.98)	(78,675,739.40)	(78,564,484.07)
	(181,496,561.62)	(167,269,996.36)	(44,908,218.63)	(53,326,967.93)

Changes in deferred tax assets and deferred tax liabilities for the years 2017 and 2016 were summarized as follows :

	Baht					
	Consolidated financial statements					
	Balance per book as at Dec. 31, 2016 (Restated)	Deferred tax from purchase business (Note 10.1.2)	Income (expense) during the year In profit or loss	In other comprehensive income	Differences on translating financial statements	Balance per book as at Dec. 31, 2017
Deferred tax assets :						
Allowance for doubtful	123,138.48	10,395.02	165,220.00	-	-	298,753.50
Allowance for decline in value of obsolete stocks	5,153,454.50	14,589,958.97	(4,001,534.28)	-	-	15,741,879.19
Allowance for impairment of other assets	-	-	(32,559.00)	-	-	(32,559.00)
Accrued expenses	813,440.56	957,396.40	(639,406.19)	-	-	1,131,430.77
Employee benefit obligations	13,011,616.55	26,050,952.94	1,581,333.05	(142,799.40)	-	40,501,103.14
Other provision	574,955.00	161,387.73	125,286.00	-	-	861,628.73
Tax losses	31,535,125.66	-	7,810,265.66	-	(20,072.07)	39,325,319.25
Total	51,211,730.75	41,770,091.06	5,008,605.24	(142,799.40)	(20,072.07)	97,827,555.58
Deferred tax liabilities :						
Finance lease	(9,309,986.47)	-	48,017.67	-	-	(9,261,968.80)
Capital surplus from fixed assets revaluation	(78,418,530.60)	(75,230,346.00)	-	-	-	(153,648,876.60)
The difference from the fair value adjustment of assets from business combinations	(115,219,438.52)	-	14,462,196.06	-	196,719.42	(100,560,523.04)
Accumulated depreciation	(13,191,578.28)	-	(1,237,022.10)	-	-	(14,428,600.38)
Others	(2,342,193.24)	-	909,393.76	-	8,651.10	(1,424,148.38)
Total	(218,481,727.11)	(75,230,346.00)	14,182,585.39	-	205,370.52	(279,324,117.20)

	Baht					
	Consolidated financial statements					
	Balance per book as at Dec. 31, 2015	Addition from purchase business (Note 10.1.1)	Income(expense)during the year In profit or loss	In other comprehensive income	Difference on translating financial statement	Balance per book as at Dec. 31, 2016 (Restated)
Deferred tax assets :						
Allowance for doubtful	30,602.12	-	92,536.36	-	-	123,138.48
Allowance for decline in value of obsolete stocks	5,278,483.94	-	(125,029.44)	-	-	5,153,454.50
Accrued expenses	577,500.80	-	235,939.76	-	-	813,440.56
Employee benefit obligations	12,821,993.75	-	1,011,408.35	(821,785.55)	-	13,011,616.55
Other provision	1,072,653.00	-	(497,698.00)	-	-	574,955.00
Tax losses	21,872,230.80	-	13,533,372.38	-	(3,870,477.52)	31,535,125.66
Total	41,653,464.41	-	14,250,529.41	(821,785.55)	(3,870,477.52)	51,211,730.75
Deferred tax liabilities :						
Finance lease	(6,923,292.00)	-	(2,386,694.47)	-	-	(9,309,986.47)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	-	-	-	(78,418,530.60)
The difference from the fair value adjustment of assets from business combinations	(117,885,246.35)	(28,261,002.00)	13,853,930.38	-	17,072,879.45	(115,219,438.52)
Accumulated depreciation	(9,999,309.00)	-	(3,192,269.28)	-	-	(13,191,578.28)
Other	(7,545,491.60)	-	4,198,915.13	-	1,004,383.23	(2,342,193.24)
Total	(220,771,869.55)	(28,261,002.00)	12,473,881.76	-	18,077,262.68	(218,481,727.11)

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 2016	Income(expense)during the year In profit or loss	In other comprehensive income	Balance per book as at Dec. 31, 2017
Deferred tax assets :				
Allowance for decline in value of obsolete stocks	1,611,757.85	48,047.63	-	1,659,805.48
Accrued expenses	813,440.55	(156,638.51)	-	656,802.04
Employee benefit obligations	9,278,945.35	828,329.85	-	10,107,275.20
Tax losses	13,533,372.39	7,810,265.66	-	21,343,638.05
Total	25,237,516.14	8,530,004.63	-	33,767,520.77
Deferred tax liabilities :				
Finance lease	(145,953.47)	(111,255.33)	-	(257,208.80)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	-	(78,418.530.60)
Total	(78,564,484.07)	(111,255.33)	-	(78,675,739.40)

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 2015	Income(expense)during the year		Balance per book as at Dec.31, 2016
		In profit or loss	In other comprehensive income	
Deferred tax assets :				
Allowance for decline in value of obsolete stocks	2,012,767.17	(401,009.32)	-	1,611,757.85
Accrued expenses	577,500.79	235,939.76	-	813,440.55
Employee benefit obligations	9,516,042.95	680,214.35	(917,311.95)	9,278,945.35
Tax losses	-	13,533,372.39	-	13,533,372.39
Total	12,106,310.91	14,048,517.18	(917,311.95)	25,237,516.14
Deferred tax liabilities :				
Finance lease	(85,980.00)	(59,973.47)	-	(145,953.47)
Capital surplus from fixed assets revaluation	(78,418,530.60)	-	-	(78,418,530.60)
Total	(78,504,510.60)	(59,973.47)	-	(78,564,484.07)

14. DEPOSIT AT BANK USED FOR GUARANTEE

As at December 31, 2017 and 2016, saving account of the Company and fixed deposit one year of a subsidiary was used to secure bank overdrafts and short-term loans that are under credit facilities with a bank in Note 16.

15. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deposits	7,926,773.10	2,894,796.11	907,827.10	907,827.10
Guarantee for rent and utility	6,544,618.16	553,000.00	-	-
Other	4,881,119.88	6,060,046.99	-	-
Total	19,352,511.14	9,507,843.10	907,827.10	907,827.10

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank overdrafts	123.69	-	-	-
Packing credits	4,000,000.00	3,300,000.00	-	-
Trust receipts	6,352,816.66	4,117,769.38	-	-
Promissory notes	30,857,061.93	60,000,000.00	30,857,061.93	15,000,000.00
Short - term loans	2,527,560,000.00	45,000,000.00	2,527,560,000.00	45,000,000.00
Factoring account	20,899,657.64	-	-	-
Total	2,589,669,659.92	112,417,769.38	2,558,417,061.93	60,000,000.00

Trust receipts classified by currency consisted of:

	Consolidated financial statements			
	Foreign currencies		Baht	
	2017	2016	2017	2016
U.S. Dollars	193,405.12	114,374.54	6,352,816.66	4,117,769.38
			6,352,816.66	4,117,769.38

As at December 31, 2017, the Company and its subsidiaries have short-term credit facilities, in total amount of Baht 2,073.50 million, USD 120.75 million and Pound 0.05 million (the separate : in total amounting to Baht 665.50 million and USD 100.00 million) as follows :

The Company

The Company has short-term credit facilities from two local commercial banks in the total limit Baht 665.50 million and USD 100 million to be used as working capital, investment, business expansion and the normal course of trade and business, which consisted of :

Type of short-term credit facilities	Interest rate (% per annum)	Credit amount (Million Baht)
The first bank		
(1) Overdrafts	MOR	20
(2) Letter of credit, trust receipt, and limit for promissory note (for Import Open Account)	Market rate	50
(3) Letter of guarantee	1.00	60
(4) Forward contract	Market rate	100
(5) Limit for promissory note	Market rate	30
(6) Bill receivable, bill receivable under letter of credit, packing credit, and limit for promissory note (for Export Open Account)	Market rate	50
(7) Short-term loan	MLR - 1.75	322.50 (Million USD)
(8) Short-term loan (Bridging loan) [1]	MLR - 1.50	100.00
The second bank		
(1) Packing credit	MLR - 0.25	30
(2) Letter of credit/trust receipt	SIBOR + 2.00	
(3) Letter of guarantee	1.25	
(4) Forward contract	Market rate	3

The credit facilities amounting to Baht 632.50 million were guaranteed by the Company's land, construction and machineries and the credit facilities total amount of Baht 33 million has no guarantee.

[1] Bridging loan

On September 22, 2017, the Company has entered into a short-term loan agreement with a local commercial bank in the total amount to USD 100 million to acquire the Commercial Carpet Business from Tai Ping Carpets International Limited. Such loan has been stated at Thai Baht currency and maturity date in 1 year with interest rate MLR-1.5% per annum which payment every last day of the month. The first installment is repaid in the last date of the month that is the first drawdown. The loan drawdown can be gradually until March 31, 2018. The amount of USD 94 million has been withdrawn from September 29, 2017 to September 30, 2017. The first installment for principal repayment at the amount of Baht 600 million due within December 2017 and the remaining of principal repayment due within September 2018. The Company is required to change to a long-term loan agreement at the end of the agreement and must comply with the terms specified in the additional loan agreement as follows:

(1) The Company must maintain the ratio of shareholding as common borrowers to the family members of Srivikorn not less than 30 percent of the total issued and paid-up registered capital shares.

(2) The Company must maintain the debt to equity ratio for the year 2017 not over 3.25 times and for the year 2018 not over 2.75 times.

Such credit loan has been guaranteed into 2 phases as follow:

(1) Phase before mortgaging land, building and machinery by pledging the hares of the 3 companies as follows:

(1.1) 99.30% shares of Carpet International (Thailand) Plc.

(1.2) 100% shares of Vechachai Co.,Ltd

(1.3) 100% shares of TCMC HK (2017) Limited

(2) When mortgaging land, building and machinery of Carpet International (Thailand) Plc. dividing into:

(2.1) Mortgage land and building of at Pathumthani

(2.2) Mortgage machinery

By releasing all pledged shares when completed the mortgage of land, building and machinery.

As at December 31, 2017, the Company already repaid the principle in the amount of Baht 650 million.

A local subsidiary No.1

The subsidiary has short-term credit facilities from a local commercial bank in the total amount of Baht 37 million and USD 0.75 million, which consisted of :

Type of short-term credit facilities	Interest rate	Credit amount
	(% per annum)	(Million Baht)
(1) Overdrafts	MOR	2
(2) Letter of credit / Trust receipt / Packing credit / Discounted export bill	LIBOR+2.00 and MOR	25
(3) Letter of guarantee	1.75	10
		(Million USD)
(4) Forward foreign exchange contract		0.75

The credit facilities amounting to Baht 37 million and USD 0.75 million were guaranteed by the subsidiary's machineries and shareholders and the subsidiary's shares certificate for 76,500 shares in Note 10. From this agreement, the Company and Erawan Holding L.L.C. will retain their shareholding in the subsidiary's capital not less than 51 percent and 19 percent, respectively, and guaranteed by the 1 year fixed deposit.

A local subsidiary No.2

The subsidiary has short-term credit facilities from local commercial bank in the total amount of Baht 606 million and USD 15 million, which consisted of :

Type of short-term credit facilities	Credit amount
	(Million Baht)
(1) Overdrafts	46
(2) Short-term loan	433
(3) Letter of credit / Trust receipt / Packing credit / Discounted export bill	103
(4) Letter of guarantee	18
(5) Forward foreign exchange contract	6
	(Million USD)
(6) Forward foreign exchange contract	15

The credit line from the bank amounting to Baht 606 million and USD 15 million specifies a condition that throughout the agreement term the company will not mortgage the existing and future land, building and machinery to guarantee with other creditor before receiving consent from the financial institution and to maintain the shareholders of the subsidiary. If there is a change of shareholders and structure of the operation of the subsidiary, the subsidiary has to inform the bank and receive consent from the bank first.

A local subsidiary No.3

On January 11, 2016, a subsidiary has entered into a credit facility agreement to issue the letter of guarantee with a local commercial bank amounting to Baht 30 million which is guaranteed by the Company.

A local subsidiary No.4

The subsidiary has short-term credit facilities from local commercial bank in the total amount of Baht 735 million and USD 5 million, which consisted of :

Type of short-term credit facilities	Interest rate	Credit amount
The first bank	(% per annum)	(Million Baht)
(1) Overdrafts	MOR	10
(2) Letter of credit / Trust receipt	SIBOR + 1.00	100
(3) Packing credit / short term loan	Market rate	150
(4) Letter of guarantee	0.75	40
		(Million USD)
(5) Forward foreign exchange contract	-	5
The second bank		(Million Baht)
(1) Overdrafts	MOR	25

(2) Letter of credit / Trust receipt / Packing credit	SIBOR + 1.00	150
(3) Letter of guarantee	0.75	60
(4) Forward foreign exchange contract	-	200

Short-term credit facilities are free from pledges.

Overseas subsidiary No.1

The subsidiary has the credit facility agreement to issue the letter of guarantee with a local commercial bank to Pound 0.05 million.

17. TRADE AND OTHER PAYABLES

Trade and other payables consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (restated)	2017	2016
Trade payable	744,012,130.52	492,801,598.59	61,388,414.01	36,908,939.44
Other payable (Note 17.2)	405,174,377.09	311,604,340.92	66,142,397.37	27,828,616.53
Customers' deposit (Note 17.3)	218,977,497.07	27,972,565.97	24,825,469.62	18,336,369.89
Total	1,368,164,004.68	832,378,505.48	152,356,281.00	83,073,925.86

17.1 Trade and other payables

Trade and other payables classified by currency consisted of :

	Consolidated financial statements			
	Foreign currencies		Baht	
	2017	2016 (Restated)	2017	2016 (Restated)
Trade and other payables, domestic;				
Baht			384,223,635.91	183,970,655.85
Trade and other payables, oversea;				
U.S. Dollars	14,643,503.08	1,674,989.00	457,171,229.18	60,059,660.70
Euro	701,893.60	12,890.00	26,934,004.47	491,575.63
Pound	10,123,300.28	14,620,581.04	445,292,431.55	581,416,748.30
Yen	9,975,164.00	20,684,680.63	2,929,003.92	6,439,865.00
Hong Kong Dollars	9,912,000.00	-	41,435,362.10	-
Singapore Dollars	319,506.67	-	7,812,026.00	-
Rupee	4,636,032.65	-	2,366,311.55	-
			1,368,164,004.68	832,378,505.48

	Separate financial statements			
	Foreign currencies		Baht	
	2017	2016	2017	2016
Trade and other payables, domestic;				
Baht			75,890,066.50	46,414,667.05
Trade and other payables, oversea;				
U.S. Dollars	2,368,610.87	996,707.92	75,345,750.05	35,661,782.75
Euro	28,442.66	12,890.00	1,120,464.45	491,575.63
Pound	-	11,374.30	-	505,900.43
			152,356,281.00	83,073,925.86

17.2 Other payable

Other payable consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Accrued expenses	250,445,133.55	83,660,965.81	16,104,343.28	13,771,914.35
Provision from claim on defected goods	8,707,647.29	-	8,707,647.29	-
Accounts payable - purchases of investments	24,129,000.00	-	24,129,000.00	-
Other payable	121,892,596.25	227,943,375.11	17,201,406.80	14,056,702.18
Total	405,174,377.09	311,604,340.92	66,142,397.37	27,828,616.53

17.3 Customers' deposit

Customers' deposit consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Customers' deposit				
Domestic	44,622,666.90	12,480,456.01	3,908,159.13	4,014,337.76
Oversea	174,354,830.17	15,492,109.96	20,917,310.49	14,322,032.13
Total	218,977,497.07	27,972,565.97	24,825,469.62	18,336,369.89

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Ending balance	1,545,390,250.00	1,735,040,180.00	335,761,500.00	400,761,500.00
Less : Deferred financial cost	(13,161,585.06)	(19,127,911.93)	(468,532.71)	(573,291.69)
	1,532,228,664.94	1,715,912,268.07	335,292,967.29	400,188,208.31
Less : Current portion due within 1 year	(263,451,100.55)	(184,119,250.14)	(99,894,953.95)	(64,894,953.95)
Long-term loans, net	1,268,777,564.39	1,531,793,017.93	235,398,013.34	335,293,254.36

Movement of long-term loans from a financial institution for the year ended December 31, 2017 was summarized as follows:

		Consolidated financial statements		Separate financial statements
		Pounds	Baht	Baht
Beginning balance		30,300,000.00	1,735,040,180.00	400,761,500.00
Less : Repayment during the year	- Baht	-	(187,953,970.00)	(65,000,000.00)
	- Pound	(2,800,000.00)	-	-
Differences on translating financial statements		-	(1,695,960.00)	-
Ending balance		27,500,000.00	1,545,390,250.00	335,761,500.00

As at December 31, 2017, the Company and its subsidiaries have a total of six long-term loans with a local commercial bank and overseas branch, totaling Baht 600 million and Pound 33 million (the separate : amounting to Baht 600 million), of which Baht 556 million and Pound 33 million have already been drawn down. The abovementioned long-term loans are secured by land with structures, and machinery of the Company whereas the overseas subsidiary company's loan is guaranteed by the Company.

Long-term loans from financial institutions balance at end of period as follows:

The Company

On April 28, 2015, the Company has entered into a short-term loan agreement with a local commercial bank, totaling Baht 600 million to acquire Alstons Furniture Group Limited. The agreement term of such loan is seven years and the interest rate is equal to MLR - 1.75% per annum. The interest will be paid on a monthly basis with the first interest payment made on the last day of the month of the first withdrawal of the loans. Repayment of the principal is to be made every six months. In total, payment will be made in 14 installment with the first payment made on the last day of the sixth

month from the month of the first withdrawal of the loan. Next payment will be made every six months with the following amounts paid:

Installment	Amount per installment (Baht)
1 - 2	5,000,000.00
3 - 4	15,000,000.00
5 - 12	50,000,000.00
13	80,000,000.00
14 (last payment)	All outstanding amount

As at December 31, 2017, the total amount of principal withdrawn is Baht 555.76 million. The Company has to comply with the following conditions stated in the loan agreement as follows :

1) The Company shall proceed to have Srivikorn family members hold aggregate shares in the Company (the debtor) in a proportion of not less than 30 percent of the issued and paid-up share capital.
2) The Company shall keep the debt-to-equity ratio to not exceed 2.00.

The abovementioned loan is secured by land with structures, and machinery owned by the Company.

Overseas subsidiary No.1

On April 28, 2015, the subsidiary company, TCMC Furniture Limited, has entered into a long-term loan agreement with a foreign branch of a Thai commercial bank, amounting to Pounds 13 million, to acquire Alstons Furniture Group Limited. The agreement term is five years with interest rate at LIBOR+margin per annum. An interest for the first period of interest payment will be calculated from the day on which the loan is drawn down to the end of the day on which the first interest payment is to be made. The interest will be paid on a quarterly basis from the date of first drawdown of the loan. Repayment of the principal is to be made on a quarterly basis in a total of 21 periods with the first payment being made on the last day of the nine month from the month of the first drawdown of the loan. Next payment will be made every three months in the following amounts:

Periods	Amount (Pound)
1 - 20	450,000.00
21 (last payment)	4,000,000.00

The subsidiary company has drawn down the whole amount of the principal.
The subsidiary company shall keep the debt-to-equity ratio to not exceed 2.00.
The abovementioned loan is guaranteed by the parent company.

Overseas subsidiary No.2

On October 4, 2016, the subsidiary company, Manor (2016) Holdings Limited, has entered into a long-term loan agreement with a foreign branch of a Thai commercial bank, amounting to Pounds 20 million, to acquire DM Midlands Limited. The agreement term is 7 years with interest rate at LIBOR+margin per annum. An interest for the first period of interest payment will be calculated from the day on which the loan is drawn down to the end of the day on which the first interest payment is to be made. The interest will be paid on a quarterly basis from the date of first drawdown of the loan. Repayment of the principal and interest is to be made on a quarterly basis in a total of 26 periods with the first payment being made on the last day of the third month from the month of the first drawdown of the loan. The first principal payment is to be made on the last day of the ninth month from the month of the first drawdown of the loan. Next payment will be made every three months in the following amounts:

Periods	Amount (Pound)
1 - 13	500,000.00
14 - 26	600,000.00
27 (last payment)	5,700,000.00

The subsidiary company has drawn down the whole amount of the principal.
The subsidiary company shall keep the debt-to-equity ratio as follow:

	Ratio not exceed
Before the first anniversary of the drawdown	3.45
Before the second anniversary of the drawdown	2.80
Before the third anniversary of the drawdown	2.20
Before the fourth anniversary of the drawdown	1.70
After the fourth anniversary of the drawdown	1.40

The abovementioned loan is guaranteed by the parent company.

19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements				
- Other machine (Note 19.2)	-	9,622,245.00	-	-
- Vehicle (Note 19.3)	19,497,828.68	10,903,462.43	2,781,203.55	6,148,950.43
Total	19,497,828.68	20,525,707.43	2,781,203.55	6,148,950.43
Less Deferred interest	(666,204.25)	(804,285.30)	(71,123.25)	(241,028.30)
Undue value added tax	(27,736.03)	(181,693.33)	(27,736.03)	(181,693.33)
	18,803,888.40	19,539,728.80	2,682,344.27	5,726,228.80
Less Current portion due within 1 year	(9,452,967.94)	(13,911,384.53)	(987,721.92)	(3,043,854.53)
Liabilities under finance lease agreements, net	9,350,920.46	5,628,344.27	1,694,622.35	2,682,374.27

	Baht							
	Consolidated financial statements							
	2017				2016			
	Principal	Deferred interest	Undue value Added tax	Net	Principal	Deferred interest	Undue value Added tax	Net
Due within 1 years	9,452,967.94	423,963.06	26,376.00	9,903,307.00	13,911,384.53	544,452.05	153,957.30	14,609,793.88
Due over 1 year but not over 5 years	9,350,920.46	242,241.19	1,360.03	9,594,521.68	5,628,344.27	259,833.25	27,736.03	5,915,913.55
Total	18,803,888.40	666,204.25	27,736.03	19,497,828.68	19,539,728.80	804,285.30	181,693.33	20,525,707.43

	Baht							
	Separate financial statements							
	2017				2016			
	Principal	Deferred interest	Undue value Added tax	Net	Principal	Deferred interest	Undue value Added tax	Net
Due within 1 years	987,721.92	67,078.06	26,376.00	1,081,175.98	3,043,854.53	169,905.05	153,957.30	3,367,716.88
Due over 1 year but not over 5 years	1,694,622.35	4,045.19	1,360.03	1,700,027.57	2,682,374.27	71,123.25	27,736.03	2,781,233.55
Total	2,682,344.27	71,123.25	27,736.03	2,781,203.55	5,726,228.80	241,028.30	181,693.33	6,148,950.43

The Company and its subsidiaries have finance lease agreements with various leasing companies to rent machines and vehicles for use in their operations, as follows :

19.1 Machine lease agreements

According to the Board of Directors' Meeting No. 1/2016 dated February 25, 2016, it has a resolution to adjust account payable machinery from terminating the agreements with the company parties in overseas. The reason is that such company has the volume of orders below the minimum volume that is specified in the agreement for several years (according to the agreement it has specified the orders below the minimum volume over 2 years. The Company can cancel the agreement and seize the machinery). The Company has prepared the documentation to cancel the agreement by submitting the Termination Letter on December 11, 2015, the Company has negotiated and prepared the consent letter dated March 15, 2016 to the company party overseas to terminate the agreement and seize the machinery without claim. Such cancellation has resulted in the Company to amortize the account payable for machinery net deferred interest at the amount of Pound 282,472 or Baht 15.23 million. However, the Company has recorded as gain from cancelled of financial lease in the statement of comprehensive income for the year ended December 31, 2016.

19.2 Other machine lease agreements

The subsidiary has a machinery lease agreements in the form of financial lease with several local leasing companies under 4 lease agreements. The lease payment is paid monthly for 60 installments at Baht 1.92 million (including VAT) per installment. The subsidiary has to comply with the conditions and restrictions as specified in the agreement. As at December 31, 2017, the Company already completed the repayment according to the agreement.

19.3 Vehicle lease agreements

As at December 31, 2017 and 2016, the Company and its subsidiary have vehicle lease agreements in the form of financial lease with local leasing companies under 10 and 11 lease agreements, respectively (the separate : 3 and 6 lease agreements, respectively). The lease payment is paid monthly for 12-60 installments at Baht 5.49 million and Baht 0.37 million (including VAT) per installment, respectively (the separate : at Baht 0.09 million and Baht 0.24 million, respectively). The Company and its subsidiary have to comply with the conditions and restrictions as specified in the agreement

20. EMPLOYEE BENEFIT OBLIGATIONS

The statements of financial position

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	67,099,884.55	64,275,257.77	46,394,726.75	47,580,214.77
Employee benefit obligations from purchase business	130,254,764.69	1,382,948.00	-	-
Benefits paid by the plan during the year	(7,007,172.61)	(4,950,964.25)	(2,528,742.75)	(3,006,874.25)
Current service costs and interest during the year	15,569,345.16	10,464,636.66	6,670,392.00	6,407,946.00
Actuarial losses	(713,997.00)	(4,108,928.77)	-	(4,586,559.77)
Differences on translating financial statements	2,261.10	36,935.14	-	-
Ending balance	205,205,085.89	67,099,884.55	50,536,376.00	46,394,726.75

Expense recognized in the statements of comprehensive income:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current service costs				
Cost of sales	8,501,015.51	5,799,528.70	3,946,244.00	3,690,811.00
Administrative expenses	5,155,406.05	3,637,783.96	1,723,548.00	1,738,269.00
Management and directors' benefit expenses	1,912,923.60	1,027,324.00	1,000,600.00	978,866.00
Total	15,569,345.16	10,464,636.66	6,670,392.00	6,407,946.00

Principal actuarial assumptions at the reporting date

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	1.95 - 3.05	1.96 - 2.75	2.46	2.46
Salary increase rate	3.00 - 5.00	2.00 - 5.00	4.00	4.00
Employee turnover rate	0.00 - 79.00	0.00 - 79.00	0.00 - 38.00	0.00 - 38.00
Disability	5.00 of mortality rate	5.00 of mortality rate	5.00 of mortality rate	5.00 of mortality rate
mortality	100.00 of Thai mortality table 2008 male and female tables	80.00, 100.00 of Thai mortality table 2008 male and female tables	100.00 of Thai mortality table 2008 male and female tables	100.00 of Thai mortality table 2008 male and female tables

Sensitivity analysis

A reasonable change in each assumption (assumed other assumption remain unchanged) related to the actuarial basis estimation as at the reporting date will have effects on the employee benefit obligations as at December 31, 2017 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (percentage of change 1)	(15,223,378.00)	17,359,451.00	(2,737,484.00)	3,016,642.00
Future salary increase rate (percentage of change 1)	(17,692,085.00)	(15,689,137.00)	1,811,178.00	(1,680,787.00)
Staff turnover rate (percentage of change 1)	(14,400,413.00)	8,330,171.00	(1,461,492.00)	717,067.00

21. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2017, the Group's debt-to-equity ratio was 2.33 : 1 (as at December 31, 2016 was 1.80 : 1) and the Company's was 1.60 : 1 (as at December 31, 2016 was 0.54 : 1).

22. SHARE CAPITAL

At the Extraordinary General Meeting of Shareholders of the Company No. 1/2017 held on September 20, 2017, resolved to approve as follow:-

1) The reduction capital

The shareholder approved to the reduction of the Company's registered capital by cancelling 4,563,210 authorized but unissued shares at the par value of Baht 1.10 each, which remain unallotted from the exercise of the Company's warrants to purchase newly issued ordinary shares No.2 (TCMC-W2) as per the resolution of the Extraordinary General Meeting of Shareholders No. 1/2017, from the existing registered capital of Baht 564.69 million to be the new registered capital of Baht 559.67 million, divided into 508,792,650 shares at the par value of Baht 1.10 each. The Company has registered the reduction of capital with the Department of Business Development, Ministry of Commerce on September 29, 2017.

2) The increase capital

The shareholder approved to the increase of the Company's registered capital for Baht 559,671,915, divided into 508,792,650 shares at the par value of Baht 1.10 each, from the existing registered capital of Baht 559.67 million, to be new registered capital Baht 1,119.34 million, divided into 1,017,585,300 shares at the par value of Baht 1.10 each. The Company has registered the increase of capital with the Department of Business Development, Ministry of Commerce on October 2, 2017.

23. WARRANTS TO PURCHASE NEW OROINARY SHARES

At the Extraordinary Meeting of Shareholders of the Company No. 1/2017, held on September 20, 2017, the shareholders approved the issuance of registered and offering the warrants to purchase new ordinary shares of the Company No.2 to the Company's existing shareholders (TCMC-W2). The warrant details are as follows:

Type of warrants	:	Name certificate and transferable
Number of warrants	:	254,396,325 units
Underlying shares	:	254,396,325 shares
Allocation of warrants	:	The warrants shall be allotted to the existing shareholders who subscribe and pay for new shares through rights issue and excess rights at the ratio of 1 new share to 1 unit of warrants (Right Offering). Any fractions will be disregarded.
Issuing date		December 1, 2017
Warrant expiration date		November 30, 2019
Terms of the warrant		2 years from the issuing date
Exercise period		Last business day of March and September. The first exercise date is the last business day of March 2018, which is March 30, 2018 and the last exercise date is 2 years maturity date of the warrants from the date of issuance and offering the warrants, which is November 30, 2019.
Exercise ratio	:	1 unit of the warrants to 1 ordinary share (subject to change as a result of adjustment of warrants)
Exercise price	:	Baht 4.00 per 1 ordinary share (subject to change as a result of adjustment of warrants)

24. APPROPAIATION OF RETAINED EARNING

Under the provision to the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5 percent of its net income after deduction accumulated deficit bought forward (if any), until the reserve reaches 10 percent of the registered capital. The legal reserve is not available for dividend distribution.

At the Annual General Meeting of Shareholders of the Company No.1/2017 held on April 28, 2017, the shareholders approved the dividend payment to the shareholders from retained earnings at the rate of Baht 0.12 per share, totaling Baht 61.05 million. The Company fixed the names of shareholders who are entitled to receive dividends, whose names appear in the Register of Shareholders on March 30, 2017, which the Company paid the dividends on May 25, 2017.

The Company does not appropriate of profit as legal reserve in the year because in 2016, the Company had net loss from operations.

25. OPERATING SEGMENT

The Company and its subsidiaries operate in 3 main report by products operating segments as follows :

Type of operating segment	Nature of operating segment
- Flooring	- Carpet with hand-woven and machine-woven for indoor decoration including the flooring materials
- Production segment of sofa chair	- Sofa chair for interior decoration
- Production segment of carpet and upholstery fabrics	- Carpet for the floors inside vehicles, vehicles upholstery fabrics, fabrics and carpets used in making furniture and decoration

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Details of financial information by segment operations for the years ended December 31, 2017 and 2016 were as follows :

	Baht							
	Consolidated financial statements							
	Flooring		Sofa chair		Carpet and upholstery fabrics		Total	
	2017	2016	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
Revenue from sales and services	1,555,244,921.76	584,019,604.22	4,652,261,581.63	2,086,116,727.78	1,424,027,159.00	1,201,936,396.00	7,631,533,662.39	3,872,072,728.00
Cost of sales and services	1,024,256,028.46	440,618,194.28	3,514,060,512.34	1,493,085,873.60	1,102,382,370.75	927,125,148.00	5,640,698,911.55	2,860,829,215.88
Gross profit	530,988,893.30	143,401,409.94	1,138,201,069.29	593,030,854.18	321,644,788.25	274,811,248.00	1,990,834,750.84	1,011,243,512.12
Other income	8,912,114.08	23,197,372.38	63,364,067.56	4,198,445.64	6,497,282.00	12,183,534.00	78,773,463.64	39,579,352.02
Selling expense	230,545,062.15	81,029,197.14	499,047,248.37	227,681,697.67	45,770,925.00	39,043,624.00	775,363,235.52	347,754,518.81
Administrative expenses	200,888,820.06	65,819,820.28	518,013,333.74	203,959,797.29	61,285,881.55	79,990,330.00	780,188,035.35	349,769,947.57
Finance cost	58,986,089.19	21,140,113.75	46,030,953.11	26,347,015.77	1,366,159.00	3,207,453.00	106,383,201.30	50,694,582.52
(Income) tax expenses	(11,151,582.11)	13,626,305.18	(26,475,193.15)	(13,733,183.79)	(42,329,044.81)	(32,151,281.22)	(79,955,820.07)	(32,258,159.83)
Profit for the year	38,329,453.87	12,235,956.33	111,998,408.48	125,507,605.30	177,390,059.89	132,602,093.78	327,717,922.24	270,345,655.41

Information about geographical areas

The Company and its subsidiaries' revenue from sales separated by geographical area for the years ended December 31, 2017 and 2016, were summarized as follows :

	Baht	
	Consolidated financial statements	
	2017	2016
Thailand	1,229,294,341.46	1,252,834,462.40
United Kingdom	4,648,158,319.55	2,089,342,424.70
Other	1,754,081,001.38	529,895,840.90
Total	7,631,533,662.39	3,872,072,728.00

Non-current assets of the Company and its subsidiaries separated by geographical area as at December 31, 2017 and 2016 were as follows :

	Baht							
	Consolidated financial statements							
	Thailand				England			
	Flooring		Carpet and upholstery fabrics		Flooring		Sofa chair	
	2017	2016	2017	2016	2017	2016	2017	2016 (Restated)
Property, plant and equipment	,416,808,378.42	613,978,926.07	347,512,778.45	379,966,902.00	9,274,774.06	-	209,716,491.98	211,102,338.58
Intangible assets	7,279,919.64	1,693,420.36	17,970,384.00	23,418,876.00	-	-	502,395,775.13	562,638,805.96
Total	,424,088,298.06	615,672,346.43	365,483,162.45	403,385,778.00	9,274,774.06	-	712,112,267.11	773,741,144.54

Information about major customers

The Company and its subsidiaries' revenue from sales and services from their major customers that has the value from 10 percent of the revenue from sale and service of each Company's Group for the years ended December 31, 2017 and 2016, were summarized as follows :

	Baht	
	Consolidate financial statements	
Type of customers	2017	2016
- Carpet and upholstery fabrics		
Automobile	338,031,940.00	129,267,711.00
- Sofa chair		
Show room for trading furniture	398,618,242.67	419,592,177.44

26. RELATED PARTIES TRANSACTION

The Company and its subsidiaries have certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon between the Company and related parties as an ordinary course of business.

The nature of relationship with related parties can be summarized as follows:

Name of related parties	Type of business	Nature of relationship
Direct subsidiaries		
United Carpet Manufacturing Co. ,Ltd.	Manufacturing and selling of carpet	The same director
Royal Thai International Co., Ltd.	Flooring distributors	The same director
T.C.H. Suminoe Co., Ltd.	Manufacturing and selling of automotive textile	The same director
TCMC Furniture Limited	Holding company in sofa business	The same director
Manor (2016) Holdings Limited	Holding company in sofa business	The same director
TCMC HK (2017) Limited	Holding company in carpet business	The same director
Vechachai Co.,Ltd.	Holding company in carpet business	The same director
Indirect subsidiaries		
Alstons (Upholstery) Limited	Manufacturing and distributing of sofa chair	The same director
Alstons (Cabinets) Limited	Manufacturing of wooden flame for sofa chair	The same director
DM Midlands Holdings Limited	Holding company in sofa business	The same director
DM Midlands Limited	Holding company in sofa business	The same director
Ashley Manor Upholstery Limited	Manufacturing of wooden flame for sofa chair	The same director
AMX Desing Limited	Sofa chair distributors	The same director
Alexander and James Limited	Sofa chair distributors	The same director
James Alexander Co., Ltd.	Research and product development center and sofa chair distributors	The same director
Costigan Limited	Holding company in carpet business	The same director
Anderry Limited	Holding company in carpet business	The same director
Unsen Limited	Holding company in carpet business	The same director
Royal Thai HK (2017) Limited	Carpet distributors	The same director
Royal Thai America (2017) Inc.	Carpet distributors	The same director

Name of related parties	Type of business	Nature of relationship
Royal Thai Singapore (2017) Pte. Ltd.	Carpet distributors	The same director
Royal Thai Macau (2017) Limited	Carpet distributors	The same director
Royal Thai India (2017) Limited	Carpet distributors	The same director
RT UK (2017) Limited	Carpet distributors	The same director
Royal Thai China Trading Limited	Carpet distributors	The same director
Carpet International Thailand Plc.	Manufacturing and selling of carpet	The same director
Related companies		
President Hotel and Tower Co.,Ltd.	Hotel	The Company's Shareholder and Co-director
Philippines Carpet Manufacturing Corp.	Manufacturing and selling of yarn	The Company's Shareholder
Royal Thai L.L.C. (UAE)	Selling of carpet	The Company's Shareholder
Decorative Carpet, Inc. (USA)	Interior	Co-shareholder with the subsidiary
Erawan Holding L.L.C. (USA)	Interior	Shareholder in the subsidiary
Suminoe Textile Co., Ltd. (Japan)	Manufacturing and selling of automotive textile and interior material for train, bus, ship and aircraft	Shareholder in the subsidiary
Thai Lee Hong Trading Co., Ltd. (China)	Trading	Director (advisor) of subsidiary
Suminoe Textile Shanghai Co., Ltd. (china)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
SPM Automotive Textile Co., Ltd.	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Suminoe Textile of America Corp. (USA)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
P.T. Suminoe Surya Techno (Indonesia)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Suminoe Teijin Techno Krishna India.,Ltd. (Indonesia)	Manufacturing and selling of automotive textile	Co-shareholder with the subsidiary
Srivikorn Group Holding Co.,Ltd.	Holding company	The same director

Name of related parties	Type of business	Nature of relationship
Related persons		
Key management personnel		Persons having authority and responsibility for management
Shareholder		Shareholder of the Company

The Company and its subsidiaries have the policy in pricing for transaction with related parties as follows:

Transactions	Pricing policies
Revenue from sales of goods	According to general trade practice and approximate to market price
Revenue from hiring and service	According to agree upon rate and approximate to market price
Cost of purchase goods	According to general trade practice and approximate to market price
Service cost	According to agree upon rate and approximate to market price
Marketing expense	According to agree upon rate
Technical assistance fee	According to agree upon rate
Commission	According to agree upon rate
Interest	According to market interest rate
Compensation to director	According to be approved by director and/or shareholders

Balance with the related parties as at December 31, 2017 and 2016 consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Assets				
Trade and other receivable				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	1,420,456.45	1,774,976.21
Royal Thai International Co., Ltd.	-	-	112,279,756.22	110,832,008.42
TCMC Furniture Limited.	-	-	206,794.88	259,603.42
Manor (2016) Holding Limited	-	-	21,759,900.00	6,323,997.27
DM Middands Limited	-	-	-	480,319.84
DM Midlands Holding Limited	-	-	230,810.31	-
James Alexander Co., Ltd.	-	-	465,797.00	-
RT UK (2017) Limited	-	-	2,929,785.17	-
Carpet International Thailand Plc.	-	-	27,917,759.90	-
Royal Thai HK (2017) Limited	-	-	690,648.81	-
Royal Thai America (2017) Inc.	-	-	12,852,842.49	-
Royal Thai Singapore (2017) Pte. Ltd.	-	-	2,533,922.29	-
Royal Thai Macau (2017) Limited	-	-	2,995,635.73	-
		-	186,284,109.25	119,670,905.16
Related parties				
Decorative Carpet Inc.	-	2,055,001.99	-	-
Suminoe Textile Co., Ltd	-	6,603.00	-	-
Royal Thai LLC.	8,559,764.16	8,401,814.90	8,559,764.16	8,401,814.90
PT. Sumione Surya Techno	-	30,143.00	-	-
Suminoe Teijin Techno Krishna India Pvt., Ltd	23,868.06	-	-	-
	8,583,632.22	10,493,562.89	8,559,764.16	8,401,814.90
	8,583,632.22	10,493,562.89	194,843,873.41	128,072,720.06
Short-tem loans				
Subsidiary				
United Carpet Manufacturing Co., Ltd.	-	-	2,550,000.00	2,550,000.00

As at December 31, 2017 and 2016, short-term loans to subsidiary is presented in the form of promissory note, maturity on September 15, 2018 with the interest of 1.15% per annum (reference for six-month fixed deposit interest rate)

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-tem loans				
Subsidiary				
TCMC Furniture Limited				
Beginning balance	-	-	364,443,332.00	493,575,180.00
Add : Additional loans during the year	-	-	-	-
Less : Repayment during the year	-	-	(26,363,499.25)	(46,626,661.29)
Add (less) : Exchange rate difference *	-	-	(583,783.75)	(82,505,186.71)
Ending balance	-	-	337,496,049.00	364,443,332.00
Less : Current portion within 1 year	-	-	(45,260,592.00)	(39,960,949.79)
Ending balance, net	-	-	292,235,457.00	324,482,382.21

*During of 2016, BREXIT occurred in United Kingdom and caused fluctuation in the pound value. The pound depreciates and has an impact on pound currency long-term loan to incur loss from exchange rate as at the end of year 2016 in the amount of Baht 82.51 million.

On June 19, 2015, the Company has entered into two agreements to provide long-term loans to the subsidiary to acquire Alstons Furniture Group Limited, totaling Pound 10.24 million as follows:

1) A loan amounting to Pound 1.88 million, bearing a fixed interest rate of 8% per annum: payment of the interest is scheduled to be made on an annual basis on the 30th day of June of every year. The principal is repayable on a quarterly basis. As at December 31, 2017 the Company repaid completely the principal Pound 1.88 million.
2) A loan amounting to Pound 8.36 million, bearing a fixed interest rate of 2% per annum: payment of the interest is scheduled to be made on an annual basis on the 30th day of June of every year. Repayment of the principal shall begin after completion of payment of the principal of the Pound 1.88 million loan. The principal amount to be paid in each period and timing is not specifically identified in the agreement, but it is agreed on a yearly basis based on the projected cash flows of the subsidiary.

The abovementioned loans are not secured.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities				
Trade and other payable				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	1,022,193.59	84,350.75
Royal Thai International Co., Ltd.	-	-	3,871,822.80	3,981,694.72
Carpet International Thailand Plc.	-	-	14,942,712.14	-
James Alexander Co., Ltd.	-	-	202,454.70	-
	-	-	20,039,183.23	4,066,045.47
Related parties				
Decorative Carpet Inc.	-	402,508.31	-	-
Suminoe Textile Co., Ltd	8,721,166.00	7,580,568.00	-	-
Suminoe Textile Shanghai Co., Ltd.	35,065,408.00	5,466,266.00	-	-
SPM Automotive Textile Co., Ltd.	366,956.00	6,273,806.00	-	-
PT. Sumione Surya Techno Com	7,528,012.00	1,446,069.00	-	-
Erawan Holding L.L.C.	35,930.21	28,582.66	-	-
Other shareholders	5,056.92	5,056.86	-	-
	51,722,529.13	21,202,856.83	-	-
	51,722,529.13	21,202,856.83	20,039,183.23	4,066,045.47
Short-term loans *				
Related parties				
Srivikorn Group Holding Co.,Ltd.				
Beginning balance	-	-	-	-
Add : Additional loans during the year	100,000,000.00	-	100,000,000.00	-
Less : Repayment during the year	(100,000,000.00)	-	(100,000,000.00)	-
Ending balance	-	-	-	-
Erawan Holding L.L.C.	950,000.00	950,000.00	-	-
Other shareholders	1,500,000.00	1,500,000.00	-	-
	2,450,000.00	2,450,000.00	-	-
Long-term borrowing **				
Related persons				
Beginning balance	34,920,230.80	45,231,216.86	-	-
Less : Repayment during the year	(2,688,357.30)	(2,685,639.39)	-	-
Add (less) : Difference on translating financial statements	(33,755.64)	(7,625,346.67)	-	-
Ending balance	32,198,117.86	34,920,230.80	-	-

* As at December 31, 2017, short-term loans from shareholders is presented in the form of promissory note, maturity on September 15, 2018 with the interest of 1.15% per annum (reference for six-month fixed deposit interest rate).

And during the year, short-term loans from related party is presented in the from of promissory note maturity on September 29, 2017, with the interest of 3.00% per annum (reference for local commercial bank promissory note interest rate).

** On June 19, 2015, the subsidiary company, TCMC Furniture Limited, has entered into an agreement to obtain a long-term loan from a related party, who is a shareholder of such subsidiary company, to acquire Alstons Furniture Group Limited in a total amount of Pound 0.76 million with the fixed interest rate of 2% per annum. The interest is to be paid on an annual basis on the 30th day of June of every year. Repayment of the principal is scheduled to be made every six months and shall begin after completion of payment of the principal of the Pounds 1.88 million loan.

As at December 31, 2017, TCMC Furniture Limited has loans from a related party who is the shareholder of the above subsidiary in the amount of Pound 0.23 million. The loan is free interest.

The abovementioned loans are not secured.

Revenue and expense transactions with related parties for the years ended December 31, 2017 and 2016 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Sale of goods				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	1,598,588.19	3,143,100.13
Royal Thai International Co., Ltd.	-	-	273,289,966.84	290,147,690.55
	-	-	274,888,555.03	293,290,790.68
Related parties				
Decorative Carpet Inc.	8,459,210.10	15,943,337.77	-	-
Suminoe Teijin Techno Krishna India Pvt., Ltd.	55,096.00	-	-	-
Suminoe Textile Co.Ltd	163,002.00	981,956.00	-	-
SPM Automotive Textile Co., Ltd.	-	3,189.00	-	-
Royal Thai HK (2017) Limited			690,648.81	-
Royal Thai America (2017) Inc.			12,852,842.49	-
Royal Thai Singapore (2017) Pte. Ltd.			2,533,922.29	-
Royal Thai Macau (2017) Limited			2,995,635.73	-
	8,677,308.10	16,928,482.77	19,073,049.32	-
	8,677,308.10	16,928,482.77	293,961,604.35	293,290,790.68
Service incomes				
Subsidiary				
United Carpet Manufacturing Co., Ltd.	-	-	2,721,217.20	4,146,577.35
Carpet International Thailand Plc.	-	-	23,749,243.61	-
	-	-	26,470,460.81	4,146,577.35
Other incomes				
Subsidiaries				
United Carpet Manufacturing Co., Ltd.	-	-	29,325.00	29,325.13
Royal Thai International Co., Ltd.	-	-	5,122,207.00	9,190,794.33
Carpet International Thailand Plc.	-	-	4,315,407.69	-
T.C.H Suminoe Co., Ltd.	-	-	73,690,360.50	51,504,683.00
TCMC Furniture Limited.	-	-	7,049,843.69	9,485,320.13
	-	-	90,207,143.88	70,210,122.59
Related parties				
Decorative Carpet Inc.	1,007,391.03	3,704,664.40	-	-
	1,007,391.00	3,704,664.40	90,209,143.88	70,210,122.59

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sale (purchase of goods)				
Subsidiaries				
James Alexander Co., Ltd.	-	-	189,210.00	-
United Carpet Manufacturing Co., Ltd.	-	-	3,820,147.96	8,178,221.32
Carpet International Thailand PLC	-	-	14,695,897.00	-
	-	-	18,705,254.96	8,178,221.32
Related parties				
Thai Lee hong Trading Co., Ltd.	900,850.00	998,480.00	-	-
Suminoe Textiles Co., Ltd.	84,966.00	8,092,237.00	-	-
Suminoe Textile Shanghai Co. Ltd.	187,421,182.00	13,185,111.00	-	-
SPM Automotive Textile Co., Ltd.	5,226,460.00	27,479,215.00	-	-
Suminoe Textile of America Corporation	192,061.00	48,567.00	-	-

PT. Suminoe Surya Techno	14,895,230.00	4,210,993.00	-	-
	208,720,749.00	54,014,603.00	-	-
	208,720,749.00	54,014,603.00	18,705,254.96	8,178,221.32
Selling and administrative expenses				
Other related parties				
Royal Thai L.L.C.	11,800,719.27	13,466,812.24	11,800,719.27	13,466,812.24
Suminoe Textile	42,268,246.00	37,879,386.00	-	-
	54,068,965.27	51,346,198.24	11,807,719.27	13,466,812.24
Management benefit expenses ***				
Short-term employee benefits	80,279,488.94	29,383,905.53	21,012,110.70	20,199,113.25
Post-term employee benefits	1,193,230.75	653,152.00	618,264.00	604,694.00
Other long-term benefits	382,336.00	374,172.00	382,336.00	374,172.00
	81,855,055.69	30,411,229.53	22,012,710.70	21,177,979.25
Interest expenses				
Other related parties				
Holding L.L.C.	10,925.05	10,924.99	-	-
Suminoe Textile Co., Ltd.	114,274.00	274,315.00	-	-
Srivikorn Group Holding Co., Ltd.	468,493.15	-	468,493.15	-
Other shareholders	17,250.06	17,250.00	-	-
	610,942.26	302,489.99	468,493.15	-

*** Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

27. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2017 and 2016 were as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Changed in inventories of finished goods and work in process	184,928,716.69	55,395,600.17	(9,554,299.35)	21,250,275.03
Raw materials and consumables used	2,687,526,233.95	2,160,622,393.49	133,626,816.46	148,347,004.89
Purchase of finished goods	254,760,128.44	79,205,032.92	68,920,988.35	68,235,240.66
Depreciation and amortization	210,028,371.77	174,000,687.19	26,077,810.68	26,507,013.37
Salaries, wage and other employee benefits	703,457,395.54	438,131,406.65	118,106,494.72	114,071,694.13
Management benefit expenses	81,855,055.69	30,411,229.53	22,012,710.70	21,177,979.25

28. (INCOME) TAX EXPENSES

28.1 Major components of (income) tax expenses for the years ended December 31, 2017 and 2016 included :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
(Income) tax expenses shown in profit or loss :				
Current (income) tax expenses:				
Income tax expense for the year	99,147,010.70	58,982,571.00	-	-
Deferred (income) tax expenses:				
Changes in temporary differences relating to the original recognition and reversal	(19,191,190.63)	(26,724,411.17)	(8,418,749.30)	(13,988,543.71)
Total	79,955,820.07	32,258,159.83	(8,418,749.30)	(13,988,543.71)
Income tax relating to components of other comprehensive income:				
Deferred tax relating to:				
Actuarial gain	(142,799.40)	(821,785.55)	-	(917,311.95)
Total	(142,799.40)	(821,785.55)	-	(917,311.95)

28.2 A numerical reconciliation between (income) tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2017 and 2016 which were summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Accounting profit (loss) for the year	407,673,742.31	302,603,815.24	22,775,846.90	(27,432,356.96)
The applicable tax rate (%)	12 - 30	20	20	20
(Income) tax expenses at the applicable tax rate	93,085,877.50	60,520,763.05	4,555,169.38	(5,486,471.39)
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	5,141,915.96	2,391,507.32	3,023,768.50	2,070,814.28
Tax effect of income that are not required in determining taxable profit:				
- Exemption of non - taxable dividend income		-	(14,738,072.10)	(10,300,886.60)
- Exemption of non - taxable international trading center income	(1,139,143.11)		(987,615.08)	-
The amount of previously unrecognized tax losses for a prior period that is used to reduce current tax expense	(59,879.54)	-		-
Unrecognized tax loss on deferred tax asset	1,911,123.68	206,670.59	-	-
Others	(18,984,074.42)	(30,860,781.13)	(272,000.00)	(272,000.00)
Total reconciliation items	(13,130,057.43)	(28,262,603.22)	(12,973,918.68)	(8,502,072.32)
Total (income) tax expenses	79,955,820.07	32,258,159.83	(8,418,749.30)	(13,988,543.71)

28.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2017 and 2016 were summarized as follows:

	Consolidated financial statements			
	2017		2016 (Restated)	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	407,673,742.31		302,603,815.24	
Income tax expenses at the applicable tax rate	93,085,877.50	22.83	60,520,763.05	20.00
Reconciliation items	(13,130,057.43)	(3.22)	(28,262,603.22)	(9.34)
Income tax expenses at the average effective tax rate	79,955,820.07	19.61	32,258,159.83	10.66

	Separate financial statements			
	2017		2016	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	22,775,846.90		(27,432,356.96)	
(Income) tax expenses at the applicable tax rate	4,555,169.38	20.00	(5,486,471.39)	(20.00)
Reconciliation items	(12,973,918.68)	(56.63)	(8,502,072.32)	(30.99)
(Income) tax expenses at the average effective tax rate	(8,418,749.30)	(36.63)	(13,988,543.71)	(50.99)

29. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the parent company for the period by the weighted average number of ordinary shares which are issued during the year and held by outside party.

	Consolidate financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016
Profit (loss) for the year of the parent company(Baht)	204,824,239.70	174,111,488.72	31,194,596.20	(13,443,813.25)
Weighted average number of ordinary shares (shares)	527,217,487	429,958,005	527,217,487	429,958,005
Basic earnings (loss) per share (Baht per share)	0.3885	0.4049	0.0592	(0.0313)

30. FINANCIAL INSTRUMENTS

30.1 Risk management

The Company and its subsidiaries manage their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

30.2 Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans and long-term and machine payable. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provide significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at December 31, 2017, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht			
	Consolidated financial statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
Financial assets				
Cash and cash equivalents	122,576,724.86	2,090,172.32	344,865,941.58	469,532,838.76
Trade and other receivables	-	-	1,626,846,856.10	1,626,846,856.10
Bank deposit for using guarantee	-	1,640,000.00	-	1,640,000.00
Financial liabilities				
Bank overdrafts and short-term loan from financial institutions	2,527,560,000.00	62,109,659.92	-	2,589,669,659.92
Trade and other payables	-		1,368,164,004.68	1,368,164,004.68
Short-term loans from related parties	-	2,450,000.00	-	2,450,000.00
Long-term loans from financial institutions	1,532,228,664.94	-	-	1,532,228,664.94
Long-term loans from related person	-	32,198,117.86	-	32,198,117.86
Liabilities under finance lease agreements	-	18,803,888.40	-	18,803,888.40

	Baht			
	Separate financial statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
Financial assets				
Cash and cash equivalents	54,444,700.09	-	3,998,605.32	58,443,305.41
Trade and other receivables	-	-	290,727,041.36	290,727,041.36
Short-term loans to subsidiary	-	2,550,000.00	-	2,550,000.00
Long-term loans to subsidiary	-	337,496,049.00	-	337,496,049.00
Financial liabilities				
Bank overdrafts and short-term loans from financial institution	2,527,560,000.00	30,857,061.93	-	2,558,417,061.93
Trade and other payables	-	-	152,356,281.00	152,356,281.00
Long-term loans from financial institutions	335,292,967.29	-	-	335,292,967.29
Liabilities under finance lease agreement	-	2,682,344.27	-	2,682,344.27

30.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily relating to trade accounts receivable. The management of the Company and its subsidiaries manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

30.4 Foreign currency risk

30.4.1 The Company has foreign exchange rate risk as it has long-term loans to the subsidiary in Pounds sterling currency. During the year, the Company has entered into a cross currency swap contract with a local bank in Thailand to reduce the exchange rate risk that arises from debt repayment. As at December 31, 2017, the Company has foreign exchange forward contract as follows:

Principal amount		Interest rate		
Delivered	Received	Delivered	Received	Interest periods
3,560,000.00 GBP (260,000.00 GBP per installment)	157,708,000.00 Baht (11,518,000.00 Baht per installment)	GBP LIBOR 3 months + 3.58% per annum	MLR 6 months - 1.75% per annum	February 6, 2017 December 30, 2019 (installment of 3 months starting the first payment on March 30, 2017)

30.4.2 The subsidiary exposure to foreign currency risk relates to its import-export sale. During the period, the subsidiary primarily utilize forward exchange contracts to hedge exchange rate.

As at December 31, 2017, three subsidiaries had the forward contract were amount to be received and contractual exchange rates of the outstanding contracts as follows:

Maturity date	Amount - buying/ selling on contracts			Exchange rates of contracts per unit		Amount (to be received/ delivered on contract)	
Jan 26, 2018 - Jun 27, 2018	buying	11,008,183.36	USD	32.2143 - 33.3050	Baht	315,041,991.19	Baht
Jan 30, 2018 - Jun 4, 2019	buying	12,550,000.00	USD	1.2660 - 1.3635	GBP	9,516,592.39	GBP
June 19, 2018	buying	50,000.00	USD	32.34985	Baht	1,617,492.50	Baht
Jan 30, 2018 - Nov 29, 2018	Selling	5,000,000.00	EUR	0.881057 - 0.952381	GBP	4,605,965.08	GBP

30.5 Liquidity risk

The Company and its subsidiaries manage its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

30.6 Fair value

The carrying amount of financial assets and financial liabilities as presented in the statement of financial position are mostly bear floating interest rates or fixed interest rates which are close to market rate. The management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amount.

31. COMMITMENTS

31.1 As at December 31, 2017, the Company and its subsidiaries had commitments on the long-term service agreement as follow:

31.1.1 The Company entered into services agreement with the foreign related company. The such related company has to provide service of marketing management in Middle East zone to the Company, as follows :-

(1) To provide on request reports on the investment potentials.
(2) To review and report on the identification of potential sale opportunities.
(3) To arrange for staffs to attend any meeting as the representatives of the Company at meetings on the matters concerning the potential sale opportunities.
(4) To visit customer and potential customer.

The Company has to pay monthly services fee to the such related company in the amount of USD 20,000.00. Term of agreement since January 1, 2016 and it has been renewed automatically once a year.

31.1.2 On April 25, 2008, a subsidiary entered into a technical assistance agreement with a foreign related company. The above subsidiary has to pay the technical assistance fee every 3 months at the agreed percentage of net sales of fabric products and carpet products. The calculation starts from sale since June 1, 2008 and the agreement ends on May 31, 2009 with the option to automatically renew the agreement every year until there is a termination notice.

31.2 As at December 31, 2017 and 2016, the Company and its subsidiaries had commitments on capital expenditure as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Machinery and equipment purchase	18,573,858.96	1,253,391.00	480,000.00	-
Building construction	432,000.00	1,180,000.00	-	-
Other (software)	270,400.00	22,360.00	-	-
Total	19,276,258.96	2,455,751.00	480,000.00	-

31.3 As at December 31, 2017 and 2016, the Company and its subsidiaries have commitments on operating lease - as a lessee and have minimum future rental payments under the lease and service agreements as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Within 1 year	44,677,510.40	31,527,948.00	-	-
Over 1 year but less than 5 years	29,323,493.00	24,741,116.00	-	-
Total	74,001,003.40	56,269,064.00	-	-

31.3.1 A subsidiary had entered into the building leasing agreement for 3 years contract, since June 1, 2015 until the end of contract on May 31, 2018. The Subsidiary had to pay the rental fee of Baht 488,750.00 monthly. Later, the rental fee has been reduced to Baht 408,750.00 monthly since February 1, 2017.

31.3.2 Another subsidiary has entered into an operating lease agreement relating to the lease of land, building space, vehicle and equipment, with the agreement term of 1 - 4 years.

31.3.3 On August 1, 2015, a subsidiary had entered into lease of office building for a showroom with an individual, for 3 years contract, since October 1, 2015 until the end of contract on October 1, 2018. The Company had to pay the rental fee Baht 80,000.00 monthly.

31.3.4 A subsidiary had entered into the office building leasing agreement for 5 years contract, since August 11, 2014 until the end of contract on August 10, 2019. The Company had to pay the rental fee Pound 160,000, yearly.

31.4 As at December 31, 2017, the Company has commitment in respect of the brand strategic positioning and brand communication work piece creativity design expense outstanding in the amount of Baht 840,000.00.

32. CONTINGENT LIABILITIES

32.1 As at December 31, 2017, the Company and its subsidiaries had contingent liabilities from letter of guarantee issued by several commercial banks to guarantee of product selling and rental agreement amounting to Baht 81.96 million (the separate : amounting to Baht 4.89 million).

32.2 As at December 31, 2017, the Company has the unused letters of credit of USD 1.00.

33. ADJUSTMENTS OF YEAR ABOUT BUSINESS COMBINATIONS

From the acquisition of business in DMM Midland Limited “(DMM”) that is register in England and wales on November 1, 2016. The transaction is accounted for as a business combination and has assessed the fair value of net identifiable assets at the acquisition date and the assessment process has been completed in year 2017 within the period of not exceeding one year from the acquisition date as specified by Thai Financial Reporting Standard No. 3 (revised 2016) “Business Combinations”. Therefore, the Company and its subsidiaries have retrospectively adjusted the measuring of the fair value of net identifiable assets and good will on business acquisition date as previously recorded. The effect to the consolidated financial statements as follows :

	Baht		
	Consolidated financial statements		
	As previous reported	Adjustments increase (decrease)	As restated
Statement of financial position			
As at December 31, 2016			
Goodwill	1,381,270,433.87	(72,750,201.95)	1,308,520,231.92
Intangible assets	444,048,275.67	143,702,826.65	587,751,102.32
Trade and other payables	893,514,317.93	27,281,859.65	920,796,177.58
Deferred tax liabilities	157,624,065.03	28,740,852.95	186,364,647.98
Retained earnings - Unappropriated	461,851,700.07	(1,298,378.58)	460,553,321.49
Other components of equity	205,682,404.92	454,553.96	206,136,958.88
Non-controlling interests	327,874,517.11	15,774,006.72	343,648,523.83
Statement of comprehensive income			
For the year ended December 31, 2016			
Administrative expensed	348,146,996.48	1,622,951.09	349,769,947.57
Income tax expenses	32,582,732.34	(324,572.51)	32,258,159.83
Differences on translating the financial statements	(146,825,365.19)	454,553.96	(146,370,811.23)
Basic earnings per share	0.4080	(0.0031)	0.4049

34. RECLASSIFICATION

Certain amounts in the financial statements for the year 2016 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications were as follow :

	Baht		
	Consolidated financial statements		
	As previously reported	Reclassified increase (decrease)	As reclassified
Statement of financial position			
As at December 31, 2016			
Trade and other payables	920,796,177.58	(88,417,672.10)	832,378,505.48
Income tax payable	42,905,309.26	8,737,059.36	51,642,368.62
Other current liabilities	49,651,595.27	70,520,327.23	120,171,922.50
Other provisions	-	9,160,285.51	9,160,285.51

35. PRIVILEGES FROM BEING AN INTERNATIONAL COMPANY

On November 6, 2017, the Company was approved from the Revenue Department to be an international head quarter (IHQ). The Company operates management service business, technical support or other support and is an international trade company (ITC) that renders service to related companies both local and overseas. The Company will be exempt or obtain reduction of income tax rate for a period of 15 years, starting the first period from October 31, 2017 to December 31, 2017 and the last period starts from January 1, 2031 to December 31, 2031 with the details of tax privileges as follows.

1. Exemption of income tax in the full amount from net profit from the sales of goods through international company overseas and not import back to Thailand (ITC) and IHQ items that arise from providing service to international company that is not a related company in Thailand.
2. Exemption of income tax rate to 10 percent for the service provided to related companies in Thailand.

If the Company lacks the qualification set out in section 19 of the Royal Decree issued under the Revenue Code regarding the rate reduction and public revenue exemption No. 586. The privileges will be suspended only in that accounting period.

36. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's director on February 28, 2018.

TCM
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