



-Translation-

THIP-SET/042/2017

August 11, 2017

Subject : Filing of Reviewed Financial Statements for the 2nd
Quarter of 2017 and 2016 and Management
Discussion and Analysis

Attention : The President
The Stock Exchange of Thailand

Enclosures : 1. Reviewed Financial Statements and the Auditor's
Review Report for the 2nd Quarter of 2017 and 2016
2. Management Discussion and Analysis

The Board of Directors Meeting No. 7/2017 of Thantawan Industry Public Company Limited which was held on August 11, 2017 had approved the Reviewed Financial Statements for three-month and six-month period ended June 30, 2017. The Management Discussion and Analysis for the 2nd Quarter of this year can be clarified as attached.

Please be informed accordingly.

Very truly yours,



S. Teerachai *P. Pojanard*

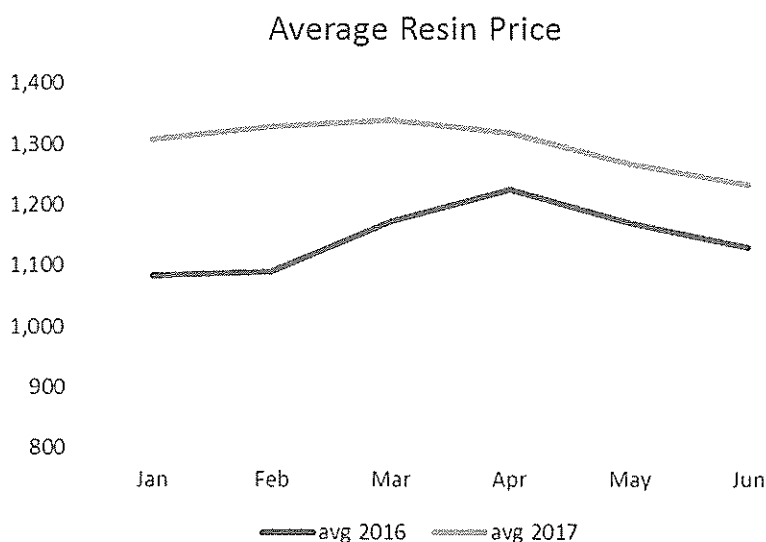
(Mr. Teerachai Siritunyanont)(Mrs. Pojanard Prinyapatpakorn)

Authorized Director

Interim Management Discussion and Analysis for 2Q2017

A) Results of Operations

The revenue of 2Q 2017 increased to THB 697.1 million which was THB 43.9 million or 7% growth from 2Q 2016. Net profit of THB 45.98 million decreased from 2Q 2016 amounting to THB 75.4 million. Earnings per share¹ was THB 0.57 compared with THB 0.94 of 2Q 2016. This was mainly due to movement of resin price and plant's efficiency improvement cost. In 2Q 2017 resin cost which used in production, especially LDPE, LLDPE and Bioplastic resin were higher than 2Q 2016. Furthermore, the company keeps enhancing productivity in production line and renovated some area in the factory for current and future expansion. The company also focus on research and development for new product in order to cope with customer demand. All of these inevitably caused higher cost.



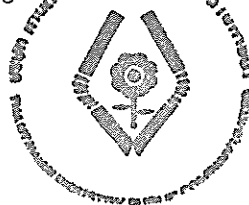
source: ICIS and supplier's price

Revenue from sales

Total sales revenue in 2Q2017 was THB 686.0 million increased by THB 40 million or 6% from same quarter last year.

Export sales rose THB 39.3 million or 7% due to redesign products. Moreover, cross selling variety of products to existing customers boosted overall company's sales. Domestic sales slightly increased by THB 0.5 million.

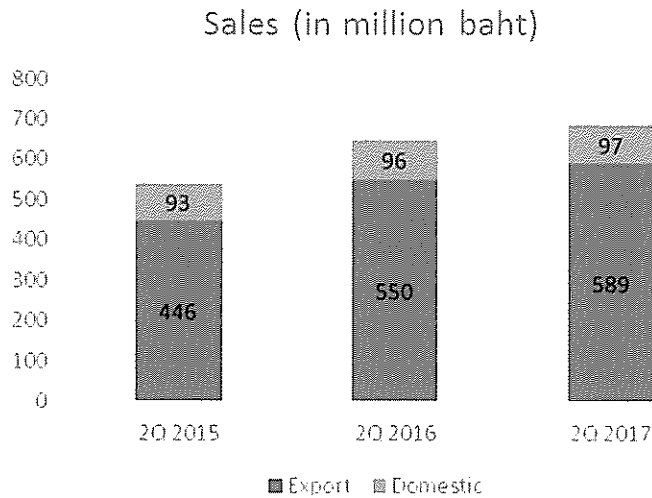
¹ Earnings per share is calculated by adjusting the number of ordinary shares from 8 million shares to 80 million shares in proportion to the change in par value from Baht 10 each to Baht 1 according to Extraordinary General Meeting of Shareholder on July 6, 2017.



S. Teerachai
Mr. Teerachai Siritunyanont
Director

P. Pojanard
Mrs. Pojanard Prinyapatpakorn
Director

The diagram shows continuous growth of sales



Most of Finished products, both local and overseas, are made in accordance with customers' orders (Made to Order) which can be classified into 3 categories as follow

- 1.) Plastic bag e.g. Zipper bag, breast milk storage bag
- 2.) Drinking straws
- 3.) Other products e.g. Zipper profile, Body scrub

Performance by each segment could be summarized as below:

Table : Quarterly Sales Revenue by product

Type of products	2Q2017		2Q2016	
	Sales (Million baht)	%	Sales (Million baht)	%
Plastic bags	560.0	82%	513.4	79%
Drinking straws	93.9	14%	102.5	16%
Other products	32.1	5%	30.3	5%
Total	686.0	100%	646.2	100%

1. Plastic bags

Sales revenue from plastic bags for 2Q2017 increased from previous year by THB 46.6 million. This was because more orders received from existing key customers including launching new products.

2. Drinking straws

Total Drinking straws sales slightly declined from last year by THB 8.6 million or 8% mainly due reduction in export sales but increased in domestic sales.



S. Teerachai
Mr. Teerachai Siritunyanont
Director

P. Pojanard
Mrs. Pojanard Prinyapatpakorn
Director

3. Other products

Sales from other products rose from 2Q2016 by THB 1.8 million.

Other incomes

Other incomes for 2Q2017 of THB 11 million increased by THB 4 million from the same period last year mainly because gain on exchange rate and export compensation from Custom department.

Gross Profit margin

Gross profit margin for 2Q2017 was presented at 16.7% of total sales declined from the same period last year which accounted at 23.1%. This caused by

- Raw material price increase by 3-12% depending on type of resins, especially LDPE and Bioplastic raw material of which their price still higher than last year
- Continuous development in factory to improve production efficiency for both short-term and medium term growth. The company replaced new machines and maintenance existing one causing higher maintenance cost and depreciation. Moreover, renovate factory and rent additional warehouse space caused higher overhead cost.

Selling and administrative expenses

Selling expenses for 2Q2017 was THB 18.95 million, decreased from the same period last year by THB 1.2 million or 6% mainly from better manage freight and export expenses.

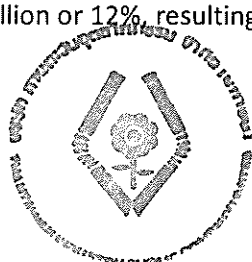
Administrative expenses totaled THB 50.28 million, edged up THB 8.5 million or 20% from 2Q2016. This was mainly due from an increase in employees' expenses and research and development cost.

B) Financial position

Assets

As of June 30, 2017, Company's total assets were THB 1,704.9 million, decreased from December 31, 2016, by THB 72.2 million or 4%. Significant changes in assets for 2Q2017 were followings:

- 1) **Total current assets** were THB 1,128.4 million, decreased by THB 134.5 million or 11% mainly due to
 - 1.1 Cash and cash equivalents increased by THB 173.3 million, partly due to short-term investment due but not roll over causing reduction in short-term investment of THB 304.3 million. Netting these 2 items reflected in reduction of totaling THB 131.1 million which was for payment of dividend and tax in May. Anyways, Cash and cash equivalents were deposited at the financial institutions with reasonable return rate.
 - 1.2 Inventories decreased by THB 37.1 million or 8% from December 31, 2016 mainly due to reduce purchase order of bioplastic resin after safety stock was fully filled up and sufficient for production demand.
- 2) **Non-current assets** totaled THB 576.5 million, increased from December 31, 2016 amount of THB 62.3 million or 12%, resulting from purchase of machine and equipment THB 91.3 million.



S. Teerachai
Mr. Teerachai Siritunyanont
Director

P. Pojanard
Mrs. Pojanard Prinyapatpakorn
Director

Liabilities and shareholders' equity

As of June 30, 2017, company's total liabilities were THB 369.5 million, decreased by THB 63.6 million or 15% compared to the end of last year. Accounts payable reduced the highest by THB 30.5 million, since it was subsequent to reduction of purchase order of bioplastic resin. Moreover, Accrued expenses and Accrued tax payable reduced as bonus and tax payment already made in 2017.

Shareholders' equity as of June 30, 2017, decreased by THB 8.5 million due to dividend payment of THB 113.4 million and comprehensive income of THB 104.9 million.

C) Cash flow

Cash and cash equivalent amounting to THB 323.1 million increased from December 31, 2016 by THB 173.3 million caused by the following activities;

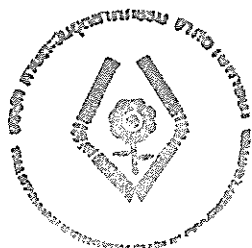
Cash flows from operating activities for 6-month period amounting THB 53.19 million declined from the same period of 2016 by THB 34.6 million because of lower profit before tax and higher tax payment in 2017.

Cash flows from investing activities totaling of THB 227.9 million derived from short-term investment due but not rollover in order to use in business.

Cash flows used in financing activities amounting to THB 107.8 million mainly due to dividend payment.

D) Key Financial Ratios

Description	unit	2Q 2017	2Q 2016
Gross profit margin	%	16.69%	23.14%
Net profit margin	%	6.60%	11.54%
Return on Shareholders' equity	%	3.44%	6.79%
Return on total assets	%	2.70%	5.32%
Liquidity ratio	Times	3.39	3.37
Cash cycle	Days	63	60
Debt to Equity ratio	Times	0.28	0.28
Book value per share ¹	THB/share	16.69	13.87
Basic earnings per share ¹	THB/share	0.57	0.94



S. Teerachai
Mr. Teerachai Siritunyanont
Director

P. Pojanard
Mrs. Pojanard Prinyapatpakorn
Director