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THIP-SET/052/2017

November 10, 2017

Subject : Filing of Reviewed Financial Statements for the 3rd
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 3rd Quarter of 2017 and 2016
2. Management Discussion and Analysis

The Board of Directors Meeting No. 9/2017 of Thantawan Industry Public Company Limited which was held on November 10, 2017 had approved the Reviewed Financial Statements for three-month and nine-month period ended September 30, 2017. The Management Discussion and Analysis for the 3rd 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

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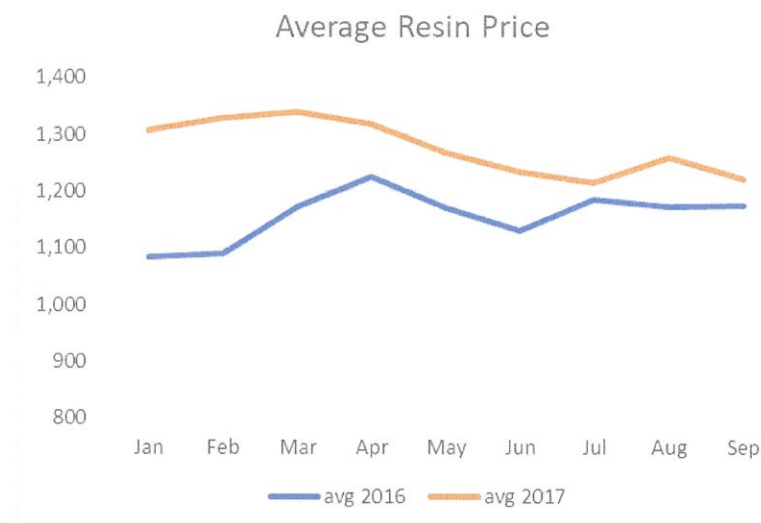


Interim Management Discussion and Analysis for 3Q2017

A) Results of Operations

The revenue of 3Q 2017 increased to THB 773.68 million which was THB 18.30 million or 1.4% growth from 3Q 2016. Net profit of THB 82.51 million decreased from 3Q 2016 amounting to THB 96.25 million. Earnings per share was THB 1.03 compared with THB 1.20 of 3Q 2016. Comparing with last quarter of 2017, company's performance, both revenue and net profit, showed reasonably growth. Revenue rose by THB 76.62 million or 11% and net profit increased by THB 36.53 million or 79.5%

Factor impacting this quarter performance against the same quarter of last year was mainly due to movement of resin price and plant's efficiency improvement cost. In 3Q 2017 resin cost which used in production, especially LDPE, LLDPE and Bioplastic resin were higher than 3Q 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 focuses 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 3Q2017 was THB 758.99 million increased by THB 10.29 million or 1.4% from the same quarter last year. Growth of revenue in this quarter was from domestic sales while relatively constant of export

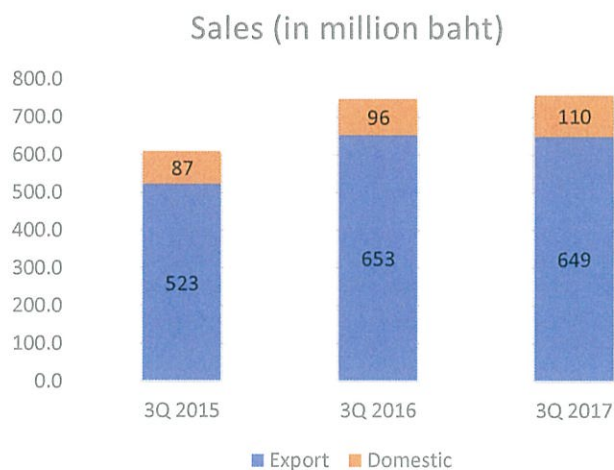
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Mr. Teerachai Siritunyanont
Director

P. Pojanand
Mrs. Pojanand Prinyapatpakorn
Director



sales. Comparing sales revenue with last quarter of 2017, both domestic and export sales increased by 13% and 10% respectively.

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 bags 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	3Q2017		3Q2016	
	Sales (Million baht)	%	Sales (Million baht)	%
Plastic bags	624.0	82%	601.2	80%
Drinking straws	91.1	12%	112.7	15%
Other products	43.9	6%	34.8	5%
Total	759.0	100%	748.7	100%

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1. Plastic bags

Sales revenue from plastic bags for 3Q2017 increased from previous year by THB 22.8 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 21.6 million mainly due to reduction in export sales but increased in domestic sales.

3. Other products

Sales from other products rose from 3Q2016 by THB 9.1 million.

Other incomes

Other incomes for 3Q2017 of THB 14.69 million increased by THB 8 million from the same period last year mainly because gain on exchange rate.

Gross Profit margin

Gross profit margin for 3Q2017 was presented at 20.9% of total sales declined from the same period last year which accounted at 24.2%. This caused by


- Raw material price was still higher than last year by 3-15%, especially LDPE and Bioplastic.
- Continuous development in factory to improve production efficiency for both short-term and medium-term growth. The company replaced new machines and overhauled existing one causing higher maintenance cost and depreciation. Moreover, renovate factory and rent additional warehouse space to support growing demand caused higher manufacturing overhead cost.

Selling and administrative expenses

Selling expenses for 3Q2017 was THB 22.65 million, increased from the same period last year by THB 3.27 million mainly from promotion expense and distribution cost among modern trade customers along with expanding sales order from such customers.

Administrative expenses totaled THB 54.43 million, edged up THB 6.47 million or 13.48% from 3Q2016. This was mainly due from an increase in employees' expenses and research and development cost. Moreover, there was improving working facilities and computer system development to improve working environment.


Mr. Teerachai Siritunyanont
Director


Mrs. Pojanard Prinyapatpakorn
Director



B) Financial position

Assets

As of September 30, 2017, Company's total assets were THB 1,900.82 million, increased from December 31, 2016, by THB 123.69 million or 7%. Significant changes in assets for 3Q2017 were followings;

- 1) Total current assets were THB 1,290.21 million, decreased by THB 27.27 million or 2.2% mainly due to
 - 1.1 Cash and cash equivalents increased by THB 244.33 million and current investment decreased by THB 214.32 million due to current investment due but not roll over. Netting these 2 items reflected in increase of totaling THB 30.0 million.
 - 1.2 Accounts receivable increased by THB 23.71 million in accordance with growth in sales.
 - 1.3 Inventories decreased by THB 24.37 million 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 610.61 million, increased from December 31, 2016 amount of THB 96.42 million or 18.8%, resulting from purchase of machine and equipment THB 140 million.

Liabilities and shareholders' equity

As of September 30, 2017, company's total liabilities were THB 482.93 million, increased by THB 49.76 million or 11.5% compared to the end of last year. Accounts payable increased the highest by THB 85.36 million because major supplier extended credit term. Accrued tax payable reduced by THB 28.64 million since it was already paid in 2017.

Shareholders' equity as of September 30, 2017, increased by THB 73.93 million due to dividend payment of THB 113.4 million and comprehensive income of THB 186.14 million.

C) Cash flow

Cash and cash equivalent amounting to THB 394.11 million increased from December 31, 2016 by THB 244.3 million caused by the following activities;

Cash flows from operating activities for 9-month period amounting THB 271.37 million increased from the same period of 2016 by THB 56.68 million. Though profit before tax decreased in this period but working capital management made cash flow from operation increased.


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Director



Cash flows from investing activities totaling of THB 81.3 million derived from current investment due but not rollover amounting to THB 214.86 million in order to use in business and purchase of fixed assets of THB 140 million.

Cash flows used in financing activities amounting to THB 108.3 million mainly due to dividend payment amounting to THB 107 million.

D) Key Financial Ratios

Description	unit	3Q 2017	3Q 2016
Gross profit margin	%	20.90%	24.23%
Net profit margin	%	10.66%	12.74%
Return on Shareholders' equity	%	5.82%	9.32%
Return on total assets	%	4.34%	6.00%
Liquidity ratio	Times	2.90	3.66
Cash cycle	Days	46	53
Debt to Equity ratio	Times	0.34	0.33
Book value per share	THB/share	17.72	12.91
Basic earnings per share	THB/share	1.03	1.20

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