

(Translation)

23rd February 2018

Subject: Management Discussion and Analysis (MD&A) of year 2017

To: Managing Director of the Stock Exchange of Thailand

Business Overview

In the year 2017, the overall picture of the apparel industry remained stable in line with the Thai and global economy. The sale of goods to foreign countries has been affected by the appreciation of the Thai baht and the intense competition which caused the exports to shrink from the previous year. Domestic consumption was also affected by high living expenses and household debt, as well as the relocation of garment manufacturers to Vietnam. The garment industry in Thailand has continued to shrink.

Products of the Company: For elastic segment for baby diapers; The major manufacturers have switched to use the spandex instead of natural rubber, and the competition is quite high. As a result, the sales of the company of this group is likely to decline in the future. For elastic segment for adult diapers, the market remained steady. However, the Company still expanded the adult diaper market by cooperating with the minor diaper manufactures which are our customers, and we believed this market will be a potential market in the future.

For Medical Devices; There is still intense competition in both domestic and foreign markets. Market leaders use price strategies to gain market share. But the sales of this product of the company has continued to grow with the strength of sale channel and product quality. Since 2015, the company has been awarded ISO 13485, the Quality Management System for Medical Device Industry, which is an important tool in the competition and expansion of the market in the future.

For Exercise and Physical Therapy Band; Most of the market is still the major market leader. However, the company's research and development team has continued to develop the products made of natural rubber to have an equal level of the product quality with the competitors. The market share of synthetic rubber products in the United States is relatively stable. From the Company increased distribution channels on domestic markets through online trading sites, these markets expanded, but not so high value.

Business Operating Results and Profitability

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Total Revenues	614.82	611.14	3.68	0.60
Costs and Expenses	579.71	545.20	34.51	6.33
Profit (Loss) -Net	30.02	53.31	(23.29)	(43.69)

Income of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Sales	596.50	591.40	5.10	0.86
-Export	339.88	346.80	(6.92)	(1.99)
-Domestic	256.62	244.60	12.02	4.91
Other Income	18.32	19.74	(1.42)	(7.19)
Total Income	614.82	611.14	3.68	0.60

In the year 2017, the Company had revenue from sales at 596.50 million baht increasing from the year 2016 by 5.10 million baht or 0.86 %. It was divided to export sale decreasing from the previous year by 6.92 million baht or 1.99 % due to the appreciation of the Thai baht and the intense competition. Domestic sale increased by 12.02 million baht or 4.91 % due to market expansion in lingerie products. Other income decreased by 1.42 million baht or 7.19 % from the year 2016. Main reason why the revenue from the sale of scrap was reduced because the waste in the production process was reduced by increasing production efficiency.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Costs from Sale	503.46	466.92	36.54	7.83
Selling Expenses	40.71	41.92	(1.21)	(2.89)
Administrative Expenses	35.54	36.36	(0.82)	(2.26)
Financial Expenses	0	0	0	0

- Cost of sales increased by 36.54 million baht or 7.83 %, because the price of natural rubber which is the main raw material for production increased.

- Selling and administrative expenses decreased 2.03 million baht or 5.15 % due to higher operating efficiency and other expenses controls.
- The Company has no financial expenses due to having no any loans from financial institutions.

Profit (Loss) – Net

The Company's net profit was 30.02 million baht or 4.88% of total revenue compared with the year 2016 with net profit of 53.31 million baht or 8.72% of total revenues. The profit decreased by 23.29 million baht or 4.00 baht per share, mainly due to the price of rubber which is the main raw material for production and the continuous appreciation of the Thai baht.

Transaction	For the Year ended 31 st December		
	Unit	2017	2016
Gross Profit Ratio	%	15.60	21.05
Earning Ratio	%	4.88	8.72
Debt to Equity Ratio	Time	0.29	0.28
Return on Equity	%	7.80	13.73

Gross Profit Ratio

In 2017, the Company's gross profit was 93.04 million baht, gross profit ratio was 15.60 % of sales, decreased by 31.44 million baht or 25.26 % compared to the year 2016 having gross profit of 124.48 million baht, representing gross profit ratio 21.05 % of sales. Major causes of the decrease in gross profit came from;

1. Cost of main raw materials such as natural rubber prices were higher than the year 2016 which was 32.19 %.
2. The Thai baht appreciated against the US dollar was higher than the year 2016 at 3.80 % in average.

Debt to Equity Ratio

In 2017, the Company had a ratio of debt to equity was 0.29 times a little higher than the year 2016 having 0.28 times which showed that the proportion of debt is also low level, when comparing to the equity.

Return on Equity (ROE)

According to the Company's financial statements, the Company had net income of 30.02 million baht, representing a return on equity at 7.80% lower than the year 2016 having the return on equity at 13.73%.

Asset Management

As of 31st December 2017, the Company's financial position was analyzed from changes in the assets, liabilities and shareholders' equity as follows;

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Total Assets	480.16	508.14	(27.98)	(5.51)
Total Liabilities	106.94	111.70	(4.76)	(4.26)
Total Shareholders' Equity	373.22	396.44	(23.22)	(5.86)

Assets

The Company's total assets at year ended 2017 was 480.16 million baht, with the proportion of the asset consisting of current assets at 79.91%, Property, plant and equipment at 17.17% and other assets at 2.92% when compared to the year 2016, which was decreased by 27.98 million baht or 5.51%. The main changing transactions were from cash and cash equivalents and short-term investments in government bonds at the end of 2017 amounted to 77.29 million baht, reduced from the year 2016 at 43.09%, and inventories increased by 29.24 million baht, reduced from 2016 at 21.69%.

Trade and Other Receivable

As of 31st December 2017, trade accounts receivable and other receivables shown the value as the net realized gain amounting to 139.40 million baht, increased by 13.56 million baht or 10.78%, from the year 2016, due to the higher sale volume in the 3rd quarter. Some debtors of the Company have been on due at the early year of 2018 and have no any problem for getting a debt settlement. For some debtors were overdue with their term payment, the Company set the net unrealized values at 0.15 million baht. The Company recorded the allowance for doubtful account for only debtors who were overdue. The Company would consider at each debtor whenever we believe that the said account expected to be uncollectible.

Liabilities

The Company's total liabilities were 106.94 million baht, decreased by 4.76 million baht or 4.26%, from last year, which the change was mainly from;

- Accrued income tax amounted at 1.60 million baht decreased 5.28 million baht due to the decrease in net profit from operation.
- Provision for long-term employee benefit amounted to 41.87 million baht, decreased by 0.87 million baht or 2.04% due to the termination of some employees.

Shareholders' Equity

The Company had shareholders' equity of 373.22 million baht, decreased by 23.22 million baht or 5.86% because the Company had net profit from operations of 30.02 million baht, decreased by 23.29 million baht from last year.

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2017, Cash and cash equivalents amounted to 67.36 million baht decreased by 30.73 million baht for the year 2016, which the details of the acquisition and uses of cash in the year 2017 as follow;

Transaction	For the Year ended 31 st December (Unit: Million Baht)	
	2017	2016
Cash Flow from (used in) operating activities	8.12	93.91
Cash Flow from (used in) investing activities	14.40	(65.84)
Cash Flow from (used in) financing activities	(53.25)	(36.75)
Cash and cash equivalents at the beginning of year	98.09	106.77
Cash and cash equivalents at the end of year	67.36	98.09

- Net cash from operating activities decreased because the Company's Trade receivables and other receivables increased as well as the raw material reserves for production increased from 2016.
- Net cash used in investing activities decreased because the Company received money from government bonds maturing.
- Net cash used in financing activities was used in the annual dividend payment.

Analysis of Liquidity.

Transaction	For the Year ended 31 st December (Unit: Time)	
	2017	2016
Current Ratio	5.90	5.83
Quick Ratio	3.08	3.17
Inventory Turnover	3.37	3.26

- Current ratio was 5.90 times, increased from the year 2016 which was equivalent to 5.83 times because current assets and current liabilities decreased, the mainly

reason was the lower short-term investment in government bonds and the lower accrued income tax

- Quick ratio was 3.08 times, decreased from the year 2016 which was equivalent to 3.17 times.
- Inventory turnover ratio was 3.37 times increased from the year 2016, which was equivalent to 3.26 times because the production costs and inventories of particularly raw materials increased.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 22 of the financial statements and consolidated financial report as of 31st December 2017 was summarized below.

- During the past year, there were no any special transactions or transactions came from the abnormal operations.
- There was no significant change after the date specified in the latest financial statement that may affect the financial status and operating results of the Company.
- There was no effect from the shareholding restructure of group companies to the operating results of the Company.
- The Company had no guarantee for outsiders or any obligation in project investment or other similar obligations that may effect to its operation.

Factors Affecting Business Operation in the Future

For the year 2018, the Company expects that exports will gradually improve global economy. There are also factors that may affect the value of exports, such as the Thai baht appreciation. Domestic economic conditions are expected to be boosted by government spending and economic stimulus measures such as the reduction of personal income tax rates and adjustment of minimum wage, including investment in large infrastructure as well as the government policy and political situation which were clearer. This will result in people spending more on consumption. The issues that need to be tracked is the rubber price, the competition in foreign markets, especially in the United States, and the exchange rates.

However, Risk Management Committee of the Company is composed of the executives and the team workers who are responsible in each division, considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management to cover and comply with the economic condition, by having meeting and tracking the risk management results, to find out that they are controlled and managed in the acceptable levels.

From the following reasons concluding that the operating results of the Company of year 2017 decreased comparing to last year.

For your consideration to the members of The Stock Exchange of Thailand and those interested to be informed accordingly would be appreciated.

Yours faithfully

-Signature-
(Mr.Pongsak Thiengviboonvong)
Managing director