

(Translation)

25th February 2019

Subject: Management Discussion and Analysis (MD&A) for the year ends on 31st December 2018

To: Managing Director of the Stock Exchange of Thailand

Business Overview

In the year 2018, the Thai economy remained stable with the volatility of global economy including the impact of the trade war between the United States and China causing exports to reduce from the previous year. The sale of goods to foreign countries has been affected by the continuous appreciation of the Thai baht. Domestic consumption remained stable. Although the government has policies to help the cost of living of people at the grassroots level, it focuses on spending of the essential consumer products only.

Products of the Company: For Medical Devices; There is still intense competition together with exchange rate fluctuations causing the sales of this product of the company to decrease. However, the company expects that with the strength of sale channel and product quality (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 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 Exercise and Physical Therapy Band; the market portion is still taken by the major manufacturers together with the stable economic situation causing the sales of this products of the company to decrease. However, the company has increased online distribution channels as a choice for new generation customers. It is expected that the domestic market will expand in the future.

Business Operating Results and Profitability

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Total Revenues	575.16	614.82	(39.66)	(6.45)
Costs and Expenses	554.34	579.71	(25.37)	(4.38)
Profit (Loss) -Net	18.11	30.02	(11.91)	(39.67)

Income of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Sales	560.27	596.50	(36.23)	(6.07)
-Export	305.18	339.87	(34.69)	(10.21)
-Domestic	255.09	256.63	(1.54)	(0.60)
Other Income	14.89	18.32	(3.43)	(18.72)
Total Income	575.16	614.82	(39.66)	(6.45)

In the year 2018, the Company had revenue from sales at 560.27 million baht decreasing from the year 2017 by 36.23 million baht or 6.07%. It was divided to export sale decreasing from the previous year by 34.69 million baht or 10.21 % due to the appreciation of the Thai baht and the intense competition. Domestic sale decreased only slightly by 1.54 million baht or 0.60 % according to the market situation that remained stable. Other income decreased by 3.43 million baht or 18.72 % from the year 2017, mainly due to the decrease in exchange rate gains from the Thai Baht fluctuation.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Costs from Sale	478.57	503.46	(24.89)	(4.94)
Selling Expenses	38.25	40.71	(2.46)	(6.04)
Administrative Expenses	37.52	35.54	1.98	5.57
Financial Expenses	0.00	0.00	0.00	0.00

- Cost of sales decreased by 24.89 million baht or 4.94%, because the price of natural rubber, which is the main raw material for production, decreased.
- Selling expenses decreased 2.46 million baht or 6.04 % due to higher operating efficiency and other expenses controls. For the administrative expense increased by 1.98 million baht or 5.57% due to increased investment in research and development from the previous year and vehicles repairing as their useful life.
- The Company has no financial expenses due to having no any loans from financial institutions.

Profit (Loss) – Net

The Company's net profit was 18.12 million baht or 3.15% of total revenue compared with the year 2017 with net profit of 30.02 million baht or 4.88% of total revenues. The profit decreased by 11.90 million baht or 2.42 baht per share, mainly due to the continuous appreciation of the Thai baht and intense competition.

Transaction	For the Year ended 31 st December		
	Unit	2018	2017
Gross Profit Ratio	%	14.58	15.60
Earnings Ratio	%	3.15	4.88
Debt to Equity Ratio	Time	0.27	0.29
Return on Equity	%	4.90	7.80

Gross Profit Ratio

In 2018, the Company's gross profit was 81.70 million baht, gross profit ratio was 14.58 % of sales, decreased by 11.34 million baht or 12.19 % compared to the year 2017 having gross profit of 93.04 million baht, representing gross profit ratio 15.60 % of sales. Major causes of the decrease in gross profit came from the Thai baht appreciated against the US dollar was higher than the year 2017.

Debt to Equity Ratio

In 2018, the Company had a ratio of debt to equity was 0.27 times a little lower than the year 2017 having 0.29 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 18.12 million baht, representing a return on equity at 4.90% lower than the year 2017 having the return on equity at 7.80%.

Asset Management

As of 31st December 2018, 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)	
	2018	2017	Amount	%
Total Assets	464.82	480.16	(15.34)	(3.19)
Total Liabilities	99.21	106.94	(7.73)	(7.23)
Total Shareholders' Equity	365.61	373.22	(7.61)	(2.04)

Assets

The Company's total assets at year ended 2018 was 464.82 million baht, with the proportion of the asset consisting of current assets at 80.33%, Property, plant and equipment at 16.39% and other assets at 3.27% when compared to the year 2017, which was decreased by 15.34 million baht or 3.19%. The main changing transactions were from account receivable at the end of 2018 amounted to 125.33 million baht, reduced from the year 2017 at 5.68%, and inventories amounted to 87.43 million baht, reduced from 2017 at 14.19%.

Trade and Other Receivable

As of 31st December 2018, trade accounts receivable and other receivables shown the value as the net realized gain amounting to 132.60 million baht, decreased by 6.8 million baht or 4.88%, from the year 2017, due to the lower sale volume and debt settlement during the period. The Company has 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 0.13 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 99.21 million baht, decreased by 7.73 million baht or 7.23%, from last year, which the change was mainly from;

- Trade account payable amounted to 30.84 million baht, decreased by 3.94 million baht or 11.33% due to lower raw material reserves.

- Provision for long-term employee benefit amounted to 35.51 million baht, decreased by 6.36 million baht or 15.19% due to the termination of some employees and changes in employee database.

Shareholders' Equity

The Company had shareholders' equity of 365.61 million baht, decreased by 7.61 million baht or 2.04% because the Company had net profit from operations of 18.11 million baht, decreased by 11.91 million baht from last year.

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2018, Cash and cash equivalents amounted to 53.35 million baht decreased by 14.01 million baht for the year 2017, which the details of the acquisition and uses of cash in the year 2018 as follow;

Transaction	For the Year ended 31 st December (Unit: Million Baht)	
	2018	2017
Cash Flow from (used in) operating activities	43.36	8.12
Cash Flow from (used in) investing activities	(27.37)	14.40
Cash Flow from (used in) financing activities	(30.00)	(53.25)
Cash and cash equivalents at the beginning of year	67.36	98.09
Cash and cash equivalents at the end of year	53.35	67.36

- Net cash from operating activities increased because the Company got the debt settlement during the period.
- Net cash used in investing activities increased because the Company increased investment in government bonds.
- 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)	
	2018	2017
Current Ratio	5.86	5.90
Quick Ratio	2.81	3.08
Inventory Turnover	2.91	3.37

- Current ratio was 5.86 times, decreased from the year 2017 which was equivalent to 5.90 times because current assets and current liabilities decreased, the mainly reason was the lower trade account receivable and the lower accrued income tax.
- Quick ratio was 2.81 times, decreased from the year 2017 which was equivalent to 3.08 times.
- Inventory turnover ratio was 2.91 times decreased from the year 2017, which was equivalent to 3.37 times due to lower production costs.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 22 of the financial statements and consolidated financial report as of 31st December 2018 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 2019, the Company expects that exports will continue to slow down as the global economy and the Thai baht exchange rate remains fluctuates and has a trend to appreciation. Domestic economic conditions are expected to be boosted by government spending and the more obvious political situation after election, leading to higher spending on consumption. The issues that need to be tracked is the rubber price which is the main material for production, the competition in foreign markets especially in major trading partners including exchange rates.

In addition, 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, society and environment, 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 in the year 2018 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