

**SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED**

9 Moo-4 Kached, Muang Rayong, RAYONG 21100, THAILAND

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Ref: Inv-Out 017/2557

September 30, 2014

Subject : Clarification of the Operating Results for the period ended December 31, 2014 (Revised) and Change over 20%

To : The President of The Stock Exchange of Thailand

Shun Thai Rubber Gloves Industry Co., Ltd. (the Company) would clarify the operation of the Year 2012 with at a total net loss of 201.43 million baht for the year, compared to the year 2011, which had a net loss of 18.12 million baht for the year, representing an increase of 183.30 million baht or 1,011.59% increase. Due to a gross loss has risen by 109.68 million baht, resulting from lower sales revenue from lower sales prices and competition. Other income decreased by 16.99 million baht, finance costs increased by 8.18 million baht and a loss on impairment of fixed assets net 72.59 million baht and the allowance for decline in value of inventories of 67.83 million baht, of which in 2011 was at 35.34 million baht, an increase of 91.94%

The financial statements for the period ended 31 December 2012 with changes of more than 20 percent when compared to the same period of the previous year

(Thousand : Baht)

	For year ended 31 December		
	2012	2011	Change %
Revenues from sales	817,799	991,978	-17.56%
Cost os sales	(902,672)	(967,167)	-6.67%
Gross profit (loss)	(84,873)	24,811	-442.07%
Other income	6,863	23,851	-71.23%
Gain on foreign exchange – net	6,598	10,414	-36.64%
Selling expense	(11,786,001)	(11,021,154)	6.94%
Impairment loss on fixes assets – net	(72,593)	-	
Finance costs	(34,227)	(26,044)	31.42%
Loss for the year	(228,776)	(18,121)	-1,262.52%
Increment of revaluation surplus on fixed assets	27,349	-	
Total comprehensive loss for the year	(201,427)	(18,121)	-1,111.58%



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The reason for the performance of the Company increased loss was due to the followings;

- 1) Revenue from sales of the company in 2012 at 817.80 million baht was down from the year 2011 at 991.98 million baht, a decrease of 174.18 million baht or 17.56%, as the company export less gloves in a foreign country. Both in the total amount and the unit price, this was due to the increasing competition. Export sales fell by 147.70 million baht or 22.83%, but domestic sales have increased by 26.19 million baht or 16.20%.  
In addition, the company has sales of old inventories, stock from 2010 - 2011 in order to clear the non-moving stock.
- 2) The price of palm shells, which is the main fuel for the boiler for steam production to manufacture rubber gloves has risen from 2.94 baht/kg to 3.65 baht/kg or up 19.45%
- 3) In 2012, the company had 34.23 million baht finance costs, an increase of 8.18 million baht from 2011 or an increase of 31.41% since the company has the burden of interest payments on the debt restructuring agreement with creditors and financial institutions had increase loan interest rates.
- 4) In 2012 the company's labor cost was 107.53 million baht, up from the previous year by 7.53 million baht, representing an increase of 7.0% due to the minimum wage increase policy by the government to adjust the minimum wage to 300 baht per day, which is. affect the wages and overtime.
- 5) At 31December 2012, a provision for decline in value of inventories was increased by a net amount of 32.49 million baht and recorded a loss on impairment of fixed assets of 72.59 million baht.

The company operations as at 31 December 2012 shows a total comprehensive loss for the year of 201.43 million baht and had shareholders' equity of - 195.35 million baht (capital deficiency) compared to company operations as at 31 December 2011a total comprehensive net loss of 18.12 million baht and shareholders' equity 6.079 million baht net.

Since fiscal year 2012 financial results recorded a loss and is subjected to capital deficit (negative shareholder's equity), the company wishes to clarify the following solution;

- 1) Set a procedure to improve operations and risk management. And to prioritize action soon to follows.
  - Expand domestic market and push out orders delivery.
  - Improvement production process to create efficiency and effectiveness to reduce production costs and reduce inventories.
- 2) Negotiate for debt payment period to be longer-term to match the cash flows from operations of the company. And to reduce the finance costs of the company. And will present details of the action plan to the Board of Directors and shareholders soon.



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In addition the results of operations for the year 2012 (as amended), which has been audited by the auditors of the company, expressed an unqualified opinion, with an emphasis on the uncertainty about its ability to continue operating the business shows total comprehensive income loss for the year amounted to 201.4 million baht. Compared with the qualified financial statement showing a loss of fiscal year 2012 which the company had previously submitted to SET in February 24, 2014. Significant differences arise from the provision for impairment of inventories, losses on impairment of fixed assets. The effects as mentioned above.

Please be informed accordingly,

Yours sincerely,

(Mr.Tana Uawithya)

Chief Executive Officer