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February 13th, 2018

Subject: Management Discussion and Analysis for the Quarter 1/2018

To: Managing Director
The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for Q1/FY2018 (ended 31 December, 2017) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q1/FY2018	Q1/FY2017	%YoY
Total Revenues	1,366.11	1,288.89	5.99%
Cost of Sales and Services	1,139.66	1,009.86	12.85%
Selling and Administrative Expenses	100.96	89.66	12.60%
EBIT	125.50	189.37	-33.73%
Net Profit	104.37	154.69	-32.53%
Basic Earnings per Share	0.52	0.77	-32.53%

Better performance of Thai Economy in Q1/FY2018 pushed forward the market’s growth in every aspects, as well as growth of Thai GDP that led to;

1. Increase in Company’s sales around 77.22 million baht or 5.99% comparing to the same period last year due to the growth of automobile’s and motorcycle’s production, as well as the higher export amount.
2. Increase in raw material costs around 102.71 million baht or 20.18% comparing to the same period last year due to the rising of the commodity prices and especially crude oil price that increased around 12.68% comparing to the same period last year.
3. Better conversion cost around 12.85% comparing to the same period last year.
4. Increase in selling and administrative expenses around 11.3 million baht or 12.60% comparing to the same period last year due to the increase in sales and marketing promotion expenses.
5. In Q1/FY2017, the Company received dividend income from the affiliates around 45.91 million baht.

Overall, in Q1/FY2018, the Company has net profit around 104.37 million baht, dropped from the same period last year around 50.32 million baht or 32.53%, and recorded earning per share at 0.52 baht.



Financial Status

As at December 31, 2017, the Company had total assets at 4,724.04 million baht, rose by 92.28 million baht comparing to September 30, 2017 mainly due to the increase in inventories as well as investment in property, plant and equipment.

The Company's total liabilities amounted to 1,202.87 million baht, dropped by 12.01 million baht comparing to September 30, 2017 due to the decrease in account payables following the lower raw material prices from last quarter.

Accordingly, the total shareholders' equity amounted to 3,521.17 million baht, increased by 104.30 million baht. These represented the Company's book value per share at 17.61 and debt to equity ratio (D/E ratio) at 0.34 times.

Cash Flow

As at December 31, 2017, the Company had cash received from the operating activities around 160.97 million baht, dropped by 5.24 million baht. On the other hand, the cash paid for investing activities amounted to 211.17 million baht, grew by 35.85 million baht due to the Investment in property, plant and equipment. As a result, as at December 31, 2017, the Company had cash and cash equivalents around 356.03 million baht, increased by 138.20 million baht compared to December 31, 2016.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)
Chairman

(Mr. Hiroshi Harada)
President