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May 11, 2018

Subject: Management Discussion and Analysis for the Quarter 2/2018

To: Managing Director
The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for Q2/FY2018 (ended 31 March, 2018) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q1/FY2018	Q1/FY2017	%YoY
Total Revenues	1,437.30	1,344.28	6.92%
Cost of Sales and Services	1,210.20	1,126.21	7.46%
Selling and Administrative Expenses	97.22	94.78	2.57%
EBIT	129.88	123.29	5.35%
Net Profit	105.55	102.52	2.96%
Basic Earnings per Share (Baht)	0.53	0.51	2.96%

Performance Report

Better performance of Thai Economy in Q2/FY2018 pushed forward the market’s growth in every aspects, as well as growth of Thai economy that led to;

1. Increase in Company’s revenue around 93.02 million baht or 6.92% comparing to the same period last year due to the growth of automobile’s and motorcycle’s production.
2. Increase in raw material costs around 40.16 million baht or 6.57% comparing to the same period last year due to the rising of crude oil price that increased around 21.48% comparing to the same period last year, as well as the production slowdown of several steel mills and smelting works in China regarding to pollution’s problem solving.
3. Better conversion cost rate around 1.34% comparing to the same period last year.
4. Increase in selling and administrative expenses around 2.44 million baht or 2.57% comparing to the same period last year due to the increase in sales volume.

Overall, in Q2/FY2018, the Company had net profit around 105.55 million baht, increased from the same period last year around 3.03 million baht or 2.96%, and recorded earning per share at 0.53 baht.



Financial Status

As at March 31, 2018, the Company had total assets at 4,740.96 million baht, rose by 109.24 million baht comparing to September 30, 2017 mainly due to the increase in inventories, trade receivables, as well as investment in property, plant and equipment.

The Company's total liabilities amounted to 1,283.62 million baht, rose by 68.73 million baht comparing to September 30, 2017 due to the increase in trade payables following the sales' increase.

Accordingly, the total shareholders' equity amounted to 3,457.34 million baht, increased by 40.47 million baht. These represented the Company's book value per share at 17.29 and debt to equity ratio (D/E ratio) at 0.37 times.

Cash Flow

As at March 31, 2018, the Company had cash received from the operating activities around 305.23 million baht, rose by 92.82 million baht. On the other hand, the cash paid for investing activities amounted to 266.61 million baht, due to the Investment in Short-term investments and property, plant and equipment. As a result, as at March 31, 2018, the Company had cash and cash equivalents around 275.33 million baht, decreased by 130.90 million baht compared to March 31, 2017.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

Chairman

(Mr. Hiroshi Harada)

President