

No. NDR003/2019

22 February 2019

Subject: Management Discussion and Analysis (MD&A) Report for the Year 2018

Attention: Directors and Manager, The Stock Exchange of Thailand

N.D. Rubber Public Company Limited (“the Company”) would like to present the MD&A for the Three Month period ended 31 December 2018 (4th quarter of 2018) as follows:

Unit : million baht

	Q4/17	Q3/18	Q4/18	Change +/-			
				QoQ	%	YoY	%
Net Revenue	191.39	271.57	244.40	-27.17	-10.01	53.01	27.70
Cost of Goods Sold	180.66	217.04	200.32	-16.72	-7.71	19.66	10.88
Gross profit	10.73	54.53	44.08	-10.45	-19.16	33.35	310.73
Profit (Loss) from exchange rate	0.87	3.00	1.19	-1.81	-60.28	0.32	36.31
Other Income	1.00	0.65	2.13	1.49	230.70	1.13	113.09
Gain from bargain purchase	0.00	0.00	33.64	33.64	100.00	33.64	100.00
Profit before Selling and Administration expenses	12.61	58.17	81.06	22.89	39.35	68.45	543.05
Selling expense	3.36	26.92	8.54	-18.38	-68.27	5.18	154.18
Administration expense	15.89	11.98	30.99	19.01	158.76	15.10	94.99
Net Profit	-0.97	13.76	30.91	17.15	124.66	31.88	1,643.30
Gross Profit Margin (%)	5.61	20.08	18.04	-2.04	-10.18	12.43	221.57
Net Profit Margin (%)	-0.51	5.07	12.65	7.58	-14.92	13.16	1,289.93

- Net revenue of Q4/2018 is decreased for 27.17 million baht comparing with Q3/2018 because of the recession of the market and the price war situation. Net revenue of Q4/2018 is at 244.40 million baht. If comparing revenue of Q4/2018 with Q4/2017, current revenue is higher for 53.01 million baht because of consolidating revenue from subsidiary company in Malaysia in this year.
- In Q4/2018, there is a special revenue (only being recorded in this quarter) “Gain from bargain purchase” for 33.64 million baht which makes our profit before selling and administration becoming higher.

- Gross profit margin in Q4/2018 is lower than Q3/2018 because of less in revenue and the price competition in the market. But, comparing with Q4/2017, our gross profit margin is higher from 5.61% to 18.04% due to the consolidation of profits of our subsidiary in Malaysia.
- Net profit margin is higher because of acknowledge the special revenue (Gain from bargain purchase).
- There is no significant change in the cost of raw material.

	2017	2018	Change +/(-)	
			YoY	%
Net Revenue	820.92	973.29	152.38	18.56
Cost of Good Sold	745.72	802.29	56.57	7.59
Gross Profit	75.20	171.01	95.81	127.40
Profit (Loss) from exchange rate	4.80	4.09	-0.71	-14.79
Other Income	4.17	5.50	1.34	32.09
Gain from bargain purchase	0.00	33.64	33.64	100.00
Profit before Selling and Administration expenses	84.17	214.25	130.08	154.55
Selling expenses	12.62	41.39	28.77	227.94
Administration expenses	43.34	118.30	74.95	172.94
Net profit	16.87	28.69	11.82	70.07
Gross profit margin (%)	9.16	17.57	8.41	91.80
Net Profit Margin (%)	2.05	2.95	0.90	43.79

- The results from consolidation the financial statement of subsidiary company in Malaysia which has been took over since early of 2018 are:
 - Net revenue from operation in 2018 is increased by 152.38 million baht.
 - Gross profit margin is increased by 8.41% to 17.57%
 - There is a special expense for the takeover transaction at the amount of 13.21 million baht
 - There is a special revenue (Gain from bargain purchase) at the amount of 33.64 million baht

Unit : million baht

	Q4/17	Q3/18	Q4/18	Change +/-			
				QoQ	%	YoY	%
Current Assets	215.77	438.37	420.68	-17.69	-4.03	204.91	94.97
Fixed Assets	487.78	744.45	804.30	64.40	8.65	316.52	64.89
Total Assets	703.55	1,182.82	1,224.98	46.71	3.95	521.43	74.11
Current Liabilities	192.45	372.75	370.58	-2.17	-0.58	178.13	92.56
Long-term Liabilities	74.59	91.99	90.08	-1.01	-1.09	15.49	20.77
Equities	436.51	718.08	764.33	49.88	6.95	327.82	75.10
Total Liabilities and shareholders' equity	703.55	1,182.82	1,224.99	46.71	3.95	521.44	74.12

- Assets and liabilities in Q4/2018 are increased comparing with Q4/2017 because of the transaction of takeover FKR in Malaysia. There is no significant change when comparing with Q3/2018.
- Shareholders' equity is increased from last year because of takeover FKR in Malaysia and capital increased from exercising the warrant

Please be informed accordingly,

Yours faithfully,



(Mr. Chaiyasit Samrittivanicha)

Managing Director