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August 14, 2019

Subject: Management Discussion and Analysis for the Quarter 3/2019

To: Managing Director The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for Q3/FY2019 (ended 30 June, 2019) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q3/FY2019	Q3/FY2018	%YoY
Total Revenues	1,317.88	1,402.09	-6.01%
Cost of Sales and Services	1,206.22	1,211.44	-0.43%
Selling and Administrative Expenses	114.92	97.36	+18.05%
EBIT	(3.27)	93.29	-103.50%
Net Profit	(0.34)	77.02	-100.43%
Basic Earnings per Share (Baht)	(0.002)	0.39	-100.43%

Performance Report

Overview of the global economy, as a result of the impact of the trade war between the US and China, affected Thai economy as well as the Company’s sales and production costs during the third quarter of the fiscal year 2019 (1 April to 30 June 2019) as follows ;

1. The total revenue of the company decreased by 84.21 million baht or 6.01% from the same period last year in accordance with the reduction of car and motorcycle production.
2. The cost of sales and services decreased by 5.21 million baht or 0.43% from the same period last year mainly due to the decrease of raw material costs around 58.43 million baht which is in line with the sales. However, the conversion cost increased by 52.15 million baht mainly due to the new Labor Protection Act; which the compensation rate for employees who have more than 20 years of work from the original 300 days has been adjusted to 400 days; approximately 57.53 million baht, and the Voluntary Retirement project approximately 12.57 million baht.
3. The selling and administrative expenses increased by 17.57 million baht or 18.05% from the same period last year, which was the impact from the new Labor Protection Act and the Voluntary Retirement project as well.



Overall, in Q3/FY2019, the Company had net loss around 0.34 million baht, decreased around 77.35 million baht or 100.43 % when compared to the same period last year, and recorded earning per share at (0.002) baht.

Financial Status

As at June 30, 2019, the Company had total assets at 4,791.55 million baht, fell by 266.51 million baht comparing to September 30, 2018 mainly due to the decrease in cash and cash equivalent.

The Company's total liabilities amounted to 1,257.00 million baht, fell by 204.75 million baht comparing to September 30, 2018 due to the decrease in trade and other payables following the reduction of sales.

Accordingly, the total shareholders' equity amounted to 3,534.55 million baht, decreased by 61.75 million baht. These represented the Company's book value per share at 17.67 and debt to equity ratio (D/E ratio) at 0.36 times.

Cash Flow

As at June 30, 2019, the Company had cash received from the operating activities around 202.22 million baht, fell by 304.90 million baht compared to June 30, 2018, which was consistent with the reduction of sales and profits. However, the cash paid for investing activities amounted to 313.26 million baht, increased 102.36 million baht due to the increase in Short-term investments. The net cash used in the financial activities amounted to 179.30 million baht from the dividend payment to shareholders on February 28, 2019

From the statement above, as at June 30, 2019, the Company had cash and cash equivalents around 532.63 million baht, decreased by 0.30 million baht compared to June 30, 2018.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

Executive Chairman

(Mr. Katsunori Ito)

President