

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

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

TEL: (038) 634 072-3, 634 481-6 FAX: (038) 634 001, 634 480

E-mail address : shunthai@shunthaiglove.com*Highly Intend To Reply Your Satisfaction...*

Ref. Inv-Out 004/2019

January 30, 2019

Subject: Clarification on operating results for Quarter 1/2018 as of June 30, 2018 (unaudited) and operating results with changes greater than 20%

To: The President of the Stock Exchange of Thailand

Shun Thai Rubber Gloves Industry Public Company Limited would like to clarify the operating results of the Quarter 1/2018 as of June 30, 2018 (unaudited) as follows:

(Unit: Million Baht)

	Quarter 1/2019	Quarter 1/2018	Difference	%
	Jan-June 2018	Jan-June 2017		
Revenue from sales	357.08	346.14	10.94	3.16
Cost of sales	(330.21)	(376.97)	(46.76)	(13.47)
Gross profit	26.88	(30.86)	57.74	187.10
Selling expense	(6.12)	(5.13)	(0.99)	(19.29)
Administrative expenses	(26.61)	(26.89)	(0.28)	(1.04)
Other expenses	-	-	-	-
Other income	1.27	1.77	(0.5)	(28.24)
Finance cost	(0)	(0.67)	(0.67)	(100)
Profit (loss) equity	(3.41)	(59.28)	(55.87)	(94.25)
Share of loss from investments in associate	(0)	(5.84)	(5.84)	(100)
Profit (loss) for the period	(3.41)	(65.13)	(61.72)	(94.76)

Summary of Operating Results of half year 2018 as of June 30, 2018 (unaudited)

The operating results for half year 2018 as of June 30, 2018 showed decrease in Loss 61.72 million baht or 94.76% due to the factory improvement in order to enhance our productivity and control the use of raw material.



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In the 1st. half of year 2018 the raw material price decreased compare to same period in year 2017. The Company gained 57.74 million baht in gross profit representing a 187.10% increased. Of which can be attributed from an increase in sales revenue by 10.94 million baht or 3.16% increase.

The company expects to gain more profit on sales, improve production plan and lower raw material price leading to profitable second half of the year.

The administrative expenses decreased 0.28 million baht or 1.04 % from decreasing office expenses and control the use of factory supplies.

In addition, the company has less borrowing and liabilities, therefore the financial cost also decreased.

Interim Management Discussion and Analysis

(1) The progress of revisions to operations or financial status

Board of Directors together with the management determine ways to solve problems by marketing products that are more profitable such as household gloves and surgical gloves and to expand market share in the domestic market to avoid the strengthening Thai Baht. Increase distribution channels, improving the efficiency of the production, machine improvement and reduce production & operational costs and waste. By setting a quality improvement plans as follows:

- Procurement of raw materials. Set a policy to purchase products in order to obtain quality raw materials and at a reasonable price Which has the following details

- Expand credit terms from sellers increased from 30 days to 45 days.
- Finding new suppliers as an alternative and compare prices
- Purchasing of latex by JUST IN TIME method to reduce the burden and cost of storing latex
- Find sources of new chemical and packaging vendors to find materials, substitute raw materials that are the same or better quality but being cheaper.
- Don't overstocked products unnecessarily or too much.
- Buy products direct from the manufacturer rather than buying through an agent.



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(2) Commitments and Contingent liabilities

2.1 As at June 30, 2018, the Company had available, but unutilized, letters of credit amounting to U.S.Dollars 0.03 million (equivalent to Baht 0.96 million).

2.2 As at June 30, 2018 and December 31, 2017, the Company obtained letters of guarantee issued by a local bank amounting to Baht 2.85 million guaranteed by a pledge of deposits with financial institutions.

2.3 On November 1, 2017, the Company entered into operating lease agreements for office buildings for two-year periods. These agreements are renewable. The Company is committed to pay rent at the rate of Baht 49,115 per month, and a service charge at the rate of Baht 52,553 per month.

2.4 As at June 30, 2018, the Company has a contractual obligation to pay capital commitments amounting to Baht 1.32 million.

(3) Related party transactions

The company has no related party transactions

Please be informed accordingly. In case you have any questions or suggestions, kindly contact the Company Secretary Tel. 02-511 6040 ext.103.

Yours sincerely,

(MR. Ekkachai Tangsatjatham)

Chief Executive Officer

(Mr. Chai Wattanasuwan)

Director