

(Translation)

Subject: Management Discussion and Analysis (MD&A) for the year ends on 31st December 2019

To: Managing Director of the Stock Exchange of Thailand

Business Overview

In 2019, the impact of trade war between the United States and China, together with the global economic slowdown caused exports to reduce from the previous year. Furthermore, the sale of goods to foreign countries has been affected by the continuous appreciation of the Thai baht. Domestic consumption trend continues to weaken. Although the government has policies to help the cost of living of people at the grass-roots level, it focuses on spending of the essential consumer products only. In addition, there was a factor, which was, the government issued the Labor Protection Act (No. 7) B.E. 2019, prescribing the rate of severance pay that increased from 300 days to 400 days. Such change resulted in an increase of the Company's operating cost in an amount of 10.15 million Baht in the previous year.

Products of the Company: For Medical Devices Segment; The sales rise from the previous year although there is effected by continuous exchange rate fluctuations since the beginning of the year because of mainly exporting to foreign markets. Since the Company's production standards focuses on product quality (it is shown that the Company has been awarded ISO 13485, the Quality Management System for Medical Device Industry which is an important tool for competition and maintaining the product's market share), the Company can maintain the sales volume.

For Elastic Segment for Baby Diapers; The major manufacturers have switched to use the spandex instead of natural rubber resulting to the lower sales of this Company's segment.

For Exercise and Physical Therapy Band; while foreign sales increased slightly, domestic sales were sluggish. However, the Company has increased online distribution channels to facilitate customers. The products are displayed in various fairs (the latest fair is Thailand Rubber Expo 2019). The objective is to introduce products to become more well-known. The Company expects that the domestic market will expand in the future.

For Elastic Segment for Clothing and Textiles; There is still intense price competition in foreign markets. Moreover, many garment manufacturers have moved their factories to Vietnam, resulting to Thai garment industry continued to slowdown and lower sales of this Company's segment.

Business Operating Results and Profitability

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Total Revenues	562.58	575.16	(12.58)	(2.19)
Costs and Expenses	563.21	554.34	8.87	1.60
Profit (Loss) -Net	1.04	18.11	(17.07)	(94.26)

Income of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Sales	549.89	560.27	(10.38)	(1.85)
-Export	300.22	305.18	(4.96)	(1.63)
-Domestic	249.67	255.09	(5.42)	(2.12)
Other Income	12.68	14.89	(2.21)	(14.84)
Total Income	562.58	575.16	(12.58)	(2.19)

In 2019, the Company had revenue from sales at 549.89 million baht decreasing from the year 2018 by 10.38 million baht or 1.85%. It was divided to export sale decreasing from the previous year by 4.96 million baht or 1.63 % due to the appreciation of the Thai baht and the intense competition. Domestic sale decreased by 5.42 million baht or 2.12 % due to slowdown market. Other income decreased by 2.21 million baht or 14.84 %, mainly due to the control and reduction of waste generated resulting to decreasing in sales revenues of scrap production.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Costs from Sale	489.97	478.57	11.40	2.38
Selling Expenses	36.67	38.25	(1.58)	(4.13)
Administrative Expenses	36.56	37.52	(0.96)	(2.56)
Financial Expenses	0.00	0.00	0.00	0.00

- Cost of sales increased by 11.40 million baht or 2.38%, due to the severance pay as the Labor Protection Act (No.7) B.E. 2019.
- Selling expenses decreased 1.58 million baht or 4.13 % and the administrative expense decreased by 0.96 million baht or 2.56% due to increasing in operational efficiency and cost control.
- The Company has no financial expenses due to having no any loans from financial institutions.

Profit (Loss) – Net

The Company's net profit was 1.04 million baht or 0.18% of total revenue compared with the year 2018 with net profit of 18.11 million baht or 3.15% of total revenues. The profit decreased by 17.07 million baht or 0.14 baht per share, mainly due to the severance pay as the Labor Protection Act (No.7) B.E.2019 in an amount of 10.15 million Baht together with the continuous appreciation of the Thai baht and intense competition.

Transaction	For the Year ended 31 st December		
	Unit	2019	2018
Gross Profit Ratio	%	10.90	14.58
Earnings Ratio	%	0.19	3.15
Debt to Equity Ratio	Time	0.30	0.27
Return on Equity	%	0.29	4.90

Gross Profit Ratio

In 2019, the Company's gross profit was 59.92 million baht, gross profit ratio was 10.90 % of sales, decreased by 21.78 million baht or 26.66 % compared to the year 2018 having gross profit of 81.70 million baht, representing gross profit ratio 14.58 % of sales. Major causes of the decrease in gross profit came from the severance pay as the Labor Protection Act (No.7) B.E.2019 cost in an amount of 10.15 million Baht together with the continuous appreciation of the Thai baht and intense competition.

Debt to Equity Ratio

In 2019, the Company had a ratio of debt to equity was 0.30 times a little higher than the year 2018 having 0.27 times which showed that the proportion of debt is also low level, when comparing to the equity.

Return on Equity (ROE)

According to the Company's financial statements, the Company had net income of 1.04 million baht, representing a return on equity at 0.29% lower than the year 2018 having the return on equity at 4.90%.

Asset Management

As of 31st December 2019, the Company's financial position was analyzed from changes in the assets, liabilities and shareholders' equity as follows;

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Total Assets	449.60	464.82	(15.22)	(3.27)
Total Liabilities	104.48	99.21	5.27	5.31
Total Shareholders' Equity	345.12	365.61	(20.49)	(5.60)

Assets

The Company's total assets at year ended 2019 was 449.60 million baht, with the proportion of the asset consisting of current assets at 78.44%, Property, plant and equipment at 17.36% and other assets at 4.20% when compared to the year 2018, which was decreased by 15.22 million baht or 3.27%. The main changing transactions were from inventories amounted to 139.47 million baht, reduced from 2018 at 15.52% due to the lower price of natural rubber, mainly material.

Trade and Other Receivable

As of 31st December 2019, trade accounts receivable and other receivables shown the value as the net realized gain amounting to 131.07 million baht, decreased by 1.52 million baht or 1.15%, from the year 2018, due to the lower sale volume and debt settlement during the period. The Company has no any problem for getting a debt settlement. For some debtors were overdue with their term payment, the Company set the net unrealized values at 0.26 million baht. The Company recorded the allowance for doubtful account for only debtors who were overdue. The Company would consider at each debtor whenever we believe that the said account expected to be uncollectible.

Liabilities

The Company's total liabilities were 104.48 million baht, increased by 5.27 million baht or 5.31%, from last year, which the change was mainly from provision for long-term employee benefit amounted to 48.21 million baht, increased by 12.69 million baht or 35.74% due to the severance pay as the Labor Protection Act (No.7) B.E.2019.

Shareholders' Equity

The Company had shareholders' equity of 345.12 million baht, decreased by 20.49 million baht or 5.60% because the Company had net profit from operations of 1.04 million baht, decreased by 17.07 million baht from last year.

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2019, Cash and cash equivalents amounted to 80.24 million baht increased by 26.89 million baht for the year 2018, which the details of the acquisition and uses of cash in the year 2019 as follow;

Transaction	For the Year ended 31 st December (Unit: Million Baht)	
	2019	2018
Cash Flow from (used in) operating activities	49.68	43.36
Cash Flow from (used in) investing activities	(4.72)	(27.37)
Cash Flow from (used in) financing activities	(18.08)	(30.00)
Cash and cash equivalents at the beginning of year	53.35	67.36
Cash and cash equivalents at the end of year	80.24	53.35

- Net cash from operating activities increased due to lower inventory amount.
- Net cash used in investing activities decreased because the Company received the government bonds at maturity.
- Net cash used in financing activities was used in the annual dividend payment.

Analysis of Liquidity.

Transaction	For the Year ended 31 st December (Unit: Time)	
	2019	2018
Current Ratio	6.27	5.86
Quick Ratio	3.64	2.81
Inventory Turnover	3.22	2.91

- Current ratio was 6.27 times, increased from the year 2018 which was equivalent to 5.86 times because current assets and current liabilities decreased, the mainly reason was the lower inventory and trade account receivable.
- Quick ratio was 3.64 times, increased from the year 2018 which was equivalent to 2.81 times.
- Inventory turnover ratio was 3.22 times increased from the year 2018, which was equivalent to 2.91 times due to lower inventory.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 23 of the financial statements and consolidated financial report as of 31st December 2019 was summarized below.

- During the past year, there were no any special transactions or transactions came from the abnormal operations.
- There was no significant change after the date specified in the latest financial statement that may affect the financial status and operating results of the Company.
- There was no effect from the shareholding restructure of group companies to the operating results of the Company.
- The Company had no guarantee for outsiders or any obligation in project investment or other similar obligations that may effect to its operation.

Factors Affecting Business Operation in the Future

For the year 2020, the Company expects that exports will continue to slow down as the global economy and the Thai baht exchange rate remains fluctuates and continues to appreciation. Domestic economic conditions are expected to remain sluggish because the people focuses on cost saving and spending on the essential consumer products only. Therefore, the Company commits to improve the production process for maintaining the competitiveness.

In addition, Risk Management Committee of the Company is composed of the executives and the team workers who are responsible in each division, considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management to cover and comply with the economic condition, society and environment, by having meeting and tracking the risk management results, to find out that they are controlled and managed in the acceptable levels.

From the following reasons concluding that the operating results of the Company in the year 2019 decreased comparing to last year.

For your consideration to the members of The Stock Exchange of Thailand and those interested to be informed accordingly would be appreciated.

Yours faithfully

- Signature -

(Mr. Komon Iamwatcharin)
Managing director