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May 13, 2019

Subject: Management Discussion and Analysis for the Quarter 2/2019

To: Managing Director
The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for Q2/FY2019 (ended 31 March, 2019) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q2/FY2019	Q2/FY2018	%YoY
Total Revenues	1,390.26	1,437.30	-3.27%
Cost of Sales and Services	1,224.50	1,210.20	1.18%
Selling and Administrative Expenses	104.66	97.22	7.66%
EBIT	61.10	129.88	-52.96%
Net Profit	50.78	105.55	-51.89%
Basic Earnings per Share (Baht)	0.25	0.53	-51.89%

Performance Report

Deaccelerated performance of Thai Economy, as well as an impact from the rising of Wage and Benefits from the agreement with Labour Union in Q2/FY2019 (January 1 – March 31 2019) resulted to;

1. Total revenues of the Company decreased 47.04 million baht or 3.27% comparing to the same period last year, aligned with the total motorcycle production and the decrease in purchasing power of the farmers.
2. Cost of Sales and Services increased 14.30 million baht or 1.18% comparing to the same period last year, mainly from the rise of labour wages and the cost of automation system improvement.
3. Selling and Administrative Expense increased 7.45 million baht or 7.66% comparing to the same period last year, which was an effect from the labour wages adjustment.

Overall, in Q2/FY2019, the Company had net profit around 50.78 million baht, decreased around 54.77 million baht or 51.89% when compared to the same period last year, and recorded earning per share at 0.25 baht.

Financial Status



As at March 31, 2019, the Company had total assets at 4,856.71 million baht, fell by 201.35 million baht comparing to September 30, 2018 mainly due to the decrease in cash and cash equivalent.

The Company's total liabilities amounted to 1,318.26 million baht, fell by 143.50 million baht comparing to September 30, 2018 due to the decrease in trade and other payables following the sales' decrease.

Accordingly, the total shareholders' equity amounted to 3,538.45 million baht, decreased by 57.85 million baht. These represented the Company's book value per share at 17.69 and debt to equity ratio (D/E ratio) at 0.37 times.

Cash Flow

As at March 31, 2019, the Company had cash received from the operating activities around 72.70 million baht, fell by 232.53 million baht while the cash paid for investing activities amounted to 279.56 million baht, due to the increase in Available-for-Sales-Investment and computer program purchasing. 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 March 31, 2019, the Company had cash and cash equivalents around 386.16 million baht, decreased by 255.26 million baht compared to March 31, 2018.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

Executive Chairman

(Mr. Katsunori Ito)

President