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February 13th, 2019

Subject: Management Discussion and Analysis for Quarter 1/FY2019

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for the Quarter 1/FY2019 (ended December 31st, 2018) of the Company and its subsidiaries, as follows:

(unit: million baht)	Q1/FY2019	Q1/FY2018	%YoY
Total Revenues	1,439.49	1,366.11	+5.37%
Cost of Sales and Services	1,251.00	1,139.66	+9.77%
Selling and Administrative Expenses	103.61	100.96	+2.62%
EBIT	84.88	125.50	-32.36%
Net Profit	70.56	104.37	-32.39%
Basic Earnings per Share	0.35	0.52	-32.39%

Performance Report

Better performance of Thai Economy in Q1/FY2019 pushed forward the market’s growth in every aspect, as well as growth of Thai GDP that led to;

1. Increase in Company’s revenue around 73.39 million baht, or 5.37% comparing to the same period last year due to the growth of automobile’s and motorcycle’s production.
2. Increase in raw materials costs around 78.08 million baht, or 10.65% comparing to the same period last year. Most raw materials cost increased following the rising of crude oil price that increased around 6.70% comparing to the same period last year, as well as the slowdown of several steel mills and smelting works in China regarding to pollution’s problem solving.
3. Increase in conversion cost around 2.66% comparing to the same period last year.
4. Increase in selling and administrative expenses around 2.65 million baht, or 2.62% comparing to the same period last year aligned with the increase in sales volume.



Overall, in Q1/FY2019, the Company had net profit around 70.56 million baht, decreased around 33.80 million baht or 32.39% comparing to the same period last year, and had earnings per share at 0.35 baht.

Financial Status

As of December 31st, 2018, the Company had total assets at 4,963.72 million baht, dropped by 94.33 million baht comparing to September 30th, 2018 mainly due to the decrease in cash and cash equivalents.

The Company's total liabilities amounted to 1,296.67 million baht, dropped by 165.09 million baht comparing to September 30th, 2018 mainly resulting from decrease in trade and other payables.

The total shareholders' equity amounted to 3,667.06 million baht, increased by 70.76 million baht. This represented the Company's book value per share at 18.34 and D/E ratio at 0.35 times.

Cash Flow

As of December 31th, 2018, the Company had cash paid in operating activities around 31.00 million baht, increased about 191.97 baht, and had cash paid in investing activities around 178.56 million baht, decreased about 32.61 million baht.

As of December 31st, 2018, the Company had cash and cash equivalents at 613.41 million baht, increased around 257.38 million baht compared to December 31st, 2017.

Pleased be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

(Mr. Katsunori Ito)

Executive Chairman

President