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August 10, 2018

Subject: Management Discussion and Analysis for the Quarter 3/2018

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/FY2018 (ended 30 June, 2018) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q3/FY2018	Q3/FY2017	%YoY
Total Revenues	1,402.09	1,309.61	7.06%
Cost of Sales and Services	1,211.44	1,144.91	5.81%
Selling and Administrative Expenses	97.36	90.69	7.36%
EBIT	93.29	74.01	26.06%
Net Profit	77.02	63.05	22.15%
Basic Earnings per Share (Baht)	0.39	0.32	22.15%

#### Performance Report

Better performance of Thai Economy in Q3/FY2018 pushed forward the market's growth in every aspects, as well as growth of Thai economy that led to;

1. Increase in Company's revenue around 92.48 million baht or 7.06% comparing to the same period last year due to the growth of automobile's and motorcycle's production.
2. Increase in raw material costs around 30.68 million baht or 4.05% comparing to the same period last year. Most raw material prices increased following the rising of crude oil price that increased around 41.03% comparing to the same period last year, as well as the production slowdown of several steel mills and smelting works in China regarding to pollution's problem solving.
3. Increase in conversion cost rate around 0.62% comparing to the same period last year.
4. Increase in selling and administrative expenses around 6.67 million baht or 7.36% comparing to the same period last year due to the increase in sales volume.

Overall, in Q3/FY2018, the Company had net profit around 77.02 million baht, increased from the same period last year around 13.97 million baht or 22.15%, and recorded earning per share at 0.39 baht.



## Financial Status

As at June 30, 2018, the Company had total assets at 4,855.00 million baht, rose by 223.24 million baht comparing to September 30, 2017 mainly due to the increase in inventories, trade receivables, as well as investment in property, plant and equipment.

The Company's total liabilities amounted to 1,321.31 million baht, rose by 106.42 million baht comparing to September 30, 2017 due to the increase in trade payables following the sales' increase.

Accordingly, the total shareholders' equity amounted to 3,533.69 million baht, increased by 116.82 million baht. These represented the Company's book value per share at 17.67 and debt to equity ratio (D/E ratio) at 0.37 times.

## Cash Flow

As at June 30, 2018, the Company had cash received from the operating activities around 507.14 million baht, rose by 170.53 million baht. On the other hand, the cash paid for investing activities amounted to 210.92 million baht, due to the Investment in property, plant and equipment. As a result, as at June 30, 2018, the Company had cash and cash equivalents around 532.93 million baht, increased by 126.70 million baht compared to September 30, 2017.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

Chairman

(Mr. Hiroshi Harada)

President