

August 13, 2019

Re : Management Explanation and Analysis of Operating Results for the 2nd quarter of 2019

To : The President of the Stock Exchange of Thailand

The company and its subsidiaries ("the Group Company") reported that for the financial statements for 2nd quarter of 2019, the Group Company's profit before tax was 16.60 million Baht and corporate tax expense was 0.66 million Baht. As a result, the net profit was 15.94 million Baht. For the financial statements for 6-month period of 2019, it had loss before tax 73.36 million Baht and corporate tax expense was 7.33 million Baht, therefore its operating result was 80.69 million Baht in loss. It was because of the low-season period of rubber industry which rubber trees produced less quantities, the effect from trade war between the US and China causing economic depression, and the unstable rubber market, affecting the fluctuation of field latex price. Comparing the average price of field latex on the 2nd quarter of 2018 and 2019, the price was 46.42 Baht per kilogram in 2018 and slightly increased to 51.25 Baht per kilogram in 2019, the increase of 10% (Source: Rubber Research Institute of Thailand). The price was still at low level.

For the 6-month period of 2019, the Group Company had sales and service income 3,739.87 million Baht comparing to last year which was 3,836.02 million Baht, the decrease of 2.51% or 96.15 million Baht, due to the effect from trade war causing the world demand for rubber lower and the fluctuation of field latex price resulting the company's income lower. Cost of sales and service for the 6-month period in 2019 comparing to 2018 was 3,399.94 million Baht and 3,281.17 million Baht, the increase of 3.10% or 101.77 million Baht affected by the increase in field latex price. The Company still has improving of rubber production which caused greater output and higher quality of rubber products. However, the price of chemical materials increased, causing the higher cost of production.

The company had subsidiary companies with financial results as follows:

1. For the 6-month period of 2019, latex and pre-vulcanized latex group had loss before tax 91 million Baht due to the low-level of rubber price causing sale income of skim rubber lower. Because the Group Company invested in the new plants and tanks for producing and containing more products since the late 2015, it could contain more materials in order to produce more products for demand in the future.
2. For the 6-month period of 2019, finished product group had profit before tax 32 million Baht due to the better management. The group's consumers were mainly from China and Europe and would continue to expand more because of the group's products have good qualities to meet demand.
3. For the 6-month period of 2019, rubber plantation group had 14 million Baht loss before tax, the decrease in loss of 30 million Baht comparing to the same period of the last year. The group had the better result because it had improved its management. Although there were many factors affecting business such as the high volatility of field latex price and the latex price was at the low level, the group had fixed cost which was why the company had the net loss. However, because the decrease of net loss, the entire group had the better result.

Please be informed accordingly,

Yours faithfully,

Mr.Vorathep Wongsasuthikul

Chairman