



No. NER 006/2019

May 10, 2019

Re: Management Discussion and Analysis for the Quarter 1/2019 ended March 31, 2019

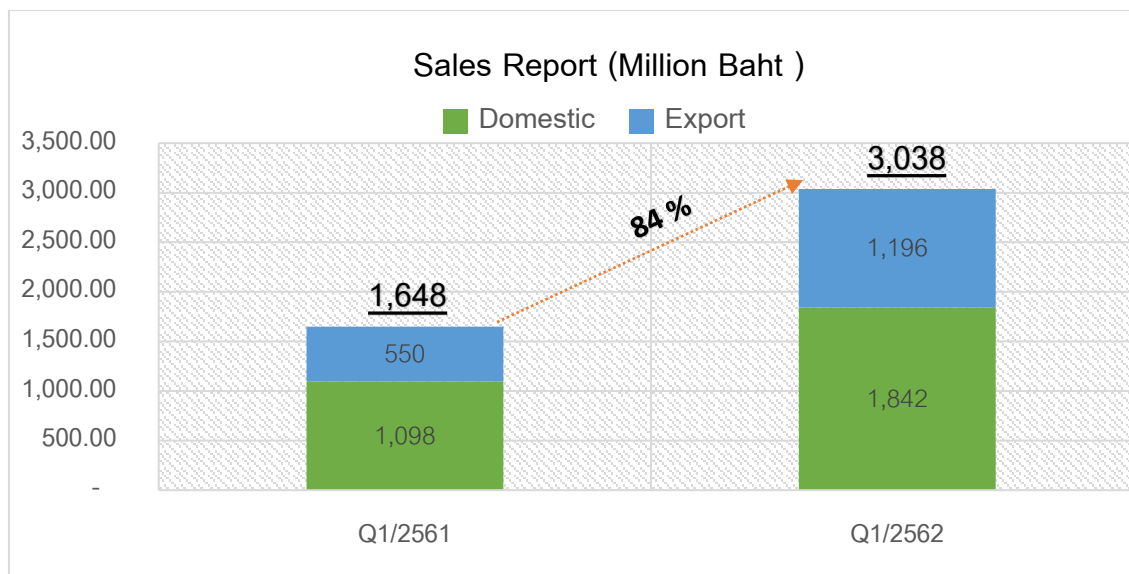
To: The President, The Stock Exchange of Thailand

The Northeast Rubber Public Company Limited (“NER” or “the company”) would like to submit the Financial Statements for the Quarter 1/2019 ended March 31, 2019. The Company would like to clarify operating results for the Quarter 1/2019 and the main reasons for the difference in operating results compared with the same period of 2018 as follows:

Operating results of the consolidated financial statements

Statement of Comprehensive Income	Q1/2019		Q1/2018		% Increase (Decrease)
	Million Baht	%	Million Baht	%	
Total Revenue from Local sales	1,842	60.6%	1,098	66.6%	68%
Total Revenue from Export sales	1,196	39.4%	550	33.4%	117%
Total Revenue from sales	3,038	100.0%	1,648	100.0%	84%
Cost of sales	2,789	91.8%	1,443	87.6%	93%
Gross profit	249	8.2%	205	12.4%	21%
Other income	20	0.7%	29	1.8%	-32%
Cost of distribution	88	2.9%	37	2.2%	138%
Administrative expenses	22	0.7%	21	1.3%	6%
Unrealized loss (gain) on valuation of fair value of derivatives	6	0.2%	-2	-0.1%	-448%
Finance cost	52	1.7%	58	3.5%	-10%
Profit (loss) before income tax	101	3.3%	121	7.3%	-16%
Tax income	0	0.0%	1	0.1%	-94%
Profit (loss) for the period	101	3.3%	119	7.2%	-15%
Other comprehensive income for the period - tax net	0	0.0%	-2	-0.1%	-100%
Total comprehensive income for the period	101	3.3%	117	7.1%	-14%

For the operating result for the Quarter 1/2019 ended March 31, 2019 compared with the same period of the previous year, revenue from sales was 3,038 million Baht, increased by 1,390 million Baht or 84% YoY. From Domestic sales of 1,842 million Baht or 61 % of total sales, an increase of 744 million Baht or 68 % YoY, Export sales revenue 1,196 million Baht or 39 % of total sales, an increase of 646 million Baht or 117 % YoY. Due to the increasing volume of orders and in the same period of 2018, the company was restricted to export products.



Cost of sales totaled 2,789 million Baht, an increase of 1,346 million Baht or 93 % YoY, in line with increased sales. But because the average cost of raw materials increased compared to the same period of the previous year. Million Baht or 1.1 % of the total cost of sales. Therefore, the gross profit decreased from 12.4% YoY in the same period of last year to 8.2% in this quarter, decreased by 44 million Baht or 21% YoY. Cost of distribution increased by 51 million Baht or 138% YoY from Rubber Plantation Aid Fund, increasing export expenses from foreign sales. Administrative expenses increased by 1 million Baht or 6 % YoY. Financial costs decreased by 6 million Baht or 10 % YoY from repayment of partial loans. Income tax expenses decreased by 1 million Baht. As a result, net profit was 101 million Baht or by 3.3% of total sales, decrease of 18 million Baht or by 15% YoY. Earnings per share (EPS) was 0.07 Baht per share.

Financial Position

Statement of Financial Position	31 March 2019		31 December 2018		% Increase (Decrease)
	Million Bah	%	Million Bah	%	
Total Assets	6,894	100.0%	6,693	100.0%	3%
Total Liabilities	4,121	59.8%	4,021	60.1%	2%
Total Shareholders' Equity	2,773	40.2%	2,672	39.9%	4%

Total assets of the Company and its subsidiaries as of March 31, 2019 amounted 6,894 million Baht, a increased 201 million Baht or 3% YoY from December 31, 2018.

Current assets increased by 166 million Baht or 3% due to:

- Cash and cash equivalents decreased by 3 million Baht or 22%
- Trade accounts receivable and other current receivables decreased by 230 million Baht or 34% due to the adjustment of the credit term policy, whereby customers have to pay a partial advance payment for goods before delivering products.
- Inventories increased by 397 million Baht or 8% from the average purchase price increase. Together with the amount of rubber The stock is sufficient for the quantity of orders.
- Other current assets increased by 2 million Baht or 6%

Non-current assets increased by 35 million Baht or 4% due to:

- Increased bank deposits with a guarantee of 20 million Baht or 32% from fixed deposits Bank Of China.
- Land, building and equipment (net) increased by 10 million Baht or 1% from the work construction in the of the system to support the Bio Gas Project 2
- Other non-current assets increased by 5 million Baht or 91% due to withholding tax from the expiration of corporate income tax exemption privileges for rubber compound from the Office of the Board of Investment.

Total liabilities of the Company and its subsidiaries as of 31 March 31, 2019 amounted 4,121 million Baht, increased by 100 million Baht or 2% YoY from December 31, 2018.

Current liabilities increased by 135 million Baht or 4% due to:

- Bank overdrafts and short-term loans Increased by 14 million Baht from short-term loans .
- Account payable and others account payable increased by 125 million Baht or 29% from account payable, raw materials and advance payment deposits.
- Long-term loans due within 1 year decreased by 9 million Baht or 9%
- Other current liabilities increased by 5 million Baht or 465% from liabilities from derivatives valuation.

Non-current liabilities decreased by 34 million baht or 2% due to:

- Liabilities under hire purchase contracts decreased by 4 million Baht or 27%
- Long-term loans decreased by 17 million Baht or 11% From loan repayment as determined by the bank.
- Other rotating liabilities decreased by 13 million Baht or 465 percent From insurance contract for purchase of goods.



Total shareholders' equity of the Company and its subsidiaries as of March 31, 2019 amounted to 2,773 million Baht increased 101 million Baht or 4% from December 31, 2018 from net income for the Quarter 1/2019.

Together with this analysis, the Company also submitted the reviewed financial statements for the Quarter 1/2019 ended March 31, 2019 through the electronic media of the SET.

Please be informed accordingly

Yours sincerely,

(Mr. Sakchai Jongstapongpun)

Chief Financial Officer

North East Rubber Public Company Limited