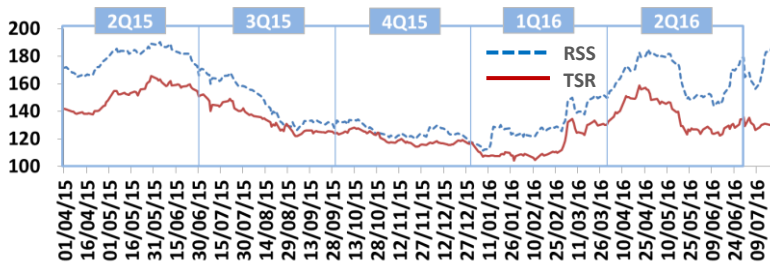


STA : The World's Leading Natural Rubber Player

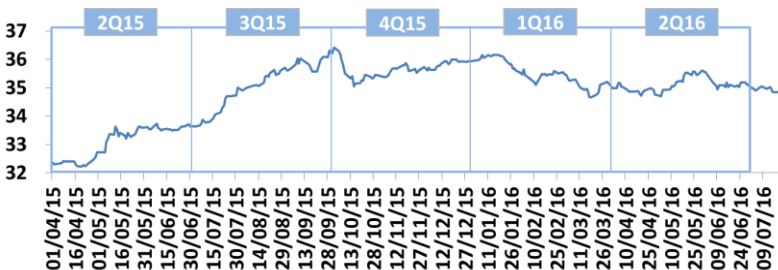
Financial result overview

Severe drought and the attendant prolonged wintering period brought on by El Niño, coupled with the imposition of an export quota by Thailand, Malaysia and Indonesia, brought about a decrease in NR supply, leading to a rally of NR prices from its bottom in Q1 2016. The reduced NR supply also accelerated purchasing activities, which further helped support NR prices. Sales volume for Q2 2016 stood at 360,906 tons, a record number for second quarters, which seasonally coincides with the wintering period, when rubber supply is normally low. Thanks to effective inventory management, our gross profit margin for Q2 2016 increased to 10.3%, while our net profit margin was at 4.3%.

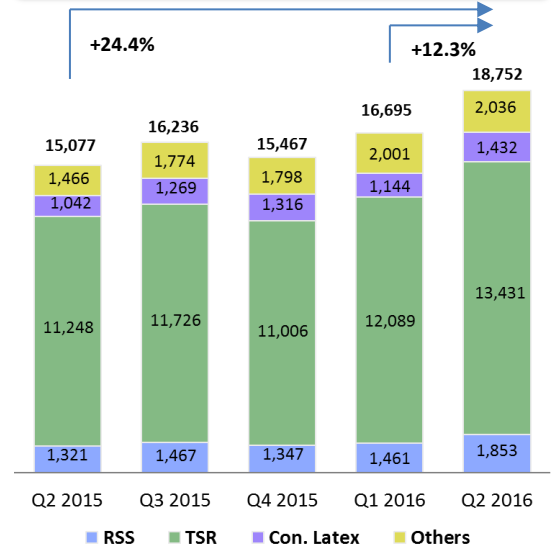
TSR20 and RSS3 Price movement (US cent : Kg.)



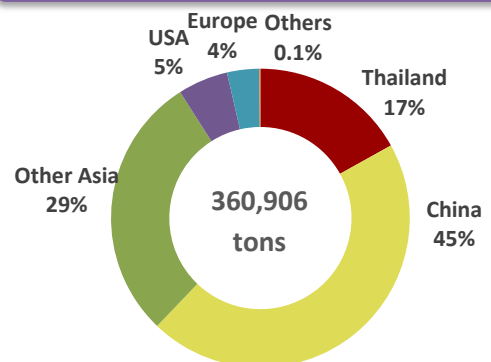
Exchange rate of Thai Baht against US dollar



Revenues by product (THB million)



Sales Volume by Country (Q2)



Key financial ratios

Key Financial Ratios	Q2 2016	FY 2015	FY 2014
Gross profit margin	10.3%	5.7%	4.4%
Adjusted gross profit margin**	10.7%	8.1%	6.1%
EBITDA margin	6.4%	4.9%	3.4%
Net profit margin	4.3%	1.8%	1.4%
Current ratio (times)	1.32	1.21	1.42
Net D/E ratio (times)	0.98	0.95	0.73
Fixed asset turnover (times)	4.26*	3.87	5.38
Inventory Turnover (days)	68.95*	74.75	66.36
Collection Period (days)	24.97*	22.77	27.55
Payment Period (days)	8.79*	9.67	10.58

Note:

* Annualised

** Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

Statements of Comprehensive Income

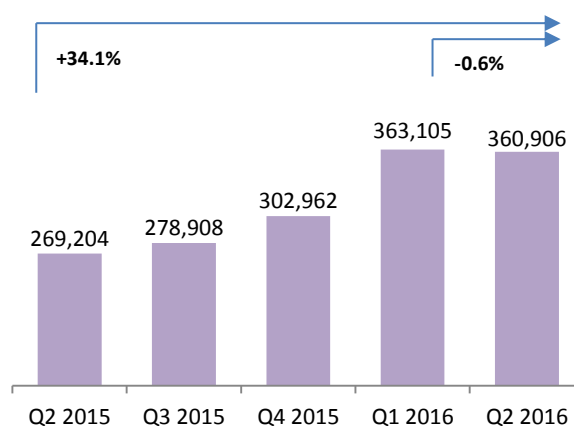
(Unit : THB million)	Q2 2016	Q2 2015	% YoY	Q1 2016	%QoQ
Revenue from sale of goods and services	18,751.6	15,076.9	24.4%	16,694.5	12.3%
Cost of sales and services	(16,813.7)	(13,782.5)	22.0%	(15,877.2)	5.9%
Gross profit	1,938.0	1,294.4	49.7%	817.3	137.1%
SG&A	(1,183.0)	(892.8)	32.5%	(1,066.5)	10.9%
Other income	44.9	44.7	0.5%	44.3	1.4%
Gains (losses) on exchange rate, net	(49.3)	54.9	-189.8%	(4.5)	-983.8%
Other gains, net	64.3	23.7	171.6%	16.8	283.9%
Operating profit (loss)	814.9	524.7	55.3%	(192.8)	522.6%
Share of profit from investments in associates and joint ventures	92.5	149.9	-38.3%	96.8	-4.5%
EBITDA	1,200.8	923.3	30.1%	174.4	588.5%
EBIT	907.3	674.7	34.5%	(96.0)	1045.4%
Finance costs (net)	(80.7)	(161.8)	-50.1%	(129.7)	-37.8%
Income tax (expense)	(33.5)	2.8	1282.1%	48.0	169.8%
Net Profit (loss) for the periods	793.2	515.7	53.8%	(177.7)	546.3%
Attributed to Owners of the parent	801.5	518.1	54.7%	(165.6)	583.9%
Attributed to non-controlling interests	(8.4)	(2.5)	-241.2%	(12.1)	30.7%

Total revenue from all products for Q2 2016 was 18,751.6 million Baht, an increase of 24.4% YoY and 12.3% QoQ. The YoY increase was attributable to a 34.1% growth in sales volume, despite a 8.4% decline in average selling price. By comparison, the QoQ increase can be attributed to a 15.7% increase in average selling price, which offset a marginal decrease of 0.6% in sales volume.

Sales volume for Q2 2016 totaled 360,906 tons, an increase of 34.1% YoY but a marginal decrease of 0.6% QoQ. The implementation of the Agreed Export Tonnage Scheme (AETS) by the three major NR-producing countries from the beginning of March 2016 during the wintering period in Thailand not only drove up NR prices but also fueled a growth in demand in Q2 2016, as a result of restocking of customers.

The substantial YoY increase in total sales volume for Q2 2016 was attributable to the YoY increase in sales volume in China, Thailand and Singapore. However, sales volume declined slightly in comparison with Q1 2016 as the increase in sales volume in Thailand, India, Singapore, USA, and Europe was counterpoised by the decrease in sales volume in China after their accelerating stock replenishment in the previous quarter.

Sales volume (Tons)



Revenues by product (THB million)

	Q2 2016	Q2 2015	% YoY	Q1 2016	% QoQ
TSR	13,431.4	11,247.7	19.4%	12,088.7	11.1%
%	71.6%	74.6%		72.4%	
RSS	1,852.7	1,321.0	40.2%	1,460.7	26.8%
%	9.9%	8.8%		8.7%	
LTX	1,431.8	1,041.7	37.4%	1,143.6	25.2%
%	7.6%	6.9%		6.9%	
Others*	2,035.7	1,466.5	38.8%	2,001.4	1.7%
%	10.9%	9.7%		12.0%	
Total	18,751.6	15,076.9	24.4%	16,694.5	12.3%

Note*: Comprises revenue from (i) the sale of rubber wood and wood packing product and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other third parties (iii) the sale of gloves

Gross profit for Q2 2016 stood at 1,938.0 million Baht, an increase of 49.7% YoY and 137.1% QoQ. Our effective inventory management enabled us to boost the sales in Q2 2016. As a result, we were able to achieve gross profit margin of 10.3%, a remarkable improvement over 4.9% in Q1 2016 and 8.6% in Q2 2015. Assuming the reversal of inventory allowance of 0.4 million Baht had not been made but realized gain of 61.6 million Baht from hedging activities had been included, our adjusted gross profit margin in Q2 2016 would have been 10.7%, an increase from 4.5% in Q1 2016 and 9.6% in Q2 2015.

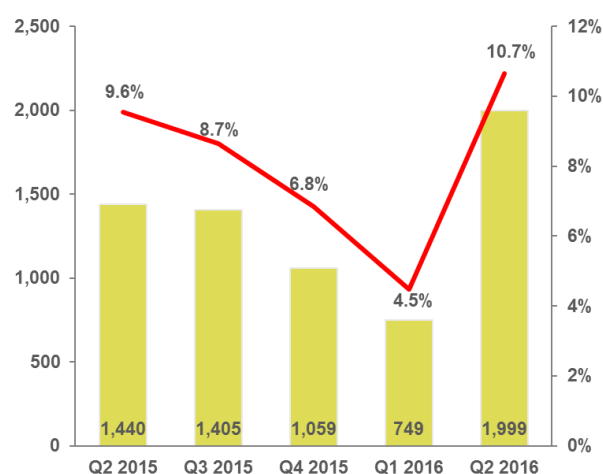
Operating Profit for Q2 2016 amounted to 814.9 million Baht, up 55.3% YoY and 522.6% QoQ. Operating profit margin for Q2 2016 was 4.3%, an improvement over 3.5% in Q2 2015 and an operating loss of 1.2% in Q1 2016. The YoY increase in operating profit margin was mainly driven by improved gross profit, in spite of lower gains from hedging activities and increased SG&A expenses from higher Cess expenses as a result of higher sales volume. In comparison, the QoQ increase in operating profit margin was primarily attributable to the increase in gross profit despite increased administrative expenses.

Net Profit of 801.5 million Baht was recorded in Q2 2016, an increase of 54.7% YoY and 583.9% QoQ. Net profit margin in Q2 2016 was 4.3%, the highest since Q1 2011, when we were at the peak of a bullish cycle, increasing from 3.4% in Q2 2015 and a marked improvement over a net loss of 1.0% in Q1 2016.

The YoY and QoQ increase in net profit margin can be chiefly attributed to increased operating profit and decreased financing costs from unrealized gains on USD-denominated loans as a result of an appreciation of IDR against USD in Q2 2016, in spite of increased income taxes and lower shares of profits from our associates and joint ventures.

Adjusted GP and GPM*

(Unit : THB million)



Note*: Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from the sale of TSR rose 19.4% YoY and 11.1% QoQ. The YoY increase was primarily attributable to a 30.3% increase in sales volume while average selling price decreased by 8.4%. By comparison, the QoQ increase of revenue resulted from a 14.4% increase in average selling price despite a marginal decrease of 1.8% in sales volume.

Our average selling price for TSR moves in the same direction as NR prices on SICOM.

The significant improvement in sales volume YoY was the result of a pick-up in demand in comparison with Q2 2015, when our strategy of selective selling was implemented.

Gross Profit for TSR increased 32.8% YoY and 259.4% QoQ. Both the YoY and QoQ increase was achieved by our excellent inventory management during the rally in NR prices in late Q1 2016 through the end of Q2 2016.



Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS grew by 40.2% YoY and 26.8% QoQ. The YoY increase in revenue was primarily attributable to a 56.0% increase in sales volume despite a decline of 10.1% in average selling price. By comparison, the QoQ increase resulted from an increase in both sales volume by 9.9% and average selling price by 16.7%.

The substantial increase in sales volume YoY was the result of favorable market sentiment in Q2 2016, in contrast with Q2 2015, when our sale of RSS was disrupted by government intervention.

As a result, our gross profit for RSS increased by 662.4% YoY and 185.7% QoQ. Gross profit margin also grew YoY and QoQ.



Concentrated Latex (LTX)

Revenue from the sale of LTX rose 37.4% YoY and 25.2% QoQ.

Our sales volume for LTX in Q2 2016 increased by 47.0% YoY but remained virtually unchanged QoQ while the average selling price declined by 6.5% YoY but rose 27.0% QoQ.

Gross profit for LTX increased 51.3% YoY and 46.3% QoQ.

Industry Outlook

Following the volatility in Q2 2016, the NR market is expected to become more stable with limited downside risk as unfavorable weather conditions caused by El Niño during first half of the year and La Niña in the second half of the year have curtailed rubber yield. This results in reduced NR supply and propping up NR prices. Nevertheless, negative market sentiment is likely to persist due to concerns over China's slowing economic growth and the uncertainties surrounding the US Federal Reserve's decision on interest rates and the economic consequences of Brexit, which will have an impact on the currency market and fund flows as well as prices of all commodities. These factors will conspire to keep the NR market in doldrums and keep investors on the sidelines for the short - term.

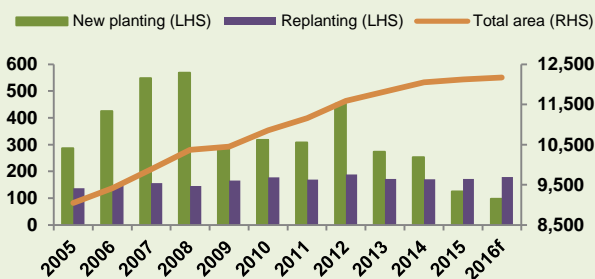
In the long term, the prolonged period of low NR prices, which have somewhat recovered but still remain depressed, will have significant implications on rubber production. Rubber farmers are demoralized by the low NR prices and reduce tapping activities. All of this could conceivably lead to a shortage of labor and, eventually, a shortage of NR supply.

NR Balance (000'tons)

(Unit : 000'tons)	2015	2016f	2017f
NR demand	12,167	12,330	12,730
<i>% growth</i>	0.3	1.3	3.2
NR supply	12,314	12,424	12,779
<i>% growth</i>	1.6	0.9	2.9
NR surplus / (deficit)	147	94	49

Source: IRSG

NR Planting Area of 11 Main Producers (000' HA)



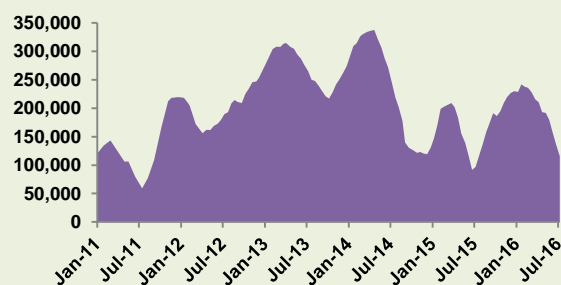
Source: IRSG

World Tire and Vehicle Production

(million units)	2015	2016f	2017f
World vehicle in use	1,266	1,308	1,351
<i>% growth</i>	3.4	3.3	3.3
World vehicle production	91	93	97
<i>% growth</i>	1.1	2.3	3.9
World tyre production	1,762	1,807	1,873
<i>% growth</i>	1.4	2.5	3.6

Source: IRSG

NR stock at Qingdao, China (tons)



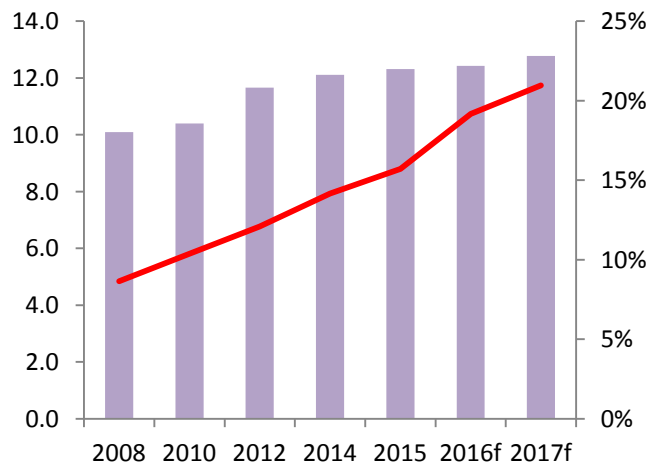
Progress of Business Growth Plan

Upstream Operations – 8,000-odd hectares of land already secured for rubber plantations

As of 30 June 2016, Sri Trang Group has obtained approximately 51,670 rai (8,267 hectares) of land suitable for the cultivation of rubber trees in several provinces of Thailand. 83% of the lot has already been planted with rubber trees and a small area already started to provide yield from December 2015 onwards. The majority of our rubber plantations are located in the northern and northeastern regions of Thailand.



Proportion of Sri Trang Group Capacity to NR World Supply



World's NR supply (mil. Tons) (LHS)
 % engineering capacity* to NR world supply (RHS)

Midstream Operations – continuing capacity expansion to reach 2.4 million tons by the end of 2016

As of 30 June 2016, our engineering capacity was at an industry record of 2.3* million tons per annum. By the end of 2016, a new TSR facility in the Loei province in Thailand will commence its operation, adding approximately 70,000 tons to overall group capacity.

Note: The engineering capacity is derived from the specifications certified by the supplier of the processing machinery. Our engineering capacity was included the engineering capacity of Thaitech Rubber Corporation Limited after the additional share acquisition in this company in April 2016.



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