

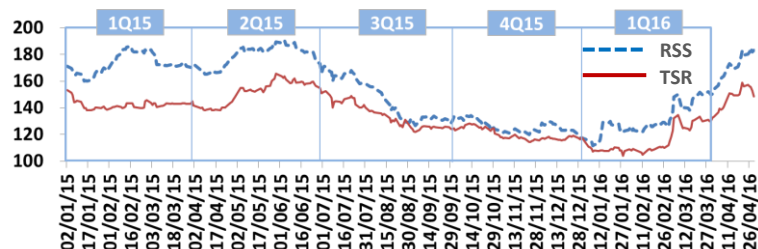
STA : A World Leading Natural Rubber Player

Financial result overview

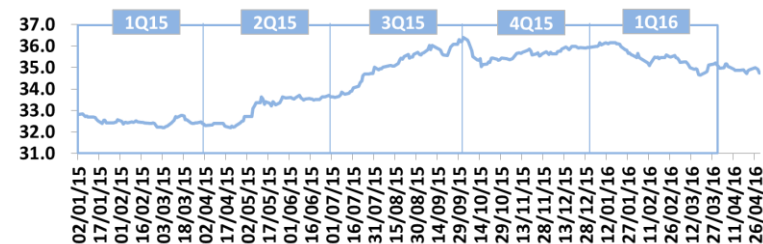
Natural Rubber (NR) industry began the first quarter of 2016 with the pessimistic outlook continued from Q4 2015. After NR prices hit almost 7-year low at the end of January 2016 and continued this low level throughout February 2016, positive market momentum bolstered by numerous factors has triggered an accelerating growth in NR demand and price improvement. Possessed with the largest capacity in the industry has prompted us to serve the demand pickup. Accordingly, we broke our new record of sale volume at 363,105 tons in Q1 2016 resulting in the increase in revenue of 15.0% YoY and 7.9% QoQ.

Under the circumstance of the transition of NR sentiment and price movement, it has negatively affected our profitability nevertheless. The lower gain from hedging activities YoY and QoQ as well as the increase in selling expenses YoY and QoQ from sale growth posted us a net loss in Q1 2016.

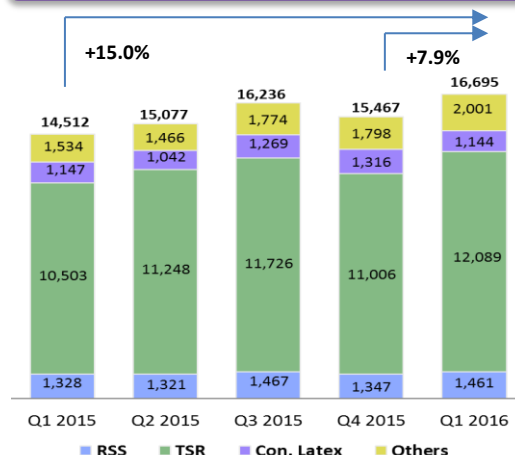
TSR20 and RSS3 Price movement (US cent : Kg.)



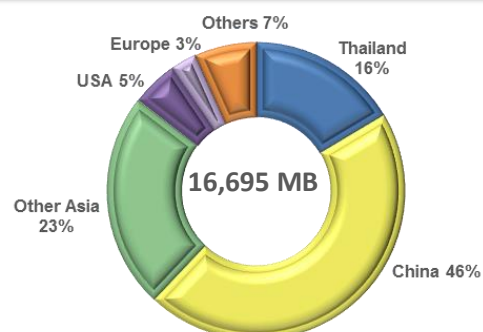
Exchange rate of Thai Baht against US dollar



Revenues by product (THB million)



Revenues by Country (Q1 2016)



Key financial ratios

Key Financial Ratios	Q1 2016	FY 2015	FY 2014
Gross profit margin	4.9%	5.7%	4.4%
Adjusted gross profit margin**	4.5%	8.1%	6.1%
EBITDA margin	1.0%	4.9%	3.4%
Net profit margin	-1.0%	1.8%	1.4%
Current ratio (times)	1.16	1.21	1.42
Net D/E ratio (times)	1.01	0.95	0.73
Fixed asset turnover (times)	4.05*	3.87	5.38
Inventory Turnover (days)	76.90*	74.75	66.36
Collection Period (days)	21.92*	22.77	27.55
Payment Period (days)	8.65*	9.67	10.58

Note:

* Annualised

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

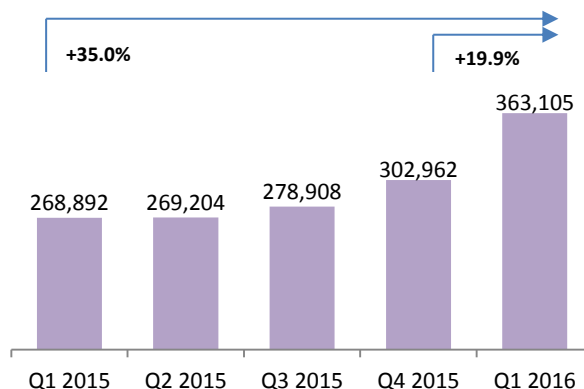
Statements of Comprehensive Income

(Unit : THB million)	Q1 2016	Q1 2015	% YoY	Q4 2015	%QoQ
Revenue from sale of goods and	16,694.5	14,512.2	15.0%	15,466.8	7.9%
Cost of sales and services	(15,877.2)	(13,472.5)	17.8%	(14,849.5)	6.9%
Gross profit	817.3	1,039.7	-21.4%	617.3	32.4%
SG&A	(1,066.5)	(802.6)	32.9%	(1,120.8)	-4.8%
Other income	44.3	32.6	35.8%	80.3	-44.9%
Gains (losses) on exchange rate, net	(4.5)	105.5	-104.3%	(91.3)	95.0%
Other gains, net	16.8	110.5	-84.8%	335.0	-95.0%
Operating profit (loss)	(192.8)	485.6	-139.7%	(179.6)	-7.4%
Share of profit from investments in associates and joint ventures	96.8	68.4	41.6%	187.9	-48.5%
EBITDA	174.4	787.6	-77.9%	313.8	-44.4%
EBIT	(96.0)	554.0	-117.3%	8.3	-1253.6%
Finance costs (net)	(129.7)	(237.6)	-45.4%	(33.7)	285.2%
Income tax (expense)	48.0	(21.8)	-320.0%	(20.4)	-334.9%
Net Profit (loss) for the periods	(177.7)	294.6	-160.3%	(45.8)	-288.2%
Attributed to Owners of the parent	(165.6)	297.3	-155.7%	(47.1)	-251.3%
Attributed to non-controlling interests	(12.1)	(2.7)	-350.1%	1.4	-979.7%

Total sales of goods and services of Q1 2016 was Baht 16,694.5 million, up 15.0% YoY and 7.9% QoQ. After hit almost 7-year low at the end of January through February 2016, positive NR industry bolstered by the agreement to cut the export of three main NR producing countries during Mar-Aug 2016, the increase in commodity prices, especially oil prices, and the weakening US dollar has driven a pickup in NR demand. Thus, the increase of sale YoY and QoQ was due mainly to the growth of our sale volume by 35.0% YoY and 19.9% QoQ despite a decrease in average selling price 16.2% YoY and 10.3% QoQ.

Sale volume hit a record high of 363,105 tons in Q1 2016, or increased by 35.0% YoY and 19.9% QoQ. The improvement of NR market sentiment has accelerated overall demand growth during the late of Q1 2016. Our sale volume to China substantially increased by 75.7% YoY and 40.6% QoQ.

Sales volume (Tons)



Revenues by product (THB million)

	Q1 2016	Q1 2015	% YoY	Q4 2015	% QoQ
TSR	12,088.7	10,502.6	15.1%	11,006.2	9.8%
%	72.4%	72.4%		71.2%	
RSS	1,460.7	1,328.3	10.0%	1,346.5	8.5%
%	8.7%	9.2%		8.7%	
LTX	1,143.6	1,147.3	-0.3%	1,316.1	-13.1%
%	6.9%	7.9%		8.5%	
Others*	2,001.4	1,534.0	30.5%	1,797.9	11.3%
%	12.0%	10.6%		11.6%	
Total	16,694.5	14,512.2	15.0%	15,466.8	7.9%

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

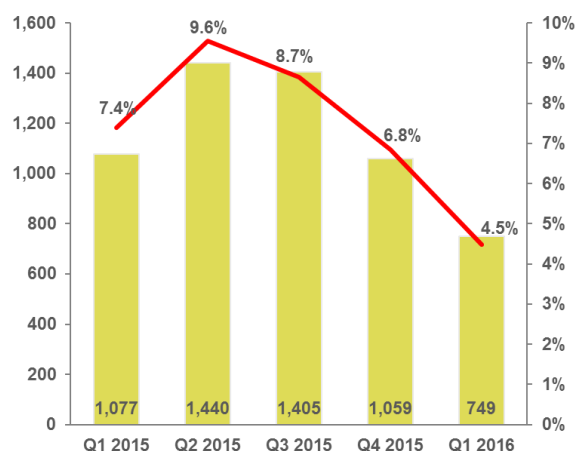
Gross profit margin for Q1 2016 was Baht 817.3 million, decrease 21.4% YoY but increase 32.4% QoQ. Our gross profit margin of Q1 2016 was 4.9%, up from Q4 2015 at 4.0% but down from Q1 2015 at 7.2%. The increase of gross profit margin from the last quarter was attributable to an improved demand from better market sentiment in March 2016. However, downward movement of NR price during January – February 2016 led to a decrease in cost of sales at the slower rate than selling price. As a result of this, our gross profit margin decreased from the same period last year. Assuming the reversal of inventory allowance of Baht 340.4 million was not made in Q1 2016 but including realised gain of Baht 271.9 million from our hedging activities, our adjusted gross profit margin in Q1 2016 would have been at 4.5%, decreased from Q1 2015 at 7.4% and Q4 2015 at 6.8%.

Operating loss for Q1 2016 amounted to Baht 192.8 million, down from operating profit of Baht 485.6 million at the same period of last year and operating loss of Baht 179.6 million of the last quarter. Such operating loss compared with Q1 2015 was due principally to a decline in gross profit margin, higher selling expenses on account of sale volume expansion, and lower gains on hedging activities. For quarterly comparison, operating loss also resulted from selling expenses and lower gains on hedging activities despite partially offset by the increase in gross profit and the decrease in administrative expenses.

Net loss of Baht 165.6 million was recorded in Q1 2016, compared with net profit of Baht 297.3 million in the same period of last year and net loss amounted Baht 47.1 million in the previous quarter. A decline of net profit margin YoY was mainly driven by operating loss despite being offset by higher profit sharing from associates and joint ventures and lower finance cost due mainly to unrealised gain on USD denominated loan as a result of an appreciation of IDR against USD in Q1 2016. Meanwhile, a decline of net profit margin QoQ was attributed to operating loss, lower profit sharing from associates and joint ventures from the decreasing net profit of our examination glove business and from a provision for impairment of an associate in Brazil as well as higher finance cost. Hence, we had a negative profit margin of 1.0%, decreased from the net profit margin of 2.0% in Q1 2015 and negative profit margin of 0.3% in Q4 2015 even though partially offset by a decrease in income tax YoY and QoQ.

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 15.1% YoY and 9.8% QoQ. The increase of revenue both YoY and QoQ was mainly driven by 37.8% YoY and 24.6% QoQ growth of sale volume while average selling price decreased by 16.4% YoY and 11.9% QoQ.

In comparison to Q1 2015 where we intentionally reduced production volume since the raw materials costs did not move in tandem with the selling prices and in comparison to Q4 2015 where our sale volume was derailed by sluggish demand in China, sale volume of TSR products increased YoY and QoQ from a positive momentum in March 2016.

Gross profit of TSR increased by 139.8% QoQ but decreased by 46.6% YoY as a result of a rapid reversal market trend. Gross profit margin lowered YoY but improved QoQ from the recovery of NR industry.



Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS grew by 10.0% YoY and 8.5% QoQ. Similar to TSR product, the increase of revenue both YoY and QoQ was primarily due to 32.6% YoY and 16.3% QoQ expansion of sale volume even though average selling price declined by 17.1% YoY and 6.7% QoQ.

Thanks to bullish NR market trend during March 2016, sale volume improved from a depressed market in Q4 2015 and from Q1 2015 in which the Thai RSS industry was clouded with government price intervention.

However, such bullish trend was outweighed by bearish market sentiment during Jan-Feb 2016. Our gross profit from the sale of RSS; therefore, decreased by 0.6% YoY and 58.8% QoQ. Gross profit margin was also recorded lower YoY and QoQ.



Concentrated Latex (LTX)

Revenue from the sale of LTX was down 0.3% YoY and 13.1% QoQ. The marginal decrease of revenue compared to the same period last year was mainly driven by a decrease of average selling price of 16.1% despite being offset by an increase of sale volume by 18.8%. For quarterly comparison, the decrease of revenue was due to 8.0% decrease in average selling price and 5.6% decrease in sale volume.

Gross profit from the sale of LTX decreased 12.0% YoY but increased 0.9% QoQ. Due to a pick-up in demand from gloves business as the NR price was relatively competitive to NBR price, gross profit margin was slightly lower YoY but higher QoQ.

Outlook

Industry in general

Recently, NR market sentiment has shown signs of improvement after having remained in a downward trajectory, reaching the lowest level in almost 7 years at the end of Jan 2016. NR market has become healthier and consolidated as the decline of NR prices for five consecutive years has limited both speculative activities and small players in the supply chain. The concurrence of several bullish factors including 1) concerns over the sufficiency of NR supply due to the potential occurrence of El Niño and the agreement to cut export by 615,000 tons by Thailand, Indonesia, and Malaysia during Mar-Aug 2016, which coincides with the low season in Thailand (Feb – May), 2) more stabilizing economic outlook of China, 3) an increase in crude oil and other commodities prices, and 4) the depreciation of US dollar, which positively supports the commodity prices, have fueled a significant rebound of NR prices from its bottom by approximately 50% over the past few months.

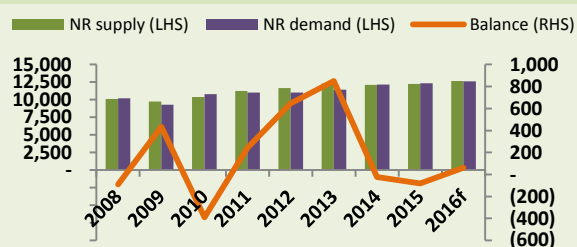
Notwithstanding the rising price and positive change in NR consumer's behavior, fundamental NR demand & supply is expected to remain unchanged as a pick-up in NR consumption could be equivoiced by the expansion of NR production during this price improvement period. In the medium to longer term, weaker economic recovery of developed countries, NR stock of the Thai Government of more than 300,000 tons, and uncertainty of US dollar movement as well as crude oil prices still weigh on NR outlook.

World Economic Indicators, GDP%

				Different from Jan'16	
Annual GDP Growth (%)	2015	2016f	2017f	2016	2017
World	3.1	3.2	3.5	(0.2)	(0.1)
Advanced Economies	1.9	1.9	2.0	(0.2)	(0.1)
Emerging Economies	4.0	4.1	4.6	(0.2)	(0.1)
China	6.9	6.5	6.2	0.2	0.2

Source: IMF, WEO April 2016

NR Balance (000'tons)



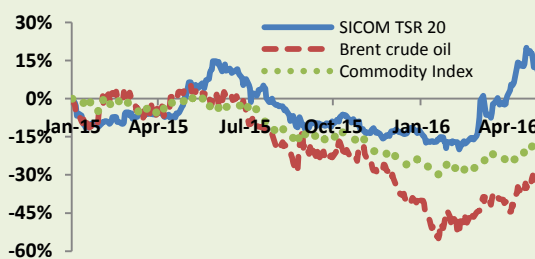
Source: IRSG

World Tire and Vehicle Production

(million units)	2015	2016f	2017f
World vehicle in use	1,239	1,280	1,323
% growth	3.2	3.3	3.4
World vehicle production	91	95	100
% growth	1.8	3.6	5.3
World tyre production	1,772	1,829	1,906
% growth	2.4	3.3	4.2

Source: IRSG

NR and Oil Prices Vs. Commodity Index



Source: Bloomberg

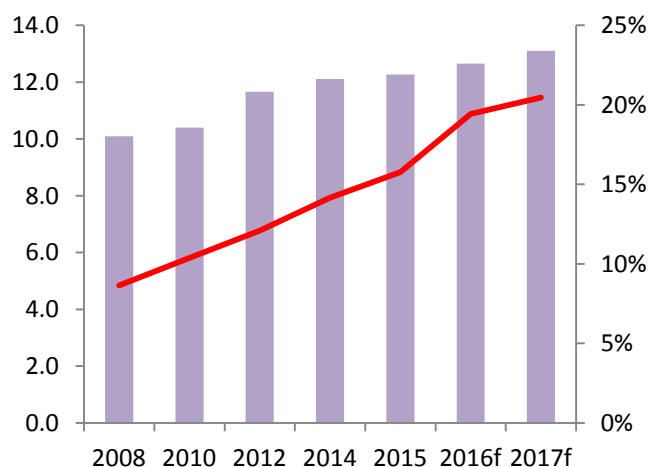
Progress of our business growth plan in value chain



Upstream Business – Land of 8,000 hectares already secured for rubber plantation

As at 31 March 2016, Sri Trang Group has obtained approximately 51,670 rai (8,267 hectares) in 19 provinces of Thailand suitable for rubber plantation, 85% has already planted and some small area of which started to yield from December 2015 onwards. The majority of our rubber plantation is located in the Northern and North-Eastern regions of Thailand.



Proportion of Sri Trang Capacity to NR World Supply



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

Midstream Business – Continuous capacity expansion to reach 2.4 million tons by the end of 2016

As at 31 March 2016, our engineering capacity was registered at industry record at 2.2* million tons per annum. By the end of 2016, there will be one new factory and two expansion factories to be completed for production in Thailand adding around 209,000 ton capacity to our group.

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.



Investor Relations Department
 Tel. +662 207 4500 ext. 1402
 Fax. +662 108 2244
 Email. IR@sritranggroup.com