

Thai Nippon Rubber Industry Public Company Limited

28 November 2016

Subject: Submission of Reviewed of Financial Statements and Performance Explanation for the 9-month period ended 30 September 2016

To: President

The Stock Exchange of Thailand

Summary of Statement of Financial Position and Statement of Comprehensive Income

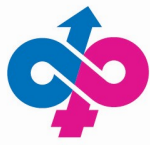
For the 9-month period ended 30 September 2016

Thai Nippon Rubber Industry Public Company Limited (the “Company” or “TNR”) was established in 1993 by the Darattanaroj family aiming to provide Original Equipment Manufacturer (“OEM”) services, in producing natural latex condoms that tailored to client’s orders. The Company’s initial production plant was located at the Laem Chabang Industrial Estate (Chonburi) with an original installed production capacity of 60 million pieces per year. The Company has continued to expand its installed production capacity ever since. The Company currently has two production plants, one in Laem Chabang Industrial Estate (Chonburi) with installed production capacity of 426 million pieces per year, and another in Pinthong Industrial Estate (Chonburi) with installed production capacity of 1,533 million pieces per year. With total installed production capacity of 1,959 million pieces per year, TNR is currently the largest condom manufacturer in Thailand, and is one of the sizable condom manufacturers in the world (source: UNFPA).

Summary on Statement of Comprehensive Income

(1) Sale of goods

The Company’s sale of goods composes of (1) revenue from manufacture and sell of condoms and lubricants under its own brand “Onetouch™” business (2) revenue from OEM of condoms and lubricants (“OEM”) business, and (3) revenue from tender business. Major source of revenue of the Company have been from OEM business, which accounted for 70.2% and 77.9% of the total sale of goods for the 9-month period ended 30 September 2015 and 2016, respectively.



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For the 9-month period ended 30 September 2015 and 2016, the Company's sale of goods were 927.7 million Baht and 934.2 million Baht, respectively, increasing 6.5 million Baht or 0.7% mainly due to increases in revenue from OEM of condoms and lubricants ("OEM") business, and revenue from manufacture and sell of condoms and lubricants under its own brand "Onetouch™" business, while revenue from tender business declined. The table below shows breakdown of revenue classified by business units.

	Nine months ended 30 September,			
	2015		2016	
	Million Baht	% of total ¹	Million Baht	% of total ¹
<u>Sales by business segment</u>				
Onetouch™ branded products	41.6	4.5	73.1	7.8
OEM business	651.1	70.2	727.5	77.9
Tender business	234.6	25.3	132.8	14.2
Total sales	927.3	100.0	933.4	99.9
Other income ²	0.4	0.0	0.8	0.1
Total revenue	927.7	100.0	934.2	100.0

Remarks: ¹ Expressed as a percentage of total revenue.

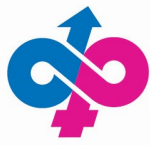
² Other income includes sales of raw material e.g. packaging

(2) Cost of goods sold

For the 9-month period ended 30 September 2015 and 2016, cost of goods sold of the Company were 642.5 million Baht and 661.8 million Baht, respectively. An increase in cost of goods sold amounting to 19.2 million Baht or 3.0% was consistent with increase in revenue from sale of goods.

(3) Gross profit and gross profit margin

For the 9-month period ended 30 September 2015 and 2016, gross profit of the Company were 285.2 million Baht and 272.4 million Baht, respectively, which can be translated to gross profit margin of 30.7% and 29.2% , respectively. The slight decrease in gross profit margin for the 9-month period ended 30 September 2016 was mainly because the Company provided service to OEM business which requested for the products that relatively had lower margin comparing to the products sold during the same period in 2015.



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(4) Other incomes

For the 9-month period ended 30 September 2015 and 2016, other incomes were 9.9 million Baht and 3.2 million Baht, respectively, decreasing 6.7 million Baht or 67.8% mainly because during the 9-month period ended 30 September 2015, the Company had incomes from reversed account payable, which was not recurring income.

(5) Selling expenses

For the 9-month period ended 30 September 2015 and 2016, selling expenses of the Company were 50.9 million Baht and 48.7 million Baht, respectively, decreasing 2.1 million Baht or 4.2% during the 9-month period ended 30 September 2016. Nevertheless, such decrease was insignificant.

(6) Administrative expenses

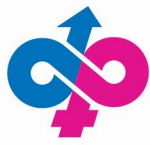
For the 9-month period ended 30 September 2015 and 2016, administrative expenses of the Company were 63.1 million Baht and 66.6 million Baht, respectively, increasing 3.4 million Baht or 5.5% during the 9-month period ended 30 September 2016 mainly due to an increase in employee expenses to support future growth of the Company, although, expenses from allowance for doubtful accounts decreased.

(7) Other gains (losses)

For the 9-month period ended 30 September 2015 and 2016, other gains (losses) were 30.6 million Baht and 6.6 million Baht, respectively, decreasing 24.0 million Baht or 78.4% during the 9-month period ended 30 September 2016 mainly due to changes in gains (losses) from exchange rate.

(8) Financing costs (net)

For the 9-month period ended 30 September 2015 and 2016, financing costs (net) were 50.3 million Baht and 7.5 million Baht, respectively, decreasing 42.8 million Baht or 85.0% during the 9-month period ended 30 September 2016 mainly due to (1) gains (losses) from exchange rate from loans from financial institution, in which for the 9-month period ended 30 September 2015, the Company had realized and unrealized losses from exchange rate from loans from financial institution amounting to 39.4 million Baht, while for the 9-month period ended 30 September 2016, the Company had realized and unrealized gains from exchange rate from loans from financial institution amounting to 3.5 million Baht. Meanwhile, for the 9-month period ended 30 September 2016, the Company had interest expenses from loans and financial lease totaling of 11.0 million Baht, increasing 0.1 million Baht comparing to the same period of the previous year.



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(9) Net profit and net profit margin

For the 9-month period ended 30 September 2015 and 2016, net income of the Company 156.9 million Baht and 158.1 million Baht, respectively, which can be translated to net profit margin of 16.9% and 16.9%, respectively. Net income remained relatively unchanged because although financing costs (net) decreased, gross profit margin, particularly from OEM business also decreased for 9-month period ended 30 September 2016.

Summary on Statement of Financial Position

(1) Total Assets

As of 31 December 2015 and 30 September 2016, the Company had total assets of 1,147.6 million Baht and 1,362.8 million Baht, respectively. As of 30 September 2016, the Company's total assets mainly consist of property, plant and equipment (net), and trade and other account receivable (net). As of 30 September 2016, the Company's total assets increased from those of 31 December 2015 mainly because of the increase of cash and cash equivalents and inventories (net)

(2) Total Liabilities

As of 31 December 2015 and 30 September 2016, the Company had total liabilities of 528.2 million Baht and 966.1 million Baht, respectively. As of 30 September 2016, the Company's total liabilities mainly consist of loans from financial institutions and trade and other accounts payable. As of 30 September 2016, the Company's total liabilities increased from those of 31 December 2015 mainly because of the increase of loans from financial institutions.

(3) Total shareholders' equity

As of 31 December 2015 and 30 September 2016, the Company had total shareholders' equity of 619.4 million Baht and 396.7 million Baht, respectively. As of 30 September 2016, the Company's total shareholders' equity decreased from those of 31 December 2015 mainly because of the interim dividend payment.