

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

## AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Sri Trang Agro-Industry Public Company Limited

I have audited the accompanying consolidated and company financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013 and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited as at 31 December 2013 and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Unakorn Phruithithada  
Certified Public Accountant (Thailand) No. 3257  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
28 February 2014

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Financial Position

As at 31 December 2013

	Notes	Consolidated		Company	
		31 December 2013 Baht	31 December 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7, 37	1,892,728,704	1,534,031,967	558,713,673	514,399,840
Derivative financial instruments	8, 37	75,974,417	100,138,703	60,511,268	43,227,574
Trade accounts receivable and other receivables, net	9	7,441,236,911	6,511,323,604	3,893,124,720	3,398,131,246
Amounts due from futures brokers	37	320,815,698	384,452,345	152,662,325	128,341,495
Inventories, net	10	16,581,938,622	13,151,553,435	7,196,300,579	5,937,818,322
Other current assets	11	285,719,524	289,421,154	51,450,218	36,248,902
<b>Total current assets</b>		<b>26,598,413,876</b>	<b>21,970,921,208</b>	<b>11,912,762,783</b>	<b>10,058,167,379</b>
<b>Non-current assets</b>					
Long-term loan to an associate	36.4, 37	65,355,600	60,774,600	1,053,927,701	60,774,600
Fixed deposits pledged as collateral	12, 37	61,185,033	99,481,761	13,128,278	12,989,591
Investments in subsidiaries	13	-	-	8,744,640,514	6,413,965,514
Investments in associates	13	3,541,181,387	3,456,056,184	712,177,500	717,802,500
Investment in a joint venture	13	489,247,987	489,343,161	20,099,800	20,099,800
Available-for-sale investments	14, 37	52,438,932	59,126,451	51,520,878	58,019,929
Property, plant and equipment, net	15	12,925,857,984	10,034,349,720	4,980,761,634	3,657,333,057
Intangible assets, net	16	27,046,829	21,446,266	14,032,131	9,981,850
Investment properties	17	176,254,186	160,407,667	27,769,750	27,769,750
Withholding tax deducted at source		240,009,472	169,720,598	171,483,080	110,994,525
Deferred income tax assets, net	18	121,784,907	144,706,429	-	-
Other non-current assets	19	21,326,641	29,832,649	11,749,609	10,505,180
<b>Total non-current assets</b>		<b>17,721,688,958</b>	<b>14,725,245,486</b>	<b>15,801,290,875</b>	<b>11,100,236,296</b>
<b>Total assets</b>		<b>44,320,102,834</b>	<b>36,696,166,694</b>	<b>27,714,053,658</b>	<b>21,158,403,675</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Financial Position (Cont'd)

As at 31 December 2013

	Notes	Consolidated		Company	
		31 December 2013 Baht	31 December 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable and other payables	20	3,932,109,410	2,428,509,535	1,898,141,014	1,005,439,980
Short-term loans from financial institutions	21, 37	14,223,084,711	12,173,049,092	5,985,183,000	3,689,464,000
Current portion of long-term loans					
from financial institutions	21, 37	113,404,000	114,000,000	-	-
Current portion of debentures	21, 37	1,600,000,000	-	1,600,000,000	-
Current portion of finance lease liabilities	21, 37	17,873,880	9,836,852	4,399,946	5,879,822
Derivative financial instruments	8	532,851,063	164,233,976	433,015,611	62,309,409
Current income tax liabilities		20,490,118	8,199,893	-	-
Other current liabilities	22	46,473,277	45,300,797	12,667,203	17,829,132
<b>Total current liabilities</b>		<b>20,486,286,459</b>	<b>14,943,130,145</b>	<b>9,933,406,774</b>	<b>4,780,922,343</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	21, 37	2,113,726,000	400,860,000	2,020,000,000	200,000,000
Debentures	21, 37	1,450,000,000	2,150,000,000	1,450,000,000	2,150,000,000
Finance lease liabilities	21, 37	28,665,810	5,580,814	5,150,373	2,120,895
Deferred income tax liabilities, net	18	68,256,032	171,301,259	21,097,006	88,429,414
Provision for retirement benefit obligations	23	106,867,154	88,497,554	44,583,916	38,468,792
<b>Total non-current liabilities</b>		<b>3,767,514,996</b>	<b>2,816,239,627</b>	<b>3,540,831,295</b>	<b>2,479,019,101</b>
<b>Total liabilities</b>		<b>24,253,801,455</b>	<b>17,759,369,772</b>	<b>13,474,238,069</b>	<b>7,259,941,444</b>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Financial Position (Cont'd)

As at 31 December 2013

	Notes	Consolidated		Company	
		31 December 2013 Baht	31 December 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital	24				
Authorised share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2012: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Issued and paid-up share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2012: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Premium on share capital	24	8,550,989,821	8,550,989,821	8,550,989,821	8,550,989,821
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	25	(173,134,488)	(173,134,488)	-	-
Asset revaluation surplus, net of accumulated depreciation	25	1,206,286,840	1,176,400,847	769,785,087	723,419,437
Unrealised gains on available-for-sale investments	25	8,546,917	13,525,669	8,095,919	12,889,314
Cumulative currency differences on translating financial information	25	(453,395,072)	(347,927,852)	-	-
Retained earnings					
Appropriated - legal reserve	26	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated		9,430,734,049	8,224,092,866	3,502,944,762	3,203,163,659
<b>Total parent's shareholders' equity</b>		<b>19,978,028,067</b>	<b>18,851,946,863</b>	<b>14,239,815,589</b>	<b>13,898,462,231</b>
Non-controlling interests		88,273,312	84,850,059	-	-
<b>Total shareholders' equity</b>		<b>20,066,301,379</b>	<b>18,936,796,922</b>	<b>14,239,815,589</b>	<b>13,898,462,231</b>
<b>Total liabilities and shareholders' equity</b>		<b>44,320,102,834</b>	<b>36,696,166,694</b>	<b>27,714,053,658</b>	<b>21,158,403,675</b>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Comprehensive Income

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Revenues from sales of goods and services	29, 39	92,185,181,108	99,639,102,203	42,962,452,166	44,988,774,718
Cost of sales and services		(86,996,064,553)	(94,864,018,497)	(40,447,939,428)	(42,586,667,828)
<b>Gross profit</b>		<b>5,189,116,555</b>	<b>4,775,083,706</b>	<b>2,514,512,738</b>	<b>2,402,106,890</b>
Other income	30	259,992,906	363,858,378	944,090,588	461,845,353
Selling expenses		(2,358,534,102)	(2,888,026,707)	(1,774,987,092)	(1,891,022,855)
Administrative expenses		(1,230,652,528)	(1,033,391,450)	(587,926,504)	(434,576,254)
Gains on exchange rate, net		312,503,329	815,109,695	33,701,153	638,169,959
Other gains (losses), net	32	338,615,468	(340,693,172)	53,359,271	(20,208,427)
<b>Operating profit</b>		<b>2,511,041,628</b>	<b>1,691,940,450</b>	<b>1,182,750,154</b>	<b>1,156,314,666</b>
Share of profit from investments in associates and a joint venture	13	495,574,747	526,808,922	-	-
<b>Profit before net finance costs and income tax</b>		<b>3,006,616,375</b>	<b>2,218,749,372</b>	<b>1,182,750,154</b>	<b>1,156,314,666</b>
Finance income		46,059,709	15,225,852	66,811,246	7,316,654
Finance costs		(1,075,346,095)	(709,738,968)	(318,629,853)	(207,966,743)
Finance costs, net	31	(1,029,286,386)	(694,513,116)	(251,818,607)	(200,650,089)
<b>Profit before income tax</b>		<b>1,977,329,989</b>	<b>1,524,236,256</b>	<b>930,931,547</b>	<b>955,664,577</b>
Income tax expense	33	(148,786,168)	(145,694,517)	(14,086,261)	(26,930,362)
<b>Profit for the years</b>		<b>1,828,543,821</b>	<b>1,378,541,739</b>	<b>916,845,286</b>	<b>928,734,215</b>
<b>Other comprehensive income:</b>					
Asset revaluation surplus, net of tax		(9,303,707)	367,937,865	-	198,218,882
Change in tax rate used in deferred tax recognition		70,526,843	-	70,526,843	-
Change in fair value of available-for-sale investments, net of tax		(6,204,128)	12,925,279	(6,018,771)	12,729,696
Actuarial gains on defined employee benefit plan, net of tax		4,934,062	23,140,841	-	5,538,906
Currency differences on translating financial information		(120,564,777)	(236,605,700)	-	-
Other comprehensive income (expense) for the years, net of tax		(60,611,707)	167,398,285	64,508,072	216,487,484
<b>Total comprehensive income for the years</b>		<b>1,767,932,114</b>	<b>1,545,940,024</b>	<b>981,353,358</b>	<b>1,145,221,699</b>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Comprehensive Income (Cont'd)

For the year ended 31 December 2013

	Note	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
<b>Profit for the years attributable to:</b>					
Owners of the parent		1,811,595,354	1,378,887,916	916,845,286	928,734,215
Non-controlling interests		16,948,467	(346,177)	-	-
<b>Profit for the years</b>		<b>1,828,543,821</b>	<b>1,378,541,739</b>	<b>916,845,286</b>	<b>928,734,215</b>
<b>Total comprehensive income for the years</b>					
<b>attributable to:</b>					
Owners of the parent		1,766,081,205	1,555,498,819	981,353,358	1,145,221,699
Non-controlling interests		1,850,909	(9,558,795)	-	-
<b>Total comprehensive income</b>		<b>1,767,932,114</b>	<b>1,545,940,024</b>	<b>981,353,358</b>	<b>1,145,221,699</b>
<b>Earnings per share</b>					
Basic earnings per share	34	1.42	1.08	0.72	0.73



## Statements of Changes in Shareholders' Equity

For the year ended 31 December 2013

Consolidated												
Attributable to owners of the parent												
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht	Asset revaluation surplus, net of accumulated depreciation Baht	Unrealised gains on available-for-sale investments Baht	Cumulative currency differences on translating financial information Baht	Retained earnings		Total owners of the parent Baht	Non-controlling interests Baht	Total shareholders' equity Baht
								Appropriated - legal reserve Baht	Unappropriated Baht			
<b>Opening balance as at 1 January 2013</b>		1,280,000,000	8,550,989,821	(173,134,488)	1,176,400,847	13,525,669	(347,927,852)	128,000,000	8,224,092,866	18,851,946,863	84,850,059	18,936,796,922
<b>Profit for the year</b>		-	-	-	-	-	-	-	1,811,595,354	1,811,595,354	16,948,467	1,828,543,821
<b>Other comprehensive income</b>												
Asset revaluation surplus, net of tax		-	-	-	(9,303,707)	-	-	-	-	(9,303,707)	-	(9,303,707)
Change in tax rate used in deferred tax recognition		-	-	-	68,774,888	1,225,376	-	-	526,579	70,526,843	-	70,526,843
Depreciation transfer on assets revaluation, net of tax		-	-	-	(29,585,188)	-	-	-	29,585,188	-	-	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	(6,204,128)	-	-	-	(6,204,128)	-	(6,204,128)
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	-	-	4,934,062	4,934,062	-	4,934,062
Currency differences on translating financial information		-	-	-	-	-	(105,467,220)	-	-	(105,467,220)	(15,097,557)	(120,564,777)
Total other comprehensive income, net of tax		-	-	-	29,885,993	(4,978,752)	(105,467,220)	-	35,045,829	(45,514,150)	(15,097,557)	(60,611,707)
<b>Total comprehensive income</b>		-	-	-	29,885,993	(4,978,752)	(105,467,220)	-	1,846,641,183	1,766,081,204	1,850,910	1,767,932,114
<b>Transactions with shareholders' equity</b>												
Adjustment of non-controlling interests		-	-	-	-	-	-	-	-	-	1,573,490	1,573,490
Dividend payment	35	-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	-	(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,147)	(1,147)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	1,572,343	(638,427,657)
<b>Closing balance as at 31 December 2013</b>		1,280,000,000	8,550,989,821	(173,134,488)	1,206,286,840	8,546,917	(453,395,072)	128,000,000	9,430,734,049	19,978,028,067	88,273,312	20,066,301,379

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

## Sri Trang Agro-Industry Public Company Limited and its subsidiaries

## Statements of Changes in Shareholders' Equity

For the year ended 31 December 2013

Consolidated												
Attributable to owners of the parent												
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht	Asset revaluation surplus, net of accumulated depreciation Baht	Unrealised gains on available-for-sale investments Baht	Cumulative currency differences on translating financial information Baht	Retained earnings		Total owners of the parent Baht	Non-controlling interests Baht	Total shareholders' equity Baht
								Appropriated - legal reserve Baht	Unappropriated Baht			
<b>Opening balance as at 1 January 2012</b>		1,280,000,000	8,550,989,821	(173,134,488)	833,185,039	600,390	(120,534,770)	128,000,000	7,437,342,052	17,936,448,044	94,409,761	18,030,857,805
<b>Profit for the year</b>		-	-	-	-	-	-	-	1,378,887,916	1,378,887,916	(346,177)	1,378,541,739
<b>Other comprehensive income</b>												
Asset revaluation surplus, net of tax		-	-	-	367,937,865	-	-	-	-	367,937,865	-	367,937,865
Depreciation transfer on assets revaluation, net of tax		-	-	-	(23,668,399)	-	-	-	23,668,399	-	-	-
Disposal of assets, net of tax		-	-	-	(1,053,658)	-	-	-	1,053,658	-	-	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	12,925,279	-	-	-	12,925,279	-	12,925,279
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	-	-	23,140,841	23,140,841	-	23,140,841
Currency differences on translating financial information		-	-	-	-	-	(227,393,082)	-	-	(227,393,082)	(9,212,618)	(236,605,700)
<b>Total other comprehensive income, net of tax</b>		-	-	-	343,215,808	12,925,279	(227,393,082)	-	47,862,898	176,610,903	(9,212,618)	167,398,285
<b>Total comprehensive income</b>		-	-	-	343,215,808	12,925,279	(227,393,082)	-	1,426,750,814	1,555,498,819	(9,558,795)	1,545,940,024
<b>Transactions with shareholders' equity</b>												
Dividend payment	35	-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	-	(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(907)	(907)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	(907)	(640,000,907)
<b>Closing balance as at 31 December 2012</b>		1,280,000,000	8,550,989,821	(173,134,488)	1,176,400,847	13,525,669	(347,927,852)	128,000,000	8,224,092,866	18,851,946,863	84,850,059	18,936,796,922

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
 Statements of Changes in Shareholders' Equity (Cont'd)  
 For the year ended 31 December 2013

	Company							Total shareholders' equity Baht
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Asset revaluation surplus, net of accumulated depreciation Baht	Unrealised gains on available-for-sale investments Baht	Retained earnings		
						Appropriated - legal reserve Baht	Unappropriated Baht	
<b>Opening balance as at 1 January 2013</b>		1,280,000,000	8,550,989,821	723,419,437	12,889,314	128,000,000	3,203,163,659	13,898,462,231
<b>Profit for the year</b>		-	-	-	-	-	916,845,286	916,845,286
<b>Other comprehensive income</b>								
Change in tax rate used in deferred tax recognition		-	-	68,774,888	1,225,376	-	526,579	70,526,843
Depreciation transfer on assets revaluation, net of tax		-	-	(22,409,238)	-	-	22,409,238	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	(6,018,771)	-	-	(6,018,771)
Total other comprehensive income, net of tax		-	-	46,365,650	(4,793,395)	-	22,935,817	64,508,072
<b>Total comprehensive income</b>		-	-	46,365,650	(4,793,395)	-	939,781,103	981,353,358
<b>Transactions with shareholders' equity</b>								
Dividend payment	35	-	-	-	-	-	(640,000,000)	(640,000,000)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	(640,000,000)	(640,000,000)
<b>Closing balance as at 31 December 2013</b>		<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>769,785,087</u>	<u>8,095,919</u>	<u>128,000,000</u>	<u>3,502,944,762</u>	<u>14,239,815,589</u>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Changes in Shareholders' Equity (Cont'd)

For the year ended 31 December 2013

	Company							
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Asset revaluation surplus, net of accumulated depreciation Baht	Unrealised gains on available-for-sale investments Baht	Retained earnings		Total shareholders' equity Baht
						Appropriated - legal reserve Baht	Unappropriated Baht	
<b>Opening balance as at 1 January 2012</b>		1,280,000,000	8,550,989,821	541,438,028	159,618	128,000,000	2,892,653,065	13,393,240,532
<b>Profit for the year</b>		-	-	-	-	-	928,734,215	928,734,215
<b>Other comprehensive income</b>								
Asset revaluation surplus, net of tax		-	-	198,218,882	-	-	-	198,218,882
Depreciation transfer on assets revaluation, net of tax		-	-	(16,237,473)	-	-	16,237,473	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	12,729,696	-	-	12,729,696
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	5,538,906	5,538,906
Total other comprehensive income, net of tax		-	-	181,981,409	12,729,696	-	21,776,379	216,487,484
<b>Total comprehensive income</b>		-	-	181,981,409	12,729,696	-	950,510,594	1,145,221,699
<b>Transactions with shareholders' equity</b>								
Dividend payment	35	-	-	-	-	-	(640,000,000)	(640,000,000)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	(640,000,000)	(640,000,000)
<b>Closing balance as at 31 December 2012</b>		<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>723,419,437</u>	<u>12,889,314</u>	<u>128,000,000</u>	<u>3,203,163,659</u>	<u>13,898,462,231</u>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

## Statements of Cash Flows

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		1,977,329,989	1,524,236,256	930,931,547	955,664,577
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		268,331,509	(57,207,268)	(93,153,101)	2,130,400
Unrealised (gains) losses from revaluation of derivative financial instruments		392,781,372	(718,839,139)	353,422,509	(478,381,579)
(Reversal of) allowance for impairment of trade accounts receivable		14,247,714	41,187,383	44,224,354	(26,275,665)
(Reversal of) allowance for inventory cost in excess of net realisable value		(40,666,543)	(753,018,588)	642,251	(111,752,672)
Provision for retirement benefit obligations	23, 28	25,080,515	14,104,046	6,115,124	4,510,859
Depreciation charges	15, 27	731,829,679	612,285,576	275,816,997	202,254,556
Amortisation charges	16, 27	8,562,058	8,791,935	4,058,012	3,656,961
Loss on asset revaluation	15	36,740,002	15,578,540	-	10,645,564
Finance costs	31	1,075,346,095	709,738,968	318,629,853	207,966,743
Dividend income	30	(22,894,631)	(1,258,102)	(761,114,099)	(192,099,976)
Share of profit from investments in associates and a joint venture	13	(495,574,747)	(526,808,922)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment and intangible assets		(4,213,495)	(11,515,642)	965,896	(6,168,401)
Gain from revaluation of investment properties	17	(6,306,672)	(33,483,769)	-	(4,919,750)
Gain on disposal of investment in an associate		(461,125)	-	(406,875)	-
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		(944,161,021)	1,234,935,897	(539,217,829)	2,753,487,572
- Amounts due from futures brokers		63,636,647	21,967,531	(24,320,830)	(12,862,022)
- Inventories		(3,389,718,644)	4,938,061,621	(1,259,124,508)	744,186,432
- Other current assets		(33,211,018)	37,298,285	(15,201,315)	34,756
- Other non-current assets		8,506,009	(7,557,666)	(1,244,429)	(2,390,025)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		1,206,027,087	(111,886,251)	741,990,156	(539,045,035)
- Other current liabilities		1,172,480	(19,934,564)	(5,161,930)	(23,444,701)
<b>Cash provided by (used in) operating activities</b>					
Interest paid		(1,047,483,652)	(714,482,072)	(291,297,528)	(213,986,591)
Income tax paid		(188,326,217)	(414,770,052)	(70,900,101)	(186,569,512)
Employee benefits paid	23	(132,165)	(2,222,800)	-	(1,416,000)
<b>Net cash provided by (used in) operating activities</b>					
		(363,558,774)	5,785,201,203	(384,345,846)	3,085,226,491

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
<b>Cash flows from investing activities</b>					
Cash paid for long-term loans to an associate		-	-	(900,000,000)	-
(Increase) decrease in fixed deposits pledged as collateral		38,296,728	44,001,562	(138,687)	(394,921)
Increase in available-for-sale investments	14	-	(214,000)	-	(189,000)
Dividends received		481,324,118	136,697,389	761,114,099	192,099,976
Cash paid for investments in subsidiaries and associates	13	-	(8,000,000)	(2,330,675,000)	(1,291,200,000)
Proceeds from business dissolution of an associate		6,836,125	-	6,031,875	-
Proceeds from disposal of property, plant and equipment and intangible assets		49,741,275	62,039,848	1,020,370	18,175,121
Cash paid for purchases of property, plant and equipment and intangible assets		(3,664,039,761)	(2,927,550,390)	(1,476,898,781)	(947,263,128)
Cash paid for purchases of investment properties	17	-	(27,289,412)	-	-
<b>Net cash used in investing activities</b>		<b>(3,087,841,515)</b>	<b>(2,720,315,003)</b>	<b>(3,939,546,124)</b>	<b>(2,028,771,952)</b>
<b>Cash flows from financing activities</b>					
Increase (decrease) in short-term loans from financial institutions		1,867,963,016	(3,235,530,716)	2,295,719,000	(862,127,000)
Proceeds from long-term loans		1,826,270,000	200,000,000	1,820,000,000	200,000,000
Repayments of long-term loans		(114,000,000)	(120,000,000)	-	-
Proceeds from issuance of debentures		900,000,000	-	900,000,000	-
Payments on finance lease liabilities		(31,708,333)	(8,343,561)	(7,513,197)	(6,361,631)
Dividend payment	35	(640,000,000)	(640,000,000)	(640,000,000)	(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		(1,147)	(907)	-	-
Proceeds from capital increase from non-controlling interests		1,573,490	-	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>3,810,097,026</b>	<b>(3,803,875,184)</b>	<b>4,368,205,803</b>	<b>(1,308,488,631)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>358,696,737</b>	<b>(738,988,984)</b>	<b>44,313,833</b>	<b>(252,034,092)</b>
Cash and cash equivalents at the beginning of the years		1,534,031,967	2,273,020,951	514,399,840	766,433,932
<b>Cash and cash equivalents at the end of the years</b>	7	<b>1,892,728,704</b>	<b>1,534,031,967</b>	<b>558,713,673</b>	<b>514,399,840</b>
<b>Supplementary information for cash flows</b>					
Cash paid for purchases of property, plant and equipment and intangible assets:					
Property, plant and equipment and intangible assets acquired		(3,996,580,462)	(2,928,973,717)	(1,609,340,134)	(960,442,791)
Increase in liabilities under finance lease liabilities		62,830,357	-	9,062,800	-
Increase in payable from purchases of assets		269,710,344	1,423,327	123,378,553	13,179,663
<b>Cash paid for purchases of property, plant and equipment and intangible assets</b>		<b>(3,664,039,761)</b>	<b>(2,927,550,390)</b>	<b>(1,476,898,781)</b>	<b>(947,263,128)</b>

The notes to the consolidated and Company financial statements on pages 14 to 86 form an integral part of the financial statements.

## **1 General information**

Sri Trang Agro-Industry Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The Company was listed on the Stock Exchange of Thailand on 22 August 1991. In addition, the Company placed new ordinary shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 31 January 2011. The address of its registered office is as follows:

10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Company and its subsidiaries (“the Group”) manufacture and distribute natural rubber products such as ribbed smoked sheets, concentrated latex, STR block rubber, gloves and other products. In addition, the Group provides engineering and logistics services.

These consolidated and Company financial statements were authorised for issue by the Board of Directors on 28 February 2014.

## **2 Basis of financial statement preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **3 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

#### **3.1 Revised accounting standards and revised financial reporting standards that are effective for the periods beginning on or after 1 January 2014**

The Group has not applied the following revised accounting standards and revised financial reporting standards before the standards come into effect:

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee benefits
TAS 21 (Revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard will not significantly impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.



**3 Accounting policies (Cont'd)**

**3.1 Revised accounting standards and revised financial reporting standards that are effective for the periods beginning on or after 1 January 2014 (Cont'd)**

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

TFRS 3(revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

**3 Accounting policies (Cont'd)**

**3.2 Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (TSIC) effective for the periods beginning on or after 1 January 2014**

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Website costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This interpretation is not relevant to the Group's operations.

TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. This interpretation is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. This interpretation is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This interpretation is not relevant to the Group's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation is not relevant to the Group's operations.

**3 Accounting policies (Cont'd)**

**3.2 Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (TSIC) effective for the periods beginning on or after 1 January 2014 (Cont'd)**

TFRIC17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS38 "Intangible Assets". This interpretation has no impact to the Group.

**3.3 New accounting standard which is effective for the periods beginning on or after 1 January 2016**

**TFRS 4 Insurance Contracts**

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. This standard is not relevant to the Group's operations.

**3 Accounting policies (Cont'd)**

**3.4 Group accounting - investments in subsidiaries and associates and an interest in a joint venture**

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible including potential voting rights held by another entity, are considered when assessing whether the Group controls other entities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The Company applies the predecessor value method for business combination acquired under common control. The excess of consideration paid compared to book values of the business acquired is recorded as a separate item and presented in equity.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net asset acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries is set out in Note 13.1.

**3 Accounting policies (Cont'd)**

**3.4 Group accounting - investments in subsidiaries and associates and an interest in a joint venture (Cont'd)**

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (if any).

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investment in associates is accounted for using the cost method of accounting.

A list of the Group's associates is set out in Note 13.2.

**3 Accounting policies (Cont'd)**

**3.4 Group accounting - investments in subsidiaries and associates and an interest in a joint venture (Cont'd)**

(d) Joint venture

The Group's joint venture is entity over which the Group has contractual arrangements to jointly share the control over the economic activity of the entity with one or more parties. In the company separate financial statements, the interest in a jointly controlled entity is accounted for using the cost method. The Group's interest in joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group at the consolidated financial statements.

The Group's joint venture is set out in Note 13.3.

**3.5 Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**3 Accounting policies (Cont'd)**

**3.5 Foreign currency translation (Cont'd)**

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**3.6 Cash and cash equivalents**

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non-current assets in the statements of financial position.

**3.7 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

**3.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity, but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

**3 Accounting policies (Cont'd)**

**3.9 Investments**

Investments other than the investments in subsidiaries, associates and an interest in a joint venture are classified into the following four categories: 1. Trading investments, 2. Held-to-maturity investments, 3. Available-for-sale investments, and 4. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the investing and re-evaluates such designation on a regular basis.

- (a) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations less than three months from the date of acquisition in price are classified as trading investments and included in current assets.
- (b) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in market prices or interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (d) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in equity security, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.



### **3 Accounting policies (Cont'd)**

#### **3.10 Property, plant and equipment**

Land and buildings are initially recognised at cost. Land is subsequently carried at the revalued amount less allowance for impairment, if any. Land improvements, buildings and structures are subsequently carried at the revalued amounts less accumulated depreciation and allowance for impairment.

Land, land improvements, buildings and structures are revalued by independent professional valuers every 5 years or whenever there is an indication that their carrying amounts are likely differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as “revaluation surplus” in shareholders’ equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against “revaluation surplus” directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’s original cost is transferred from “revaluation surplus” to retained earnings.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and allowance for impairment.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on the straight line basis to write off the cost (or the revalued amount) of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Land improvements	5 - 30 years
Buildings and structures	20 - 40 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
Fixtures and office equipment	3 - 5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset’s carrying amount is written-down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in operating profit. On disposals of revalued assets, the fair value reserve is transferred to retained earnings.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are expensed.

**3 Accounting policies (Cont'd)**

**3.11 Intangible assets**

**Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 - 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

**3.12 Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at fair value, as determined by an independent professional valuer. Changes in fair values are recognised in profit or loss.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed when incurred.

**3.13 Impairment of assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**3 Accounting policies (Cont'd)**

**3.14 Financial instruments**

**3.14.1 Financial assets**

*(a) Classification*

The Group and the Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the date of the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the date of the statement of financial position, which are presented as non-current assets. Loans and receivables are presented as “loans and trade accounts receivable” and “cash and cash equivalents” in the statement of financial position.

(iii) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the date of the statement of financial position, which are presented as current assets.

(iv) Financial assets available-for-sale

Financial assets available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the date of the statement of financial position.

**3 Accounting policies (Cont'd)**

**3.14 Financial instruments (Cont'd)**

**3.14.1 Financial assets (Cont'd)**

*(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date (the date on which the Group and the Company commit to purchase or sell the asset).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all of the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sales proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as bills payable under short-term loans from financial institutions.

*(c) Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in the statement of comprehensive income.

*(d) Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and financial assets held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend are recognised in the statement of comprehensive income when the changes arise.

Interest and dividend income on financial assets available-for-sale are recognised separately in the statement of comprehensive income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the statement of comprehensive income and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences in equity.

**3 Accounting policies (Cont'd)**

**3.14 Financial instruments (Cont'd)**

**3.14.1 Financial assets (Cont'd)**

*(e) Impairment*

The Group and the Company assess at the date of each statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired, and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/financial assets - held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are classed as objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are classed as objective evidence that the security is impaired.

The cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from shareholders' equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

### **3 Accounting policies (Cont'd)**

#### **3.14 Financial instruments (Cont'd)**

##### **3.14.2 Offsetting financial instruments**

Financial assets and liabilities are offsetted and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### **3.14.3 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the date of the statement of financial position. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group and the Company use a variety of methods and makes assumptions that are based on the market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

##### **3.14.4 Derivative financial instruments**

Derivative financial instruments comprise foreign exchange swaps, foreign exchange options, forward foreign exchange contracts, rubber futures and physical forward contracts.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value, and the resultant gains and losses are recognised in the statement of comprehensive income. Fair value is determined based on quoted market prices at the date of the statement of financial position.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of set off exists. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

#### **3.15 Borrowings**

Borrowings comprise borrowing from financial institutions and debentures. Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

**3 Accounting policies (Cont'd)**

**3.16 Leases - where the Group and the Company are the lessee**

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables with current portion of the finance lease liabilities presented as current liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under the operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the periods of the leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

**3.17 Current and deferred income taxes**

The tax expense for the period comprises current and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statements of financial position in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of statements of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities related to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3 Accounting policies (Cont'd)**

**3.18 Employee benefits**

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which some entities in the Group pay fixed contributions into separate entities on a mandatory, contractual or voluntary basis. Some entities in the Group have no further payment obligations once the contributions have been paid.

The contributions from those entities to the post-employment benefit plans are charged to the statement of comprehensive income in the accounting period in which they occur.

(b) Post-employment benefit obligations

The Group provides post-employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees. The defined benefit obligations are measured, using the Projected Unit Credit method calculated with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period, by an independent actuary, in accordance with actuarial technique as the present value of the estimated future cash outflows, based on employee salaries, turnover rate, retirement ages, mortality rate, length of service and others, and using interest rates of government bonds, which have terms to maturity approximating to the terms of the related obligations.

Actuarial gains or losses arising from changes in the actuarial assumptions of the present value of defined benefit obligations are charged or credited to other comprehensive income in the period in which they arise.

**3.19 Provisions**

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**3.20 Share capital**

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.



### **3 Accounting policies (Cont'd)**

#### **3.21 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

The Group recognises revenue when the amount of revenue and related costs can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the products are transferred to the buyer and the collectibility of the related receivable is reasonably assured.

(b) Rendering of services

Revenue from services is recognised accordance with its percentage of completion.

(c) Interest income

Interest income is recognised on an accrual basis unless collectibility is in doubt using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income is recognised on an accrual basis in accordance with the relevant rental agreements.

#### **3.22 Dividend distribution**

Dividends are recorded in the consolidated and company financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **3.23 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director that makes strategic decisions.

#### **4 Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1 Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amounts often requires the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. The key line item affected will be “Property, plant and equipment” as disclosed in Note 15.

##### **4.2 Income taxes and deferred income taxes**

The Group are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. In addition, deferred tax assets and liabilities are recognised from temporary differences arising between tax bases of assets and liabilities and their carrying amounts for accounting purposes as at the date of statement of financial position. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group’s assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

##### **4.3 Post-Employment benefit obligations**

The present value of post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The key line items affected will be “Post-employment benefit obligations” and “Employee costs” as disclosed in Note 23 and 28, respectively.

**5 Financial risk management**

**5.1 Financial risk factors**

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's and the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under supervision by the Group management, who identifies, evaluates and hedges financial risks but does not apply hedge accounting.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. Management has set up policies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and borrowings, entities in the Group and the Company use forward contracts. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Company's functional currency.

The Group and the Company have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

If Thai Baht had changed by 3% (2012: 2%) against the US dollars and 4% (2012: 1%) against the IDR with all other variables held constant, post-tax profit for the years, and shareholders' equity would have been impacted as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Impact to profit after tax in the statement of comprehensive income</b>				
THB against USD				
- Weakened	(85,867)	(34,075)	(86,557)	(53,122)
- Strengthened	85,867	34,075	86,557	53,122
<b>Impact to shareholders' equity in the statement of financial position</b>				
THB against USD				
- Weakened	(101,803)	(52,868)	-	-
- Strengthened	101,803	52,868	-	-
THB against IDR				
- Weakened	(56,929)	(16,269)	-	-
- Strengthened	56,929	16,269	-	-

**5 Financial risk management (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

(a) Market risk (Cont'd)

(ii) Price risk

The Group and the Company are exposed to commodity price risk from the natural rubber industry. The Group and the Company have managed the risks arising from price fluctuations by managing raw material sourcing. If the price of natural rubber increases/decreases by 19% (2012: 17%), with all other variables held constant, post-tax profit for the years will increase/decrease as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Profit and loss	<u>586,385</u>	<u>494,899</u>	<u>338,877</u>	<u>112,950</u>

The Group and the Company are also exposed to equity securities price risk because of investments held by the Group and classified on the statements of financial position as available-for-sale. Some of the Group's and the Company's investments in equity securities are publicly traded in the Stock Exchange of Thailand. To manage its price risk arising from investments in equity, the Group and the Company diversifies their portfolios.

The table below summarises the impact of increases/decreases of the equity securities on the Group's and Company's equity. The analysis is based on the assumption that the price per share of the invested securities had increased/decreased by 17% (2012: 44%), with all other variables held constant and all the Group's and Company's available-for-sale equity instruments moved according to the historical correlation with the index:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Equity - unrealised gains on available-for-sale investments	<u>7,196</u>	<u>21,365</u>	<u>8,293</u>	<u>21,427</u>

(iii) Cash flow and fair value interest rate risk

The Group's and Company's interest rate risk arises from borrowings. Borrowings which are issued at floating rates expose the Group and the Company to cash flow interest rate risk. The Group and the Company manage their cash flow interest rate risk by entering into interest rate swap contracts. If the interest rate increases/decreases by 0.25% (2012: 0.5%), the post-tax profit for the years will increase/decrease as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Profit and loss	<u>41,126</u>	<u>55,501</u>	<u>20,013</u>	<u>19,447</u>

Borrowings which are issued at fixed rates expose the Group and the Company to fair value interest rate risk. However, changes in market interest rates will not have an impact on the statement of comprehensive income as borrowings are accounted for on an amortised cost basis.

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
**Notes to the consolidated and Company financial statements**  
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**5 Financial risk management (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group and the Company also assess credit quality of banks, financial institutions, and customers, taking into account their financial positions, past experience and other factors. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

The Group and the Company monitor its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on undrawn committed borrowing facilities at all times so that the Group and the Company do not breach borrowing limits or covenants on any of the borrowing facilities.

The table below analyses the Group's and Company's maturity grouping based on the remaining periods at the date of statements of financial position to the contractual maturity date. The negative figures represent cash to be inflows and positive figures represent cash to be outflows due to be mature. The amounts disclosed below are the contractual undiscounted cash flows.

	<b>Consolidated</b>				
	<b>Less than 1 year Baht'000</b>	<b>Between 1 to 2 years Baht'000</b>	<b>Between 2 to 5 years Baht'000</b>	<b>Over 5 years Baht'000</b>	<b>Total Baht'000</b>
<b>At 31 December 2013</b>					
Short-term loans from financial institutions	14,255,810	-	-	-	14,255,810
Trade accounts payable	2,845,107	-	-	-	2,845,107
Accrued expenses	597,027	-	-	-	597,027
Long-term loans from financial institutions	121,051	200,565	1,503,141	891,930	2,716,687
Debentures	1,670,400	-	1,680,106	-	3,350,506
Finance lease liabilities	19,683	16,519	13,584	-	49,786
Derivative financial instruments					
- Foreign exchange swaps	992,680	-	-	-	992,680
- Foreign exchange options (Sell)	(846,591)	-	-	-	(846,591)
- Rubber futures (Buy)	92,163	-	-	-	92,163
- Rubber futures (Sell)	(2,086,159)	-	-	-	(2,086,159)
- Forward foreign exchange contracts - payments	7,508,459	-	-	-	7,508,459
- Forward foreign exchange contracts - receipts	(7,739,537)	-	-	-	(7,739,537)
- Physical forward contracts (Buy)	352,821	-	-	-	352,821
- Physical forward contracts (Sell)	(536,869)	-	-	-	(536,869)
<b>At 31 December 2012</b>					
Short-term loans from financial institutions	12,204,252	-	-	-	12,204,252
Trade accounts payable	1,730,310	-	-	-	1,730,310
Accrued expenses	321,325	-	-	-	321,325
Long-term loans from financial institutions	130,719	121,682	328,180	-	580,581
Debentures	-	1,740,800	653,471	-	2,394,271
Finance lease liabilities	10,347	4,370	1,424	-	16,141
Derivative financial instruments					
- Foreign exchange options	6,117,131	-	-	-	6,117,131
- Rubber futures (Buy)	261,349	-	-	-	261,349
- Rubber futures (Sell)	(1,766,973)	-	-	-	(1,766,973)
- Forward foreign exchange contracts - payments	5,691,005	-	-	-	5,691,005
- Forward foreign exchange contracts - receipts	(5,593,450)	-	-	-	(5,593,450)
- Physical forward (Buy)	563,867	-	-	-	563,867
- Physical forward (Sell)	(346,246)	-	-	-	(346,246)

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**5 Financial risk management (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

(c) Liquidity risk (Cont'd)

	Company				Total Baht'000
	Less than 1 year Baht'000	Between 1 to 2 years Baht'000	Between 2 to 5 years Baht'000	Over 5 years Baht'000	
<b>At 31 December 2013</b>					
Short-term loans from financial institutions	5,994,424	-	-	-	5,994,424
Trade accounts payable	1,537,132	-	-	-	1,537,132
Accrued expenses	290,916	-	-	-	290,916
Long-term loans from financial institutions	-	109,288	1,495,513	891,930	2,496,731
Debentures	1,670,400	-	1,680,106	-	3,350,506
Finance lease liabilities	4,716	-	5,496	-	10,212
Derivative financial instruments					
- Foreign exchange swaps	992,680	-	-	-	992,680
- Foreign exchange options (Sell)	(846,591)	-	-	-	(846,591)
- Rubber futures (Sell)	(1,780,781)	-	-	-	(1,780,781)
- Forward foreign exchange contracts - payments	5,501,226	-	-	-	5,501,226
- Forward foreign exchange contracts - receipts	(5,557,489)	-	-	-	(5,557,489)
<b>At 31 December 2012</b>					
Short-term loans from financial institutions	3,698,583	-	-	-	3,698,583
Trade accounts payable	796,877	-	-	-	796,877
Accrued expenses	143,714	-	-	-	143,714
Long-term loans from financial institutions	-	-	236,732	-	236,732
Debentures	-	1,740,800	653,471	-	2,394,271
Finance lease liabilities	6,172	1,890	291	-	8,353
Derivative financial instruments					
- Foreign exchange options	4,885,740	-	-	-	4,885,740
- Rubber futures (Sell)	(670,637)	-	-	-	(670,637)
- Forward foreign exchange contracts - payments	4,976,833	-	-	-	4,976,833
- Forward foreign exchange contracts - receipts	(4,894,526)	-	-	-	(4,894,526)

**5.2 Capital risk management**

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management regards total equity as the capital of the Group and the Company. The Group and the Company monitor capital on the basis of the net debt to total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities as shown in the consolidated statement of financial position less cash and cash equivalents. Total equity is as shown in the statements of financial position both consolidation and company only.

**5 Financial risk management (Cont'd)**

**5.2 Capital risk management (Cont'd)**

The net debt to total equity ratios as at 31 December 2013 and 2012 were as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total liabilities	24,253,801	17,759,370	13,474,238	7,259,941
<u>Less</u> Cash and cash equivalents	(1,892,729)	(1,534,032)	(558,714)	(514,400)
Net debt	22,361,072	16,225,338	12,915,524	6,745,541
Total equity	20,066,301	18,936,797	14,239,816	13,898,462
Net debt to total equity ratio	1.11	0.86	0.91	0.49

**5.3 Fair value measurements**

Assets and liabilities measured at fair value are classified by level of the following fair value measurement hierarchy:

- Level 1 : Quoted prices in active markets for financial assets
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly
- Level 3 : Inputs for the assets or liabilities that are not based on observable market data

The following table presents the Group's and Company's assets and liabilities that are measured at fair value.

	<b>Consolidated</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>At 31 December 2013</b>				
Available-for-sale investments				
- Equity securities	42,012	-	10,427	52,439
Financial assets at fair value through profit or loss				
- Trading derivatives	48,573	27,401	-	75,974
Financial liabilities at fair value through profit or loss				
- Trading derivatives	163,393	369,458	-	532,851
<b>At 31 December 2012</b>				
Available-for-sale investments				
- Equity securities	48,699	-	10,427	59,126
Financial assets at fair value through profit or loss				
- Trading derivatives	46,219	53,920	-	100,139
Financial liabilities at fair value through profit or loss				
- Trading derivatives	155,625	8,609	-	164,234

**5 Financial risk management (Cont'd)**

**5.3 Fair value measurements (Cont'd)**

	<b>Company</b>			<b>Total Baht'000</b>
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	
<b>At 31 December 2013</b>				
Available-for-sale investments				
- Equity securities	41,094	-	10,427	51,521
Financial assets at fair value through profit or loss				
- Trading derivatives	34,025	26,486	-	60,511
Financial liabilities at fair value through profit or loss				
- Trading derivatives	34,896	398,120	-	433,016
<b>At 31 December 2012</b>				
Available-for-sale investments				
- Equity securities	47,593	-	10,427	58,020
Financial assets at fair value through profit or loss				
- Trading derivatives	182	43,046	-	43,228
Financial liabilities at fair value through profit or loss				
- Trading derivatives	54,902	7,407	-	62,309

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity securities classified as available-for-sale.

The fair value of financial instruments that are not traded in active markets (interest rate swap, forward or option) is determined by using fair value obtained from financial institutions and using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable and fair value is readily available from financial institutions, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

During the current financial year, there was no movement in those instruments included in Level 3 (2012: no movement).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices
- Financial institution quotes for derivatives
- Fair value of forward foreign exchange contracts determined using forward exchange rate at the date of the statement of financial position, with the resulting value discounted back to present value
- Fair value of physical forward contracts determined based on quoted market prices at the date of the statement of financial position



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**6 Segment information**

The chief operating decision-maker (CODM) has been identified as the Managing Director (MD). The MD reviews the Group's internal reporting regularly in order to assess performance and allocate resources. The MD measures the business based on a measure of segment profit, which is derived on a basis consistent with the measurement of profit for the year in the consolidated financial statements.

Operating segments are defined as components of the Group for which separate financial statements available on a company basis is evaluated regularly by the MD.

There are two reportable segments as follows:

- (1) Natural Rubber Products: This segment is engaged in the manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- (2) Other business: This segment is engaged in logistics services, research and development relating to machinery and production processes, and IT services. These services are provided mainly to the Group, with some services provided externally.

As at 31 December 2013, the Group operates two business segments in five main geographical areas (2012: five main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2013:

	Natural Rubber Products					Other business	Total Baht'000
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Thailand Baht'000	
Segment revenues	65,457,392	12,905,031	25,988,245	4,582,517	842,805	2,625,538	112,401,528
Inter-segment revenues	(7,964,598)	(9,838,658)	(1,387,283)	(127)	-	(1,025,681)	(20,216,347)
<b>Revenues from external customers</b>	<b>57,492,794</b>	<b>3,066,373</b>	<b>24,600,962</b>	<b>4,582,390</b>	<b>842,805</b>	<b>1,599,857</b>	<b>92,185,181</b>
Depreciation and amortisation	(525,744)	(162,478)	(9,168)	(1,555)	(2,560)	(38,887)	(740,392)
Finance income	40,968	2,338	160	-	1,103	1,491	46,060
Finance costs	(410,902)	(600,896)	(25,147)	(36,900)	-	(1,501)	(1,075,346)
Share of profit from investments in associates and a joint venture	495,575	-	-	-	-	-	495,575
Income tax (expense) income	(15,908)	(35,436)	(44,467)	5,220	(14,267)	(43,928)	(148,786)
Profit for the year	<u>2,101,309</u>	<u>58,590</u>	<u>294,142</u>	<u>15,957</u>	<u>29,887</u>	<u>128,429</u>	<u>2,628,314</u>
Intersegmental balances							(799,770)
<b>Total profit for the year</b>							<u>1,828,544</u>
Total assets	<u>36,673,823</u>	<u>4,753,205</u>	<u>4,494,521</u>	<u>1,849,293</u>	<u>473,434</u>	<u>6,222,461</u>	54,466,737
Intersegmental balances							(10,146,634)
<b>Total assets</b>							<u>44,320,103</u>

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**6 Segment information (Cont'd)**

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2012:

	Natural Rubber Products					Other Business	Total Baht'000
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Thailand Baht'000	
Segment revenues	70,509,402	10,444,875	31,129,491	6,947,438	1,165,914	2,162,703	122,359,823
Inter-segment revenues	(12,526,808)	(7,312,287)	(2,045,316)	-	-	(836,310)	(22,720,721)
<b>Revenues from external customers</b>	<b>57,982,594</b>	<b>3,132,588</b>	<b>29,084,175</b>	<b>6,947,438</b>	<b>1,165,914</b>	<b>1,326,393</b>	<b>99,639,102</b>
Depreciation and amortisation	(434,754)	(146,909)	(8,130)	(1,307)	(1,822)	(28,156)	(621,078)
Finance income	8,599	2,114	1,897	-	1,395	1,221	15,226
Finance costs	(375,481)	(262,562)	(27,963)	(42,583)	-	(1,150)	(709,739)
Share of profit from investments in associates and a joint venture	526,809	-	-	-	-	-	526,809
Income tax (expense) income	(55,091)	45,204	68,171	(173,557)	(10)	(30,412)	(145,695)
Profit (loss) for the year	<u>1,989,881</u>	<u>(82,817)</u>	<u>(782,271)</u>	<u>98,072</u>	<u>5,049</u>	<u>113,887</u>	<u>1,341,801</u>
Intersegmental balances							<u>36,741</u>
<b>Total profit for the year</b>							<u>1,378,542</u>
Total assets	<u>28,559,976</u>	<u>4,136,898</u>	<u>4,210,351</u>	<u>2,013,472</u>	<u>307,317</u>	<u>4,169,893</u>	<u>43,397,907</u>
Intersegmental balances							<u>(6,701,740)</u>
<b>Total assets</b>							<u>36,696,167</u>

The non-current assets, excluding financial instruments, deferred income tax assets and withholding tax deducted at source, can be presented by geography as follows:

	Consolidated	
	2013 Baht'000	2012 Baht'000
Thailand	11,384,093	8,335,192
Indonesia	1,557,246	1,733,429
Singapore	191,334	163,639
USA	5,297	2,535
China	12,516	11,241
<b>Total</b>	<u>13,150,486</u>	<u>10,246,036</u>

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**7 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cash on hand	27,759	60,601	19,262	4,248
Deposits held at call with banks	1,864,970	1,473,431	539,452	510,152
<b>Total cash and cash equivalents</b>	<b>1,892,729</b>	<b>1,534,032</b>	<b>558,714</b>	<b>514,400</b>

The effective interest rates on deposits held at call with banks were between 0.1% and 2.9% per annum (2012: 0.1% and 2.9% per annum).

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
USD	894,729	612,967	110,076	58,408
IDR	89,558	35,286	-	-
JPY	50,794	76,348	-	-
SGD	16,966	12,114	2,613	2,523
RMB	61,634	98,137	-	-
THB	779,048	699,180	446,025	453,469
<b>Total cash and cash equivalents</b>	<b>1,892,729</b>	<b>1,534,032</b>	<b>558,714</b>	<b>514,400</b>

**8 Derivative financial instruments**

	<b>Consolidated</b>			
	<b>2013</b>		<b>2012</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Foreign exchange swaps	-	(107,411)	-	-
Foreign exchange options	-	(56,241)	10,674	(8,009)
Forward foreign exchange contracts	27,401	(313,217)	43,246	(600)
Rubber futures	35,157	(35,520)	11,266	(129,976)
Physical forward contracts	13,416	(20,462)	34,953	(25,649)
<b>Total derivative financial instruments</b>	<b>75,974</b>	<b>(532,851)</b>	<b>100,139</b>	<b>(164,234)</b>

	<b>Company</b>			
	<b>2013</b>		<b>2012</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Foreign exchange swaps	-	(107,411)	-	-
Foreign exchange options	-	(56,241)	7,991	(6,807)
Forward foreign exchange contracts	26,486	(234,468)	35,055	(600)
Rubber futures	34,025	(34,896)	182	(54,902)
<b>Total derivative financial instruments</b>	<b>60,511</b>	<b>(433,016)</b>	<b>43,228</b>	<b>(62,309)</b>

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**8 Derivative financial instruments (Cont'd)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Notional amounts</b>				
Foreign exchange swaps	992,680	-	992,680	-
Foreign exchange options (Buy)	-	5,288,814	-	3,997,424
Foreign exchange options (Sell)	846,591	3,835,076	846,591	2,603,686
Foreign exchange options (Collar)	-	888,316	-	888,316
Forward foreign exchange contracts	8,091,140	5,691,005	6,024,839	4,976,833
Rubber futures	2,178,323	2,028,322	1,780,781	670,637
Physical forward contracts	889,690	910,113	-	-

**9 Trade accounts receivable and other receivables, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Trade accounts receivable				
- other companies	7,170,104	6,157,194	3,531,849	2,510,657
<u>Less</u> Allowance for impairment of trade accounts receivable	(118,667)	(103,933)	(57,439)	(12,972)
Total trade accounts receivable - other companies, net	7,051,437	6,053,261	3,474,410	2,497,685
Trade accounts receivable - related companies (Note 36.3)	127,622	113,078	289,611	779,479
Total trade accounts receivable, net (Note 37)	7,179,059	6,166,339	3,764,021	3,277,164
Advances for inventories	50,785	98,335	8,103	26,163
Prepaid expenses	139,475	211,100	34,538	66,629
Accrued income and other receivables	71,918	35,550	86,463	28,175
Total trade accounts receivable and other receivables, net	7,441,237	6,511,324	3,893,125	3,398,131

The aging analysis of the trade accounts receivable from the due date is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within credit terms	6,319,023	5,338,414	3,335,602	2,861,136
Overdue 1 - 30 days	786,400	863,318	402,249	400,664
Overdue 31 - 60 days	63,675	39,319	11,187	12,328
Overdue 61 - 90 days	1,704	2,934	1,592	1,850
Overdue 91 - 120 days	1,819	1,226	1,819	1,161
Overdue 121 - 365 days	77,904	970	55,768	25
More than 365 days	47,201	24,091	13,243	12,972
	7,297,726	6,270,272	3,821,460	3,290,136
<u>Less</u> Allowance for impairment of trade accounts receivable	(118,667)	(103,933)	(57,439)	(12,972)
Total trade accounts receivable, net	7,179,059	6,166,339	3,764,021	3,277,164

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**9 Trade accounts receivable and other receivable, net (Cont'd)**

As at 31 December 2013 and 2012, trade accounts receivable - other companies as presented in the following table were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade accounts receivables - other companies is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Overdue 1 - 90 days	850,170	833,262	414,505	414,842
Overdue 91 - 365 days	13,335	2,196	13,335	1,186
More than 365 days	74	-	27	-
<b>Total</b>	<b>863,579</b>	<b>835,458</b>	<b>427,867</b>	<b>416,028</b>

As at 31 December 2013 and 2012, trade accounts receivables - other companies as presented in the following table were impaired and allowance for impairment have been made. It was assessed that a portion of the receivables is expected to be recovered. The aging of these receivables before allowance of impairment is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within credit terms	5,152	24,962	-	-
Overdue 1 - 90 days	-	72,309	-	-
Overdue 91 - 365 days	66,388	-	44,223	-
More than 365 days	47,127	24,091	13,216	12,972
<b>Total</b>	<b>118,667</b>	<b>121,362</b>	<b>57,439</b>	<b>12,972</b>

Movements on allowance for impairment of trade receivables are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance	103,933	63,307	12,972	39,248
Increases in allowance for impairment of trade accounts receivable	46,052	117,079	44,467	-
Reversals of allowance for impairment of trade accounts receivable	(31,318)	(76,453)	-	(26,276)
<b>Ending balance</b>	<b>118,667</b>	<b>103,933</b>	<b>57,439</b>	<b>12,972</b>

The creation and release of allowance for impairment of trade accounts receivables have been included in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering any cash.

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**9 Trade accounts receivable and other receivable, net (Cont'd)**

The carrying amounts of trade accounts receivable - other companies before allowance for impairment are denominated in the following currencies:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
USD	6,092,444	5,491,411	2,658,630	1,899,257
RMB	46,055	6,838	-	-
THB	1,031,605	658,945	873,219	611,400
Total trade accounts receivable - other companies	7,170,104	6,157,194	3,531,849	2,510,657

**10 Inventories, net**

	Consolidated					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Finished goods	6,406,892	6,526,714	(41,157)	(79,627)	6,365,735	6,447,087
Work-in-progress	2,825,680	2,660,748	(34,790)	(39,864)	2,790,890	2,620,884
Raw materials, vessels and chemicals	7,279,947	3,971,169	(4,484)	(1,607)	7,275,463	3,969,562
Spare parts and supplies	149,851	114,020	-	-	149,851	114,020
Total	16,662,370	13,272,651	(80,431)	(121,098)	16,581,939	13,151,553

  

	Company					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Finished goods	2,682,492	2,876,801	-	-	2,682,492	2,876,801
Work-in-progress	1,043,659	974,696	-	-	1,043,659	974,696
Raw materials, vessels and chemicals	3,433,922	2,051,904	(642)	-	3,433,280	2,051,904
Spare parts and supplies	36,870	34,417	-	-	36,870	34,417
Total	7,196,943	5,937,818	(642)	-	7,196,301	5,937,818

During the year 2013, the cost of inventories for the consolidated financial statements is recognised as costs of sales and services amounting to Baht 83,104 million (2012: Baht 92,440 million) and for the Company financial statements amounting to Baht 38,937 million (2012: Baht 41,583 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2013, the Group reserved an allowance for inventory cost in excess of net realisable value amounting to Baht 80 million (Company: Baht 1 million).

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**11 Other current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Value added tax refundable	150,230	124,713	45,179	27,505
Others	135,490	164,708	6,271	8,744
<b>Total other current assets</b>	<b>285,720</b>	<b>289,421</b>	<b>51,450</b>	<b>36,249</b>

**12 Fixed deposits pledged as collateral**

Fixed deposits amounting to Baht 61 million (2012: Baht 100 million) are pledged as collateral for short-term loan facilities with several financial institutions and for bank guarantees. For the year ended 31 December 2013, the fixed deposits earned average interest rate of 0.1% to 2.8% per annum (2012: 0.3% to 2.8% per annum).

The carrying amounts of the fixed deposits pledge as collateral are denominated in the following currencies:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
USD	39,490	62,103	-	-
THB	21,695	37,379	13,128	12,990
<b>Total fixed deposits pledged as collateral</b>	<b>61,185</b>	<b>99,482</b>	<b>13,128</b>	<b>12,990</b>

**13 Investments in subsidiaries, associates and a joint venture**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Net book amounts as at 1 January	3,945,399	3,579,062	7,151,868	5,860,668
Share of profits from investments, net of tax	495,575	526,809	-	-
Acquisitions (Disposals)	(6,375)	8,000	2,325,050	1,291,200
Dividend income (Note 36.1)	(458,429)	(135,439)	-	-
Currency differences on translating financial statement	54,259	(33,033)	-	-
<b>Net book amounts as at 31 December</b>	<b>4,030,429</b>	<b>3,945,399</b>	<b>9,476,918</b>	<b>7,151,868</b>

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
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**13 Investments in subsidiaries, associates and a joint venture (Cont'd)**

**13.1 Subsidiaries**

The significant investments of the Company and its subsidiaries are as follows:

	Activities	Company Countries of incorporation	% Ownership interest	
			2013	2012
<b>Subsidiaries</b>				
Sri Trang International Pte Ltd.	Distribution of rubber products	Singapore	100.00	100.00
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of STR block rubber products	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Rubber and palm plantation	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
<b>Indirect subsidiaries</b>				
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	100.00	100.00
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of STR block rubber products	Indonesia	99.00	99.00
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	100.00	-

The Board of Directors of Sri Trang International Pte Ltd. which is a subsidiary of the Company passed a resolution to approve the establishment of Sri Trang Indochina (Vietnam) Co., Ltd., a subsidiary registered in Vietnam. Sri Trang Indochina (Vietnam) Co., Ltd. was registered on 14 December 2013 with a registered capital of VND 21 billion (equivalent to Baht 32 million) and it is envisaged that it will be a wholly owned subsidiary of Sri Trang International Pte Ltd. As at 31 December 2013, Sri Trang Indochina (Vietnam) Co., Ltd. has not called for any capital injection.

The Company invested in the increase of the investments in subsidiaries can be summarised as follows:

	Relationships	Currencies	2013		2012	
			Amount	(Equivalent) Baht Million	Amount	(Equivalent) Baht Million
Sri Trang Rubber & Plantation Co., Ltd.	A subsidiary	Baht Million	-	1,670	-	1,130
Sri Trang International Pte Ltd.	An overseas subsidiary	USD Million	5	161	5	153
Rubberland Products Co., Ltd.	A subsidiary	Baht Million	-	500	-	-



**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
**Notes to the consolidated and Company financial statements**  
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**13 Investments in subsidiaries, associates and a joint venture (Cont'd)**

**13.2 Associates**

The Group's share of the results of its associates, all of which are unlisted, and its share of the assets including goodwill and liabilities are as follows:

Name	Activities	Countries of incorporation	Baht'000				% Ownership interest
			Assets	Liabilities	Revenues	Profits (losses)	
<b>2013</b>							
<b>Direct associates</b>							
Siam Sempermed Co., Ltd.	Manufacture of medical gloves	Thailand	3,004,295	412,645	3,897,508	371,676	40.23
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	561,288	88,821	620,034	113,688	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	692,882	443,855	2,099,315	34,268	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	124,861	78,246	5,338	(3,795)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	433,683	152,558	160,414	(22,722)	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company sales of medical gloves	Singapore	152,497	6,808	833	(1,412)	50.00
<b>Indirect associates</b>							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Distribution of medical gloves	Brazil	54,368	16,112	-	(50,016)	50.00
Shanghai Sempermed Gloves Co., Ltd. (Formerly, Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	55,087	8,554	2,464	535	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	33,604	14,929	45,109	1,846	41.43
<b>2012</b>							
<b>Direct associates</b>							
Siam Sempermed Co., Ltd.	Manufacture of medical gloves	Thailand	3,548,770	1,025,646	4,137,992	267,238	40.23
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	511,834	68,124	616,647	102,930	42.50
Sempermed Pacific Co., Ltd.	Manufacture of moulded parts	Thailand	6,912	22	162	125	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	716,629	520,344	2,157,356	37,134	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	105,917	56,504	7,808	(2,604)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	407,010	128,878	160,469	(10,695)	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company sales of medical gloves	Singapore	144,661	7,261	128	(1,164)	50.00
<b>Indirect associates</b>							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Distribution of medical gloves	Brazil	178,344	85,003	404,477	(27,660)	50.00
Shanghai Sempermed Gloves Co., Ltd. (Formerly, Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	110,946	9,276	106,873	59,848	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	26,125	9,282	25,073	(2,874)	41.43

The Company invested in the increase of the investments in associates which can be summarised as follows:

Relationship	Currency	2013		2012	
		Amount	(Equivalent) Baht Million	Amount	(Equivalent) Baht Million
Pattana Agro Futures Co., Ltd.	Baht Million	-	-	-	8

**13 Investments in subsidiaries, associates and a joint venture (Cont'd)**

**13.3 An interest in a joint venture**

The jointly controlled entity is as follows:

Name	Activity	Country of incorporation	Baht'000				% Ownership interest
			Assets	Liabilities	Revenues	Profits	
<b>2013</b>							
Thaitech Rubber Corporation Co., Ltd.	Manufacture of STR block rubber products	Thailand	1,482,968	1,014,209	3,657,748	51,494	33.50
<b>2012</b>							
Thaitech Rubber Corporation Co., Ltd.	Manufacture of STR block rubber products	Thailand	1,149,191	654,272	4,909,461	104,532	33.50

**14 Available-for-sale investments**

The movements in the available-for-sale investments for the years are as follows:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Opening net book amounts	59,126	43,652	58,020	42,779
Additions	-	214	-	189
Disposals	(15)	-	-	-
Changes in fair values of available-for-sale investments	(6,672)	15,260	(6,499)	15,052
Ending net book amounts	52,439	59,126	51,521	58,020

Available-for-sale investments are analysed as follows:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
At 31 December				
Investments in listed equity securities	42,012	48,699	41,094	47,593
Investments in unlisted equity securities	10,427	10,427	10,427	10,427
Total available-for-sale investments	52,439	59,126	51,521	58,020

**14 Available-for-sale investments (Cont'd)**

**Investments in listed equity securities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Investments in listed equity securities at cost	32,776	32,791	32,352	32,352
Cumulative changes in fair value	9,236	15,908	8,742	15,241
Total investments in listed equity securities at fair value	<u>42,012</u>	<u>48,699</u>	<u>41,094</u>	<u>47,593</u>

The table below shows deferred income tax impact on unrealised gains on available-for-sale investments.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cumulative net gains from change in fair value	9,236	15,908	8,742	15,241
Effect on deferred income tax	(689)	(2,382)	(646)	(2,351)
Cumulative net gains from change in fair value, net of tax (Note 25)	<u>8,547</u>	<u>13,526</u>	<u>8,096</u>	<u>12,890</u>

**Investments in non-listed equity securities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Investments in non-listed equity securities at cost	<u>10,427</u>	<u>10,427</u>	<u>10,427</u>	<u>10,427</u>

The management of the Group is of the opinion that the cost of the non-listed equity securities remains the best estimate of the fair value unless the investment is impaired.

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**15 Property, plant and equipment, net**

	<b>Baht'000</b>						<b>Total</b>
	<b>Consolidated</b>						
	<b>Revaluation/cost basis</b>		<b>Cost basis</b>				
	<b>Land and land improvements</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Fixtures and office equipment</b>	<b>Assets under construction and installation</b>	
<b>At 1 January 2012</b>							
Cost	2,303,477	1,956,228	3,043,959	555,914	239,752	1,080,858	9,180,188
<u>Add</u> Surplus on asset revaluation	591,437	503,648	-	-	-	-	1,095,085
<u>Less</u> Cumulative losses from asset revaluation	(104,192)	(22,385)	-	-	-	-	(126,577)
<u>Less</u> Accumulated depreciation	(175,546)	(400,873)	(1,510,289)	(406,969)	(171,881)	-	(2,665,558)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>2,615,176</u>	<u>2,036,618</u>	<u>1,526,129</u>	<u>148,945</u>	<u>67,871</u>	<u>1,080,858</u>	<u>7,475,597</u>
<b>For the year ended 31 December 2012</b>							
Opening net book value	2,615,176	2,036,618	1,526,129	148,945	67,871	1,080,858	7,475,597
Additions	1,019,554	46,384	69,239	38,664	31,178	1,717,814	2,922,833
Transfers in (out)	75,541	570,545	614,281	21,395	34,560	(1,316,322)	-
Reclassification from other accounts	12,951	-	-	-	-	-	12,951
Disposals and write-offs, net	(21,504)	(317)	(5,560)	(125)	(135)	(23,074)	(50,715)
Asset revaluation surplus	338,230	112,695	-	-	-	-	450,925
Loss from asset revaluation	21,592	(37,170)	-	-	-	-	(15,578)
Depreciation charges (Note 27)	(41,302)	(146,209)	(354,989)	(43,943)	(25,843)	-	(612,286)
Currency translation differences, net	(8,443)	(42,801)	(37,372)	(6,425)	(906)	(53,430)	(149,377)
Closing net book value	<u>4,011,795</u>	<u>2,539,745</u>	<u>1,811,728</u>	<u>158,511</u>	<u>106,725</u>	<u>1,405,846</u>	<u>10,034,350</u>
<b>At 31 December 2012</b>							
Cost	3,305,612	2,301,624	3,625,503	602,805	298,623	1,405,846	11,540,013
<u>Add</u> Surplus on asset revaluation	928,318	616,343	-	-	-	-	1,544,661
<u>Less</u> Cumulative losses from asset revaluation	(82,600)	(59,555)	-	-	-	-	(142,155)
<u>Less</u> Accumulated depreciation	(139,535)	(318,667)	(1,806,234)	(444,294)	(191,898)	-	(2,900,628)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>4,011,795</u>	<u>2,539,745</u>	<u>1,811,728</u>	<u>158,511</u>	<u>106,725</u>	<u>1,405,846</u>	<u>10,034,350</u>

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**15 Property, plant and equipment, net (Cont'd)**

	<b>Baht'000</b>						<b>Total</b>
	<b>Consolidated</b>						
	<b>Revaluation/cost basis</b>			<b>Cost basis</b>			
<b>Land and land improvements</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Fixtures and office equipment</b>	<b>Assets under construction and installation</b>		
<b>For the year ended 31 December 2013</b>							
Opening net book value	4,011,795	2,539,745	1,811,728	158,511	106,725	1,405,846	10,034,350
Additions	1,840,299	48,438	96,714	96,533	31,581	1,868,787	3,982,352
Transfers in (out)	72,199	622,273	642,022	29,750	18,945	(1,385,189)	-
Disposals and write-offs, net	(1,098)	(217)	(27,126)	(2,799)	(465)	(13,820)	(45,525)
Asset revaluation surplus	913	(13,318)	-	-	-	-	(12,405)
Loss from asset revaluation	(39,219)	2,479	-	-	-	-	(36,740)
Depreciation charges (Note 27)	(55,339)	(168,544)	(421,527)	(51,912)	(34,508)	-	(731,830)
Depreciation capitalised to assets	-	(12,792)	(394)	-	-	13,186	-
Currency translation differences, net	(15,257)	(83,139)	(68,166)	(8,366)	(209)	(89,207)	(264,344)
Closing net book value	<u>5,814,293</u>	<u>2,934,925</u>	<u>2,033,251</u>	<u>221,717</u>	<u>122,069</u>	<u>1,799,603</u>	<u>12,925,858</u>
<b>At 31 December 2013</b>							
Cost	5,201,525	2,865,513	4,175,646	682,536	335,103	1,799,603	15,059,926
<u>Add</u> Surplus on asset revaluation	929,232	603,025	-	-	-	-	1,532,257
<u>Less</u> Cumulative losses from asset revaluation	(121,819)	(57,382)	-	-	-	-	(179,201)
<u>Less</u> Accumulated depreciation	(194,645)	(476,231)	(2,134,854)	(460,819)	(213,034)	-	(3,479,583)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>5,814,293</u>	<u>2,934,925</u>	<u>2,033,251</u>	<u>221,717</u>	<u>122,069</u>	<u>1,799,603</u>	<u>12,925,858</u>

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**15 Property, plant and equipment, net (Cont'd)**

	<b>Baht'000</b>						<b>Total</b>
	<b>Company</b>						
	<b>Revaluation/cost basis</b>		<b>Cost basis</b>			<b>Assets under construction and installation</b>	
	<b>Land and land improvements</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Fixtures and office equipment</b>		
<b>At 1 January 2012</b>							
Cost	840,089	688,685	1,248,053	145,047	141,490	358,566	3,421,930
<u>Add</u> Surplus on asset revaluation	389,493	342,742	-	-	-	-	732,235
<u>Less</u> Cumulative losses from asset revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
<u>Less</u> Accumulated depreciation	(111,739)	(201,023)	(822,623)	(121,506)	(109,932)	-	(1,366,823)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>1,044,207</u>	<u>814,639</u>	<u>417,889</u>	<u>23,541</u>	<u>31,558</u>	<u>358,566</u>	<u>2,690,400</u>
<b>For the year ended 31 December 2012</b>							
Opening net book value	1,044,207	814,639	417,889	23,541	31,558	358,566	2,690,400
Additions	88,617	27,515	23,878	11,821	19,163	786,408	957,402
Transfers in (out)	24,095	264,738	343,492	18	30,602	(662,945)	-
Reclassification from other accounts	243	-	-	-	-	-	243
Disposals and write-offs, net	-	(44)	(1,200)	-	(6)	(10,946)	(12,196)
Asset revaluation surplus	178,580	55,804	-	-	-	-	234,384
Loss from asset revaluation	17,603	(28,248)	-	-	-	-	(10,645)
Depreciation charges (Note 27)	(15,100)	(51,927)	(113,677)	(8,760)	(12,791)	-	(202,255)
Closing net book value	<u>1,338,245</u>	<u>1,082,477</u>	<u>670,382</u>	<u>26,620</u>	<u>68,526</u>	<u>471,083</u>	<u>3,657,333</u>
<b>At 31 December 2012</b>							
Cost	897,931	844,566	1,585,363	154,670	189,028	471,083	4,142,641
<u>Add</u> Surplus on asset revaluation	568,073	398,546	-	-	-	-	966,619
<u>Less</u> Cumulative losses from asset revaluation	(56,033)	(44,013)	-	-	-	-	(100,046)
<u>Less</u> Accumulated depreciation	(71,726)	(116,622)	(907,440)	(128,050)	(120,502)	-	(1,344,340)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>1,338,245</u>	<u>1,082,477</u>	<u>670,382</u>	<u>26,620</u>	<u>68,526</u>	<u>471,083</u>	<u>3,657,333</u>

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**15 Property, plant and equipment, net (Cont'd)**

	<b>Baht'000</b>						<b>Total</b>
	<b>Company</b>						
	<b>Revaluation/cost basis</b>		<b>Cost basis</b>			<b>Assets under construction and installation</b>	
<b>Land and land improvements</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Fixtures and office equipment</b>			
<b>For the year ended 31 December 2013</b>							
Opening net book value	1,338,245	1,082,477	670,382	26,620	68,526	471,083	3,657,333
Additions	481,462	20,735	48,895	10,696	16,337	1,023,107	1,601,232
Transfers in (out)	60,598	244,066	370,849	15,111	17,606	(708,230)	-
Disposals and write-offs, net	(1,026)	(33)	(876)	-	(30)	(21)	(1,986)
Depreciation charges (Note 27)	(26,129)	(57,750)	(160,444)	(10,860)	(20,634)	-	(275,817)
Closing net book value	<u>1,853,150</u>	<u>1,289,495</u>	<u>928,806</u>	<u>41,567</u>	<u>81,805</u>	<u>785,939</u>	<u>4,980,762</u>
<b>At 31 December 2013</b>							
Cost	1,438,804	1,109,316	1,986,883	178,601	212,848	785,939	5,712,391
<u>Add</u> Surplus on asset revaluation	568,074	398,546	-	-	-	-	966,620
<u>Less</u> Cumulative losses from asset revaluation	(56,032)	(43,999)	-	-	-	-	(100,031)
<u>Less</u> Accumulated depreciation	(97,696)	(174,368)	(1,050,536)	(137,034)	(131,043)	-	(1,590,677)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>1,853,150</u>	<u>1,289,495</u>	<u>928,806</u>	<u>41,567</u>	<u>81,805</u>	<u>785,939</u>	<u>4,980,762</u>

**15 Property, plant and equipment, net (Cont'd)**

The Group's land, land improvements, buildings and structures thereon were revalued by independent valuers in the fourth quarter of 2012 using the market approach, the depreciated replacement cost approach and the income approach. The asset revaluation surplus was credited to fair value reserves in shareholders' equity.

The table below shows deferred income tax impact on asset revaluation surplus.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Asset revaluation surplus	1,532,257	1,544,661	966,619	966,619
<u>Less</u> Accumulated depreciation on asset revaluation surplus	(188,816)	(156,291)	(135,408)	(111,210)
<u>Less</u> Deferred income tax	(137,154)	(211,969)	(61,426)	(131,990)
Asset revaluation surplus, net of accumulated depreciation and deferred income taxes	<u>1,206,287</u>	<u>1,176,401</u>	<u>769,785</u>	<u>723,419</u>

If the land, land improvements, buildings and structures were stated on the historical cost basis, the total carrying amount of the property, plant and equipment would be as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cost	15,986,485	11,540,013	6,244,593	4,142,641
<u>Less</u> Accumulated depreciation	(3,721,629)	(2,291,835)	(1,590,677)	(1,344,340)
<u>Less</u> Allowance for impairment	(7,541)	(7,541)	(7,541)	(7,541)
Net book value	<u>12,257,315</u>	<u>9,240,637</u>	<u>4,646,375</u>	<u>2,790,760</u>

**Consolidated financial statements**

The Group's depreciation expense of Baht 651 million (2012: Baht 553 million) was charged in "costs of sales and services" and of Baht 81 million (2012: Baht 59 million) in "administrative expenses".

As at 31 December 2013, certain land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries with the total net book value amounting to Baht 1,376 million (2012: Baht 1,701 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 21.

**Company financial statements**

The Company's depreciation expense of Baht 243 million (2012: Baht 179 million) was charged in "costs of sales and services" and of Baht 33 million (2012: Baht 23 million) in "administrative expenses".

Leased assets included above, where the Group and the Company are lessees under finance leases, comprise vehicles, fixtures and office equipment:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cost of assets acquired under finance leases	210,044	162,880	60,222	52,413
<u>Less</u> Accumulated depreciation	(130,366)	(131,045)	(43,212)	(36,368)
Net book value	<u>79,678</u>	<u>31,835</u>	<u>17,010</u>	<u>16,045</u>

The Group leases various vehicles and fixtures and office equipment under non-cancellable finance lease agreements. The lease terms are between 3 to 5 years, and ownership of the assets lies within the Group.



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**16 Intangible assets, net**

	<b>Computer software</b>	
	<b>Consolidated</b>	<b>Company</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>At 1 January 2012</b>		
Cost	71,437	40,351
<u>Less</u> Accumulated amortisation charges	(47,233)	(29,700)
Net book value	<u>24,204</u>	<u>10,651</u>
<b>For the year ended 31 December 2012</b>		
Opening net book value	24,204	10,651
Additions	6,141	3,041
Disposals, net	(53)	(53)
Amortisation charges (Note 27)	(8,792)	(3,657)
Currency translation differences	(54)	-
Closing net book value	<u>21,446</u>	<u>9,982</u>
<b>At 31 December 2012</b>		
Cost	77,179	43,147
<u>Less</u> Accumulated amortisation charges	(55,733)	(33,165)
Net book value	<u>21,446</u>	<u>9,982</u>
<b>For the year ended 31 December 2013</b>		
Opening net book value	21,446	9,982
Additions	14,228	8,108
Disposals, net	(2)	-
Amortisation charges (Note 27)	(8,562)	(4,058)
Currency translation differences	(63)	-
Closing net book value	<u>27,047</u>	<u>14,032</u>
<b>At 31 December 2013</b>		
Cost	90,786	50,945
<u>Less</u> Accumulated amortisation charges	(63,739)	(36,913)
Net book value	<u>27,047</u>	<u>14,032</u>

**17 Investment properties**

The movements in the investment properties are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book amount	160,408	102,327	27,770	22,850
Additions				
Direct acquisitions	-	27,289	-	-
Gains from fair value estimation of investment properties	6,307	33,484	-	4,920
Gains (losses) from translation differences	9,539	(2,692)	-	-
Ending net book amount	<u>176,254</u>	<u>160,408</u>	<u>27,770</u>	<u>27,770</u>

The investment property of the Group is property held for a currently undetermined future use and land not in use. The Group has not determined whether it will be held as owner-occupied property or for short-term capital appreciation.

**17 Investment properties (Cont'd)**

The land not used in operations was revalued by an independent valuer in the fourth quarter of 2012 using the market approach.

Investment property of a subsidiary is carried at fair value at the date of statement of financial position as determined by the most recent transacted market value of a property in the location and of the same category as the one held by the subsidiary. Valuation is made annually based on the property's highest-and-best-use using the Direct Market Comparison Method.

**18 Deferred income tax**

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 1.7% - 37.5% (2012: 1.7% - 36.5%). The deferred income taxes are temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised for all deferred income tax assets to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Deferred income tax assets:</b>				
Deferred income tax assets to be recovered within 12 months	76,376	264,469	35,293	10,689
Deferred income tax assets to be recovered after more than 12 months	132,625	189,927	11,262	44,179
	<u>209,001</u>	<u>454,396</u>	<u>46,555</u>	<u>54,868</u>
<b>Deferred income tax liabilities:</b>				
Deferred income tax liabilities to be settled within 12 months	4,472	232,263	4,472	6,642
Deferred income tax liabilities to be settled after more than 12 months	151,000	248,728	63,180	136,655
	<u>155,472</u>	<u>480,991</u>	<u>67,652</u>	<u>143,297</u>
Deferred income tax - net	<u>53,529</u>	<u>(26,595)</u>	<u>(21,097)</u>	<u>(88,429)</u>

The movements of deferred income tax for the years are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book amounts	(26,595)	208,925	(88,429)	18,081
Charged/credited to profit or loss	18,454	(136,023)	(3,675)	(67,011)
Charged/credited to other comprehensive income	72,467	(90,353)	71,007	(39,499)
Cumulative currency differences on translating financial statement	(10,797)	(9,144)	-	-
Ending net book amounts	<u>53,529</u>	<u>(26,595)</u>	<u>(21,097)</u>	<u>(88,429)</u>

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**18 Deferred income tax (Cont'd)**

	<b>Consolidated</b>						
	<b>1 January 2012 Baht'000</b>	<b>Recorded to profit or loss Baht'000</b>	<b>Recorded to other comprehensive income Baht'000</b>	<b>31 December 2012 Baht'000</b>	<b>Recorded to profit or loss Baht'000</b>	<b>Recorded to other comprehensive income Baht'000</b>	<b>31 December 2013 Baht'000</b>
<b>Deferred income tax assets</b>							
Tax losses carried forward	14,209	144,629	(5,016)	153,822	(48,187)	(7,463)	98,172
Unrealised gains (losses) on derivative financial instruments	427,475	(218,239)	514	209,750	(171,463)	(2,966)	35,321
Allowance for inventory cost in excess of net realisable value	46,492	(5,107)	(1,912)	39,473	(25,698)	2,677	16,452
Cumulative loss from asset revaluation	18,012	2,686	(8)	20,690	(209)	(976)	19,505
Provision for retirement benefit obligations	17,821	4,034	(6,476)	15,379	1,442	(1,891)	14,930
Others	13,680	2,667	(1,065)	15,282	10,896	(1,557)	24,621
	<u>537,689</u>	<u>(69,330)</u>	<u>(13,963)</u>	<u>454,396</u>	<u>(233,219)</u>	<u>(12,176)</u>	<u>209,001</u>
<b>Deferred income tax liabilities</b>							
Asset revaluation surplus	136,379	(7,398)	82,988	211,969	(2,939)	(71,876)	137,154
Fair value estimation of investment properties	1,591	722	-	2,313	(1,205)	-	1,108
Unrealised gains (losses) on derivative financial instruments	5,334	1,818	-	7,152	(2,680)	-	4,472
Adjustment of inventory from fair value to the lower of cost and net realisable value	162,132	94,143	217	256,492	(246,011)	(228)	10,253
Others	23,328	(22,592)	2,329	3,065	1,162	(1,742)	2,485
	<u>328,764</u>	<u>66,693</u>	<u>85,534</u>	<u>480,991</u>	<u>(251,673)</u>	<u>(73,846)</u>	<u>155,472</u>
<b>Deferred income tax assets (liabilities), net</b>	<b><u>208,925</u></b>	<b><u>(136,023)</u></b>	<b><u>(99,497)</u></b>	<b><u>(26,595)</u></b>	<b><u>18,454</u></b>	<b><u>61,670</u></b>	<b><u>53,529</u></b>

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18 Deferred income tax (Cont'd)

	Company						
	1 January 2012 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2012 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2013 Baht'000
<b>Deferred income tax assets</b>							
Tax losses carried forward	-	21,607	-	21,607	(21,607)	-	-
Unrealised gains (losses) on derivative financial instruments	82,092	(72,506)	-	9,586	22,413	-	31,999
Allowance for inventory cost in excess of net realisable value	21,364	(20,262)	-	1,102	2,191	-	3,293
Cumulative loss from asset revaluation	14,958	1,643	-	16,601	(8,650)	-	7,951
Provision for retirement benefit obligations	6,469	478	(1,011)	5,936	(3,167)	526	3,295
Others	73	(37)	-	36	(19)	-	17
	<u>124,956</u>	<u>(69,077)</u>	<u>(1,011)</u>	<u>54,868</u>	<u>(8,839)</u>	<u>526</u>	<u>46,555</u>
<b>Deferred income tax liabilities</b>							
Asset revaluation surplus	99,921	(4,097)	36,165	131,989	(1,788)	(68,775)	61,426
Fair value estimation of investment properties	1,592	722	-	2,314	(1,206)	-	1,108
Unrealised gains (losses) on derivative financial instruments	5,333	1,309	-	6,642	(2,170)	-	4,472
Others	29	-	2,323	2,352	-	(1,706)	646
	<u>106,875</u>	<u>(2,066)</u>	<u>38,488</u>	<u>143,297</u>	<u>(5,164)</u>	<u>(70,481)</u>	<u>67,652</u>
<b>Deferred income tax assets (liabilities), net</b>	<b><u>18,081</u></b>	<b><u>(67,011)</u></b>	<b><u>(39,499)</u></b>	<b><u>(88,429)</u></b>	<b><u>(3,675)</u></b>	<b><u>71,007</u></b>	<b><u>(21,097)</u></b>

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
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**19 Other non-current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Refundable deposits	11,335	18,403	7,958	6,326
Prepayments	1,346	1,830	832	1,219
Others	8,646	9,600	2,960	2,960
<b>Total other non-current assets</b>	<b>21,327</b>	<b>29,833</b>	<b>11,750</b>	<b>10,505</b>

**20 Trade accounts payable and other payables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Trade accounts payable				
- other companies	2,568,821	1,375,944	1,250,460	627,750
Trade accounts payable				
- related companies (Note 36.3)	276,286	354,366	286,672	169,127
Accrued expenses	597,027	321,325	290,916	143,714
Deferred income	289,628	205,298	45,504	50,888
Deposits and retentions received from customers	200,347	171,577	24,589	13,961
<b>Total trade accounts payable and other payables</b>	<b>3,932,109</b>	<b>2,428,510</b>	<b>1,898,141</b>	<b>1,005,440</b>

The carrying amounts of trade accounts payable - other companies are denominated in the following currencies:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
USD	387,007	438,706	17,045	22,240
IDR	83,756	65,527	-	-
SGD	1,213	719	-	1
RMB	710	4	-	-
MYR	-	18	-	-
THB	2,096,135	870,970	1,233,415	605,509
<b>Total trade accounts payable - other companies</b>	<b>2,568,821</b>	<b>1,375,944</b>	<b>1,250,460</b>	<b>627,750</b>

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**21 Borrowings**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Current</b>				
Overdrafts	20	-	-	-
Loans for packing credit	588,963	699,754	588,963	699,754
Short-term loans from financial institutions	12,406,009	10,553,503	5,396,220	2,989,710
Bills payable	1,228,093	919,792	-	-
Total short-term borrowings from financial institutions	14,223,085	12,173,049	5,985,183	3,689,464
Current portion of long-term loans from financial institutions	113,404	114,000	-	-
Current portion of debentures	1,600,000	-	1,600,000	-
Current portion of finance lease liabilities	17,874	9,837	4,400	5,880
Total current borrowings	15,954,363	12,296,886	7,589,583	3,695,344
<b>Non-current</b>				
Long-term loans from financial institutions	2,113,726	400,860	2,020,000	200,000
Debentures	1,450,000	2,150,000	1,450,000	2,150,000
Finance lease liabilities	28,666	5,581	5,150	2,121
Total non-current borrowings	3,592,392	2,556,441	3,475,150	2,352,121
Total borrowings	19,546,755	14,853,327	11,064,733	6,047,465

**21.1 Short-term loans from financial institutions**

**(a) Consolidated financial statements**

The Group has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totaling Baht 30,516 million, USD 418 million and Rp 10 billion (2012: Baht 28,576 million, USD 521 million and Rp 10 billion). The overdrafts bear interest at the rate of 7.38% per annum (2012: 7.425% per annum). The loans for packing credit and short-term loans bear interest at the rates ranging from 1.5% to 13.93% per annum (2012: 1.05% to 11.50% per annum)

As at 31 December 2013, the Group's facilities of overdrafts, loans for packing credit and short-term loans are guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 15, fixed deposits of a subsidiary balance of Baht 7 million and certain of the Company's directors (no fee charged) (2012: Baht 23 million). According to a condition of the loan agreements, the Company and its subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiaries must comply with other conditions and restrictions stated in the loan agreements.

**(b) Company financial statements**

As at 31 December 2013, the Company has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totaling Baht 19,784 million (2012: Baht 17,824 million). The loans for packing credit and short-term loans amounting to Baht 5,985 million (2012: 3,690 million) bear interest at the rates ranging from 1.5% to 2.94% per annum (2012: 1.5% to 3.1% per annum). According to a condition of the loan agreements, the Company is not allowed to create any encumbrance on its assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company must comply with other conditions and restrictions stated in the loan agreements.

**21 Borrowings (Cont'd)**

**21.2 Long-term loans from financial institutions**

**(a) Consolidated financial statements**

**- Rubberland Products Co., Ltd.**

The first loan As at 31 December 2013, balance of Baht 89 million (2012: Baht 141 million), granted by a bank in 2009, payable in quarterly installments in principal starting from November 2010 and the last installment in August 2015 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

The second loan As at 31 December 2013, balance of Baht 112 million (2012: Baht 172 million), granted by a bank in 2010, payable in quarterly installments in principal starting from December 2011 and the last installment in September 2016 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

**- Anvar Parawood Co., Ltd.**

The first loan As at 31 December 2013, balance of Baht 6 million (2012: None), granted by a bank in 2013, payable in monthly installments in principal starting from January 2014 and the last installment in June 2018 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

**(b) Company financial statements**

The first loan As at 31 December 2013, balance of Baht 2,020 million (2012: 200 million), granted by a bank in 2012, payable in quarterly installments in principal starting from September 2012 and the last installment in September 2022 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

**21 Borrowings (Cont'd)**

**21.3 Debentures**

On 1 December 2011, the Company issued and offered the unsubordinated, unsecured with name registered, and with debenture holders' representative debentures, amounting to 2,150,000 units. The debentures are divided into 2 tranches as follows:

- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2011 Tranche 1 due 2014
- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2011 Tranche 2 due 2016

On 13 February 2013, the Company issued and offered the unsubordinated, unsecured with name registered, and with debenture holders' representative debentures, amounting to 900,000 units. The debentures are divided into 2 tranches as follows:

- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2013 Tranche 1 due 2016
- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2013 Tranche 2 due 2018

The movement of the balance of the debentures can be presented as follows:

	<b>Consolidated and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance	2,150,000	2,150,000
Issuing during the year	900,000	-
Ending balance	<u>3,050,000</u>	<u>2,150,000</u>

The details of the debentures in the consolidated and company financial statements can be presented as follows:

	<b>Interest rate (%)</b>	<b>Par value (Baht)</b>	<b>31 December 2012 (shares)</b>	<b>Issuing during the year (shares)</b>	<b>31 December 2013 (shares)</b>	<b>Term of interest payment</b>	<b>Due for redemption</b>
STA14DA	4.40 p.a.	1,000	1,600,000	-	1,600,000	1 June and 1 December every year	1 December 2014
STA16DA	4.70 p.a.	1,000	550,000	-	550,000	1 June and 1 December every year	1 December 2016
STA182A	4.10 p.a.	1,000	-	300,000	300,000	13 February and 13 August every year	13 February 2016
STA162A	4.50 p.a.	1,000	-	600,000	600,000	13 February and 13 August every year	13 February 2018
			<u>2,150,000</u>	<u>900,000</u>	<u>3,050,000</u>		

The carrying amounts and fair values of the debentures are as follows;

	<b>Consolidated and Company</b>			
	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Debentures	<u>3,050,000</u>	<u>2,150,000</u>	<u>3,073,200</u>	<u>2,163,886</u>



**21 Borrowings (Cont'd)**

**21.4 Additional information for the borrowings from financial institutions and debentures**

The interest rate exposures on the borrowings from financial institutions and debentures (excluding finance lease liabilities) of the Group and the Company are as follows:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Short-term borrowings</b>				
- at fixed rates	20	1,715,370	-	-
- at floating rates	14,223,065	10,457,679	5,985,183	3,689,464
	<u>14,223,085</u>	<u>12,173,049</u>	<u>5,985,183</u>	<u>3,689,464</u>
<b>Long-term borrowings</b>				
- at floating rates	2,227,130	514,860	2,020,000	200,000
<b>Debentures</b>				
- at fixed rates	3,050,000	2,150,000	3,050,000	2,150,000
<b>Total borrowings</b>				
- at fixed rates	3,050,020	3,865,370	3,050,000	2,150,000
- at floating rates	16,450,195	10,972,539	8,005,183	3,889,464
	<u>19,500,215</u>	<u>14,837,909</u>	<u>11,055,183</u>	<u>6,039,464</u>

Fair values of the long-term borrowings and debentures are based on discounted cash flows using discount rates based upon the borrowing rates which the management expects would be available to the Group and the Company at the date of statements of financial position. The fair values of short-term borrowings and long-term lease obligations approximate their carrying amounts.

Maturity of borrowings and debentures (excluding finance lease liabilities) is as follows:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Not later than 1 year	15,936,489	12,287,049	7,585,183	3,689,464
Later than 1 year but not later than 3 years	1,241,668	1,600,000	1,150,000	1,600,000
Later than 3 years but not later than 5 years	1,638,058	950,860	1,636,000	750,000
Later than 5 years	684,000	-	684,000	-
Total borrowings from financial institutions and debentures	<u>19,500,215</u>	<u>14,837,909</u>	<u>11,055,183</u>	<u>6,039,464</u>

The carrying amounts of borrowings from financial institutions and debentures are denominated in the following currencies:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
USD	3,503,867	3,794,710	-	-
IDR	1,076,315	1,151,775	-	-
THB	14,920,033	9,891,424	11,055,183	6,039,464
Total borrowings from financial institutions and debentures	<u>19,500,215</u>	<u>14,837,909</u>	<u>11,055,183</u>	<u>6,039,464</u>



**22 Other current liabilities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Withholding tax payable and VAT payable	46,473	45,301	12,667	17,829
Total other current liabilities	46,473	45,301	12,667	17,829

**23 Provision for post employment benefit obligations**

The amounts recognised in the statement of financial position are determined as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Present value of unfunded obligation	106,867	88,498	44,584	38,469

The movements in the defined benefit obligations over the years are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
At 1 January	88,498	104,788	38,469	41,923
Current service costs	20,618	9,946	4,603	3,128
Interest costs	4,463	4,158	1,512	1,383
Employee benefits paid	(132)	(2,223)	-	(1,416)
Actuarial gains on defined employee benefit plans	(6,580)	(28,171)	-	(6,549)
At 31 December	106,867	88,498	44,584	38,469

The amounts recognised in the statement of income are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current service costs	20,618	9,946	4,603	3,128
Interest costs	4,463	4,158	1,512	1,383
Total	25,081	14,104	6,115	4,511

The principal actuarial assumptions used were as follows:

	<b>Percentage</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Discount rate	4.3	4.1	4.3	4.1
Inflation rate	3.0	3.0	3.0	3.0
Future salary increases (monthly staff)	7.0	7.0	7.0	7.0
Future salary increases (daily staff)	3.0	3.0	3.0	3.0

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**24 Share capital and share premium**

	Consolidated and Company					
	Par value (Baht per share)	Number of registered shares (Shares)	Issued and paid-up shares (Shares)	Ordinary shares (Baht'000)	Share premium (Baht'000)	Total (Baht'000)
At 1 January 2011	1	1,280,000,000	1,000,000,000	1,000,000	1,123,800	2,123,800
Issue of shares	1	-	280,000,000	280,000	7,427,190	7,707,190
At 31 December 2011	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
At 1 January 2012	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2012	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
At 1 January 2013	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2013	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990

On 31 January 2011, the Company completed a placement of its ordinary shares offering of 280 million shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") at the offering price of SGD 1.20 per share, totalling SGD 336 million (approximately Baht 8,035 million). In addition, the SGX-ST sets the new ordinary shares of the Company to be traded on its main board on that date. Incremental costs directly attributable to the issuance of the new ordinary shares amounting to Baht 437 million, net of tax of Baht 109 million, have been recognised in equity as a deduction of the premium on share capital.

As at 31 December 2013, the total authorised number of ordinary shares was 1,280,000,000 shares (2012: 1,280,000,000 shares) with a par value of Baht 1 per share (2012: Baht 1 per share). 1,280,000,000 shares were issued and fully paid-up (2012: 1,280,000,000 shares).

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**25 Other component of equity**

Other component of equity can be analysed as follows:

	<b>Consolidated</b>				
	<b>Deduction arising from acquisition of additional interest in subsidiaries from non- controlling interests Baht'000</b>	<b>Asset revaluation surplus, net of accumulated depreciation Baht'000</b>	<b>Unrealised gains (losses) on available- for-sale investments Baht'000</b>	<b>Cumulative translation differences Baht'000</b>	<b>Total Baht'000</b>
<b>For the year ended 31 December 2013</b>					
At 1 January 2013	(173,134)	1,176,401	13,526	(347,928)	668,865
Asset revaluation surplus, before tax	-	(12,405)	-	-	(12,405)
Asset revaluation surplus, tax	-	3,101	-	-	3,101
Depreciation transfer on assets revaluation, before tax	-	(32,524)	-	-	(32,524)
Depreciation transfer on assets revaluation, tax	-	2,939	-	-	2,939
Change in fair value of available-for-sale investments, before tax	-	-	(6,687)	-	(6,687)
Change in fair value of available-for-sale investments, tax	-	-	483	-	483
Change in tax rate used in deferred tax recognition	-	68,775	1,225	-	70,000
Currency translation differences	-	-	-	(105,467)	(105,467)
At 31 December 2013	<u>(173,134)</u>	<u>1,206,287</u>	<u>8,547</u>	<u>(453,395)</u>	<u>588,305</u>
	<b>Consolidated</b>				
	<b>Deduction arising from acquisition of additional interest in subsidiaries from non- controlling interests Baht'000</b>	<b>Asset revaluation surplus, net of accumulated depreciation Baht'000</b>	<b>Unrealised gains (losses) on available- for-sale investments Baht'000</b>	<b>Cumulative translation differences Baht'000</b>	<b>Total Baht'000</b>
<b>For the year ended 31 December 2012</b>					
At 1 January 2012	(173,134)	833,185	600	(120,535)	540,116
Asset revaluation surplus, before tax	-	450,925	-	-	450,925
Asset revaluation surplus, tax	-	(82,987)	-	-	(82,987)
Depreciation transfer on assets revaluation, before tax	-	(27,565)	-	-	(27,565)
Depreciation transfer on assets revaluation, tax	-	3,896	-	-	3,896
Disposal of assets, before tax	-	(1,321)	-	-	(1,321)
Disposal of assets, tax	-	268	-	-	268
Change in fair value of available-for-sale investments, before tax	-	-	15,260	-	15,260
Change in fair value of available-for-sale investments, tax	-	-	(2,334)	-	(2,334)
Currency translation differences	-	-	-	(227,393)	(227,393)
At 31 December 2012	<u>(173,134)</u>	<u>1,176,401</u>	<u>13,526</u>	<u>(347,928)</u>	<u>668,865</u>

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**25 Other component of equity (Cont'd)**

	<b>Company</b>		<b>Total Baht'000</b>
	<b>Asset revaluation surplus, net of accumulated depreciation Baht'000</b>	<b>Unrealised gains (losses) on available- for-sale investments Baht'000</b>	
<b>For the year ended 31 December 2013</b>			
At 1 January 2013	723,419	12,890	736,309
Depreciation transfer on assets revaluation, before tax	(24,197)	-	(24,197)
Depreciation transfer on assets revaluation, tax	1,788	-	1,788
Change in fair value of available-for-sale investments, before tax	-	(6,499)	(6,499)
Change in fair value of available-for-sale investments, tax	-	480	480
Change in tax rate used in deferred tax recognition	68,775	1,225	70,000
At 31 December 2013	<u>769,785</u>	<u>8,096</u>	<u>777,881</u>
<b>For the year ended 31 December 2012</b>			
At 1 January 2012	541,438	160	541,598
Depreciation transfer on assets revaluation, before tax	(19,200)	-	(19,200)
Depreciation transfer on assets revaluation, tax	2,962	-	2,962
Asset revaluation surplus, before tax	234,384	-	234,384
Asset revaluation surplus, tax	(36,165)	-	(36,165)
Change in fair value of available-for-sale investments, before tax	-	15,052	15,052
Change in fair value of available-for-sale investments, tax	-	(2,322)	(2,322)
At 31 December 2012	<u>723,419</u>	<u>12,890</u>	<u>736,309</u>

**26 Legal reserve**

	<b>Consolidated and Company</b>	
	<b>2013 Baht'000</b>	<b>2012 Baht'000</b>
At 1 January	128,000	128,000
Appropriation during the year	-	-
At 31 December	<u>128,000</u>	<u>128,000</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

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**27 Expense by nature**

The following significant items have been charged to the operating profit for the years.

For the years ended 31 December	Notes	Consolidated		Company	
		2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Changes in finished goods and work-in-process		(75,616)	5,425,527	125,347	902,107
Raw materials and consumables used		63,477,262	60,267,173	30,713,444	28,112,445
(Reversal of) allowance for inventory cost in excess of net realisable value		(40,667)	(753,019)	642	(111,753)
Employee costs and key management benefits	28	1,712,133	1,331,548	658,998	514,686
Depreciation charges	15	731,830	612,286	275,817	202,255
Amortisation charges	16	8,562	8,792	4,058	3,657
Transportation and distribution expense		938,292	810,857	597,012	478,249
Energy expense		970,936	770,115	400,399	288,475
Cess expense		1,234,360	1,854,132	791,377	1,230,282

Additional information

The cess expense is a fee charged to exporters of natural rubber products to be deposited into the rubber replanting aid fund managed by the Office of the Rubber Replanting Aid Fund (ORRAF) in Thailand for the purpose of replanting support.

**28 Employee costs and key management benefits**

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Wages and salaries	1,551,284	1,207,859	608,719	475,809
Social security costs	42,674	31,631	12,785	9,194
Provident Fund	13,028	-	7,274	-
Post-employment benefit expenses	25,081	14,104	6,115	4,511
Other employment benefits	80,066	77,954	24,105	25,172
Total employee costs and key management benefits	<u>1,712,133</u>	<u>1,331,548</u>	<u>658,998</u>	<u>514,686</u>

**29 Revenues from sales of goods and services**

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Revenues from sales of goods	92,136,752	99,605,023	42,938,614	44,960,151
Service income	48,429	34,079	23,838	28,624
Total revenues from sales of goods and services	<u>92,185,181</u>	<u>99,639,102</u>	<u>42,962,452</u>	<u>44,988,775</u>

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**30 Other income**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cess fee	-	238,369	-	198,954
Income from insurance claim	92,901	-	92,901	-
Storage income	32,926	13,163	5,181	5,998
Dividend income	22,895	1,258	761,114	192,100
Rental income	15,884	11,118	1,734	1,457
Income from sales of scraps	7,416	11,235	2,962	3,056
Others	87,971	88,715	80,199	60,280
<b>Total other income</b>	<b>259,993</b>	<b>363,858</b>	<b>944,091</b>	<b>461,845</b>

In June 2012, the Office of the Rubber Replanting Aid Fund (ORRAF) approved the Company to pay cess at the former lower rate and refunded the excess cess in accordance with the Company's request. The Group received a cess refund of about Baht 238 million (Company: Baht 199 million) which was recorded as part of other income for the year 2012.

**31 Finance costs, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Finance income</b>				
Interest income from debentures	34,563	-	34,563	-
Interest income from bank deposits	7,347	9,434	1,733	3,345
Interest income from customers and brokers	535	2,439	416	619
Interest income from related parties	3,615	3,353	30,099	3,353
<b>Total finance income</b>	<b>46,060</b>	<b>15,226</b>	<b>66,811</b>	<b>7,317</b>
<b>Finance costs</b>				
Interest expense on bank borrowings	(669,376)	(603,901)	(318,630)	(207,967)
Interest expense on finance leases	(313)	(424)	-	-
Net foreign exchange losses on financing activities	(405,657)	(105,414)	-	-
<b>Total finance costs</b>	<b>(1,075,346)</b>	<b>(709,739)</b>	<b>(318,630)</b>	<b>(207,967)</b>
<b>Finance costs, net</b>	<b>(1,029,286)</b>	<b>(694,513)</b>	<b>(251,819)</b>	<b>(200,650)</b>

**32 Other gains (losses), net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Gains (losses) from Rubber derivative financial instruments	338,615	(340,693)	53,359	(20,208)
<b>Other gains (losses), net</b>	<b>338,615</b>	<b>(340,693)</b>	<b>53,359</b>	<b>(20,208)</b>



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**33 Income tax (expense) income**

The estimated average annual tax rate for the consolidated financial statements for the year ended 31 December 2013 was 7.5% (2012: 9.6%) and for the company financial statements was 1.5% (2012: 2.8%).

The Royal Decree No. 530, B.E. 2554 dated 21 December 2011 promulgated that the tax rate for 2012 will be 23% and 2013 - 2014 will be 20%. In January 2012, the Thai Federation of Accounting Professions (“FAP”) issued a clarification about the change in corporate income tax rate. FAP believed that it is highly probable that the Thai government will amend the tax rate for 2015 onward to the rate not more than 20%. According to this clarification from FAP, the deferred income taxes that are expected to be reversed in 2012 and 2013 onwards have been re-measured using the tax rate of 23% and 20%, respectively. The reduction of this tax rate resulted in the decrease in deferred income tax assets and deferred income tax liabilities of the Group. The impacts were recognised as income tax expenses for the year ended 2011 except for those deferred income tax items which were recognised through the shareholders’ equity, the impact from the change in tax rate is recognised in the other comprehensive income.

	Consolidated		Company	
	2013 Baht’000	2012 Baht’000	2013 Baht’000	2012 Baht’000
<b>Current income tax:</b>				
Current income tax on profit of the years	167,240	9,672	10,411	(40,081)
<b>Deferred income tax:</b>				
Origination and reversal of temporary differences	(18,454)	136,023	3,675	67,011
Total income tax expense	148,786	145,695	14,086	26,930

The taxes on the Group’s profits before income tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Consolidated		Company	
	2013 Baht’000	2012 Baht’000	2013 Baht’000	2012 Baht’000
Profit before income tax	1,977,330	1,524,236	930,932	955,665
Tax calculated at domestic tax rates applicable to profits in the respective countries	254,635	285,463	68,796	147,459
Share of tax on profits of associates and a joint venture	(36,623)	(81,286)	-	-
Tax effect of:				
- Income not subject to tax	(99,561)	(99,510)	(89,538)	(85,439)
- Expenses not deductible for tax purpose	15,596	20,229	7,522	5,303
- Double deductible expenses	(16,665)	(2,938)	(13,435)	(312)
- Change in tax rate	43,246	(2,341)	43,152	-
- Tax losses of the current year for which no deferred income tax asset was recognised	-	(3,956)	-	-
- Tax at concessionary rate of 10% see note (a)	(26,914)	62,979	-	-
- Utilisation of previously unrecognised tax losses	10,665	3,322	-	-
- Under estimation of income tax liability in the prior year	1,571	(40,809)	-	(40,081)
- Others	2,836	4,542	(2,411)	-
Total income tax expense	148,786	145,695	14,086	26,930

**33 Income tax (expense) income (Cont'd)**

**Additional information**

- (a) On 11 May 2007, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to one of the subsidiaries for the period from 11 May 2007 to 31 December 2009. Under this programme, income derived from qualifying trading transactions of approved products are taxed at the concessionary rate of 10%. On 21 January 2010, this status was extended from 1 January 2010 to 31 December 2014.
- (b) The Company and certain subsidiaries in Thailand were granted tax incentives relating to the manufacturing of certain natural rubber products. The tax incentives include the following:
- Exemption from payment of import duty on imported machinery and equipment.
  - Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal tax rate for the next five years after the period of eight years are expired.

The tax (charge)/credit relating to component of others comprehensive income is as follows :

	<b>Consolidated</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Before tax Baht'000</b>	<b>Tax (charge) credit Baht'000</b>	<b>After tax Baht'000</b>	<b>Before tax Baht'000</b>	<b>Tax (charge) credit Baht'000</b>	<b>After tax Baht'000</b>
Asset revaluation surplus	(12,405)	3,101	(9,304)	450,925	(82,987)	367,938
Change in tax rate used in deferred tax recognition	-	70,527	70,527	-	-	-
Change in fair value of available-for-sale investments	(6,687)	483	(6,204)	15,260	(2,335)	12,925
Actuarial gains on defined employee benefit plans	6,578	(1,644)	4,934	28,171	(5,031)	23,140
Cumulative translation differences	(109,768)	(10,797)	(120,565)	(227,461)	(9,144)	(236,605)
<b>Total income tax charges to other comprehensive income</b>	<b>(122,282)</b>	<b>61,670</b>	<b>(60,612)</b>	<b>266,895</b>	<b>(99,497)</b>	<b>167,398</b>

	<b>Company</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Before tax Baht'000</b>	<b>Tax (charge) credit Baht'000</b>	<b>After tax Baht'000</b>	<b>Before tax Baht'000</b>	<b>Tax (charge) credit Baht'000</b>	<b>After tax Baht'000</b>
Asset revaluation surplus	-	-	-	234,384	(36,165)	198,219
Change in tax rate used in deferred tax recognition	-	70,527	70,527	-	-	-
Change in fair value of available-for-sale investments	(6,499)	480	(6,019)	15,053	(2,323)	12,730
Actuarial gains on defined employee benefit plans	-	-	-	6,550	(1,011)	5,539
<b>Total income tax charges to other comprehensive income</b>	<b>(6,499)</b>	<b>71,007</b>	<b>64,508</b>	<b>255,987</b>	<b>(39,499)</b>	<b>216,488</b>

### **34 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of paid-up ordinary shares in issue during the years.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net profit attributable to owners of the parent (Baht'000)	1,811,595	1,378,888	916,845	928,734
Weighted average number of ordinary shares in issue (Shares)	1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Basic earnings per share (Baht per share)	1.42	1.08	0.72	0.73

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2013 and 2012

### **35 Dividends**

At the Annual General Meeting of Shareholders held on 25 April 2013, it was resolved that dividend be paid to shareholders in respect of 2012 operating results at Baht 0.5 per share, totaling of Baht 640 million. The dividend was paid in May 2013 to the shareholders.

At the Annual General Meeting of Shareholders held on 27 April 2012, it was resolved that dividend be paid to shareholders in respect of 2011 operating results at Baht 0.5 per share, totaling of Baht 640 million. The dividend was paid in May 2012 to the shareholders.

### **36 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**36 Related party transactions (Cont'd)**

The following transactions were carried out with related companies:

**36.1 Sales of goods and services and other income**

For the years ended 31 December	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Sales of goods to:</b>				
Subsidiaries	-	-	3,081,861	4,085,139
Associates	3,857,431	4,528,263	1,131,915	1,683,319
	<u>3,857,431</u>	<u>4,528,263</u>	<u>4,213,776</u>	<u>5,768,458</u>
<b>Service income to:</b>				
Subsidiaries	-	-	57,729	59,902
Associates	211,781	179,808	11,323	6,983
	<u>211,781</u>	<u>179,808</u>	<u>69,052</u>	<u>66,885</u>
<b>Dividend income:</b>				
Subsidiaries	-	-	59,633	62,932
Associates	406,840	63,750	327,000	56,250
A joint venture	51,589	71,689	51,589	71,689
	<u>458,429</u>	<u>135,439</u>	<u>438,222</u>	<u>190,871</u>
<b>Rental income:</b>				
A subsidiary	-	-	512	227
An associate	9,912	5,412	768	768
	<u>9,912</u>	<u>5,412</u>	<u>1,280</u>	<u>995</u>
<b>Interest income:</b>				
A subsidiary	-	-	26,484	-
An associate	3,350	3,353	3,350	3,353
	<u>3,350</u>	<u>3,353</u>	<u>29,834</u>	<u>3,353</u>

36 Related party transactions (Cont'd)

36.2 Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Purchases of goods from:</b>				
Subsidiaries	-	-	4,566,589	9,677,902
Associates	714,753	570,644	602,526	563,395
A joint venture	2,984,188	4,551,966	-	-
	<u>3,698,941</u>	<u>5,122,610</u>	<u>5,169,115</u>	<u>10,241,297</u>
<b>Service expenses from:</b>				
Subsidiaries	-	-	678,997	367,992
Associates	2,580	2,180	2,486	2,161
	<u>2,580</u>	<u>2,180</u>	<u>681,483</u>	<u>370,153</u>
<b>Rental expense:</b>				
A subsidiary	-	-	1,421	1,321

36.3 Outstanding balances arising from sales/purchases of goods/services and other income as of 31 December

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Trade accounts receivable: (Note 9)</b>				
Subsidiaries	-	-	275,836	743,975
Associates	127,622	113,078	13,775	35,504
	<u>127,622</u>	<u>113,078</u>	<u>289,611</u>	<u>779,479</u>
<b>Amounts due from futures broker:</b>				
An associate	152,662	128,341	152,662	128,341
<b>Other receivables:</b>				
Subsidiaries	-	-	20,043	20,661
Associates	5,774	4,042	1,135	1,777
	<u>5,774</u>	<u>4,042</u>	<u>21,178</u>	<u>22,438</u>
<b>Trade accounts payable: (Note 20)</b>				
Subsidiaries	-	-	203,278	75,639
An associate	105,299	125,060	83,394	93,488
A joint venture	170,987	229,306	-	-
	<u>276,286</u>	<u>354,366</u>	<u>286,672</u>	<u>169,127</u>
<b>Other payables:</b>				
Subsidiaries	-	-	32,875	14,505
Associates	45,973	15,081	10	42
	<u>45,973</u>	<u>15,081</u>	<u>32,885</u>	<u>14,547</u>

**36 Related party transactions (Cont'd)**

**36.3 Outstanding balances arising from sales/purchases of goods/services and other income as of 31 December (Cont'd)**

The carrying amounts of the outstanding balances with related parties are denominated in the following currencies:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Trade accounts receivable: (Note 9)</b>				
USD	66	-	268,497	728,646
THB	127,556	113,078	21,114	50,833
	<u>127,622</u>	<u>113,078</u>	<u>289,611</u>	<u>779,479</u>
<b>Amounts due from futures broker:</b>				
THB	<u>152,662</u>	<u>128,341</u>	<u>152,662</u>	<u>128,341</u>
<b>Other receivables:</b>				
USD	490	1,380	490	21,239
THB	5,284	2,662	20,688	1,199
	<u>5,774</u>	<u>4,042</u>	<u>21,178</u>	<u>22,438</u>
<b>Trade accounts payable: (Note 20)</b>				
USD	170,987	229,305	31,493	7,972
THB	105,299	125,061	255,179	161,155
	<u>276,286</u>	<u>354,366</u>	<u>286,672</u>	<u>169,127</u>
<b>Other payables:</b>				
USD	-	114	3,991	1,584
THB	45,973	14,967	28,894	12,963
	<u>45,973</u>	<u>15,081</u>	<u>32,885</u>	<u>14,547</u>

The trade accounts receivables from related parties arise mainly from sales transactions and are due approximately one month after the date of sales. The receivables are unsecured in nature and bear no interest. As at 31 December 2013, there is no allowance for impairment against receivables from related parties (2012: Nil).

As at 31 December 2013 and 2012, the trade accounts payable to related parties arise mainly from purchase transactions and are due approximately one month after the date of purchase. The payables bear no interest.

36 Related party transactions (Cont'd)

36.4 Outstanding balances arising from long-term loans to subsidiaries and an associate

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Accrued interest income:</b>				
Subsidiaries	-	-	12,029	-
Associates	995	101	994	101
	<u>995</u>	<u>101</u>	<u>13,023</u>	<u>101</u>
<b>Long-term loan to:</b>				
Subsidiaries	-	-	988,572	-
An associate	65,356	60,775	65,356	60,775
	<u>65,356</u>	<u>60,775</u>	<u>1,053,928</u>	<u>60,775</u>

Long-term loans to subsidiaries and an associate can be summarised as follows:

	Relationship	Company			
		Principle		Interest rates %	Loan periods
		USD million	(Equivalent) Baht million		
PT Sri Trang Lingga Indonesia	A subsidiary	5	165	3.33	5 years
PT Sri Trang Lingga Indonesia	A subsidiary	10	330	2.66	3 years
PT Star Rubber	An indirect subsidiary	15	494	3.33	5 years
Semperflex Shanghai Co., Ltd.	An associate	2	65	5.5	3 years

36.5 Key management compensation

Key management includes directors (executive and non-executive), executives and head of internal audit department. The compensation paid or payable to key management is shown below:

For the years ended 31 December	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Salaries and other employee benefits	<u>296,051</u>	<u>125,132</u>	<u>75,455</u>	<u>38,502</u>

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
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**37 Financial instruments by category**

	<b>Consolidated</b>			
	<b>31 December 2013</b>			
	<b>Loans and receivables Baht'000</b>	<b>Assets at fair value through the profit and loss Baht'000</b>	<b>Available- for-sale Baht'000</b>	<b>Total Baht'000</b>
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	1,892,729	-	-	1,892,729
Derivative financial instruments	-	75,974	-	75,974
Trade accounts receivable, net	7,179,059	-	-	7,179,059
Amounts due from futures brokers	320,816	-	-	320,816
Long-term loans to subsidiaries and an associate	65,356	-	-	65,356
Fixed deposits pledged as collateral	61,185	-	-	61,185
Available-for-sale investments	-	-	52,439	52,439
<b>Total</b>	<b>9,519,145</b>	<b>75,974</b>	<b>52,439</b>	<b>9,647,558</b>

	<b>Consolidated</b>			
	<b>31 December 2013</b>			
	<b>Liabilities at fair value through the profit and loss Baht'000</b>	<b>Other financial liabilities Baht'000</b>		<b>Total Baht'000</b>
<b>Liabilities as per statement of financial position</b>				
Trade accounts payable	-	2,845,107		2,845,107
Short-term loans from financial institutions	-	14,223,085		14,223,085
Current portion of long-term loans	-	113,404		113,404
Current portion of debentures	-	1,600,000		1,600,000
Current portion of finance lease liabilities	-	17,874		17,874
Derivative financial instruments	532,851	-		532,851
Long-term loans from financial institutions	-	2,113,726		2,113,726
Debentures	-	1,450,000		1,450,000
Finance lease liabilities	-	28,666		28,666
<b>Total</b>	<b>532,851</b>	<b>22,391,862</b>		<b>22,924,713</b>



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**37 Financial instruments by category (Cont'd)**

	<b>Consolidated</b>			
	<b>31 December 2012</b>			
	<b>Assets at fair value through the profit and loss</b>			
	<b>Loans and receivables</b>	<b>profit and loss</b>	<b>Available-for-sale</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	1,534,032	-	-	1,534,032
Derivative financial instruments	-	100,139	-	100,139
Trade accounts receivable, net	6,166,339	-	-	6,166,339
Amounts due from futures brokers	384,452	-	-	384,452
Long-term loan to an associate	60,775	-	-	60,775
Fixed deposits pledged as collateral	99,482	-	-	99,482
Available-for-sale investments	-	-	59,126	59,126
<b>Total</b>	<b>8,245,080</b>	<b>100,139</b>	<b>59,126</b>	<b>8,404,345</b>

	<b>Consolidated</b>			
	<b>31 December 2012</b>			
	<b>Liabilities at fair value through the profit and loss</b>			
	<b>Liabilities at fair value through the profit and loss</b>	<b>Other financial liabilities</b>	<b>Total</b>	
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	
<b>Liabilities as per statement of financial position</b>				
Trade accounts payable	-	1,730,310	1,730,310	
Short-term loans from financial institutions	-	12,173,049	12,173,049	
Current portion of long-term loans	-	114,000	114,000	
Current portion of finance lease liabilities	-	9,837	9,837	
Derivative financial instruments	164,234	-	164,234	
Long-term loans from financial institutions	-	400,860	400,860	
Debentures	-	2,150,000	2,150,000	
Finance lease liabilities	-	5,581	5,581	
<b>Total</b>	<b>164,234</b>	<b>16,583,637</b>	<b>16,747,871</b>	

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**37 Financial instruments by category (Cont'd)**

	<b>Company</b>			<b>Total</b>
	<b>31 December 2013</b>			
	<b>Loans and</b>	<b>Assets at</b>	<b>Available-</b>	
	<b>receivables</b>	<b>fair value</b>	<b>for-sale</b>	
	<b>Baht'000</b>	<b>through the</b>	<b>Baht'000</b>	<b>Baht'000</b>
		<b>profit and</b>		
		<b>loss</b>		
		<b>Baht'000</b>		
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	558,714	-	-	558,714
Derivative financial instruments	-	60,511	-	60,511
Trade accounts receivable, net	3,764,021	-	-	3,764,021
Amounts due from futures brokers	152,662	-	-	152,662
Long-term loans to subsidiaries and an associate	1,053,928	-	-	1,053,928
Fixed deposits pledged as collateral	13,128	-	-	13,128
Available-for-sale investments	-	-	51,521	51,521
<b>Total</b>	<b>5,542,453</b>	<b>60,511</b>	<b>51,521</b>	<b>5,654,485</b>

	<b>Company</b>		<b>Total</b>
	<b>31 December 2013</b>		
	<b>Liabilities</b>	<b>Other financial</b>	
	<b>at fair value</b>	<b>liabilities</b>	
	<b>through the profit</b>	<b>Baht'000</b>	<b>Baht'000</b>
	<b>and loss</b>		<b>Baht'000</b>
	<b>Baht'000</b>		
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,537,132	1,537,132
Short-term loans from financial institutions	-	5,985,183	5,985,183
Current portion of debentures	-	1,600,000	1,600,000
Current portion of finance lease liabilities	-	4,400	4,400
Derivative financial instruments	433,016	-	433,016
Long-term loans from financial institutions	-	2,020,000	2,020,000
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	5,150	5,150
<b>Total</b>	<b>433,016</b>	<b>12,601,865</b>	<b>13,034,881</b>

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**37 Financial instruments by category (Cont'd)**

	<b>Company</b>			<b>Total</b>
	<b>31 December 2012</b>			
	<b>Loans and</b>	<b>Assets at</b>	<b>Available-</b>	
	<b>receivables</b>	<b>fair value</b>	<b>for-sale</b>	
	<b>Baht'000</b>	<b>through the</b>	<b>Baht'000</b>	<b>Baht'000</b>
		<b>profit and</b>		
		<b>loss</b>		
		<b>Baht'000</b>		
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	514,400	-	-	514,400
Derivative financial instruments	-	43,228	-	43,228
Trade accounts receivable, net	3,277,164	-	-	3,277,164
Amounts due from futures brokers	128,341	-	-	128,341
Long-term loan to an associate	60,775	-	-	60,775
Fixed deposits pledged as collateral	12,990	-	-	12,990
Available-for-sale investments	-	-	58,020	58,020
<b>Total</b>	<b>3,993,670</b>	<b>43,228</b>	<b>58,020</b>	<b>4,094,918</b>

	<b>Company</b>			<b>Total</b>
	<b>31 December 2012</b>			
	<b>Liabilities</b>	<b>Other financial</b>		
	<b>at fair value</b>	<b>liabilities</b>		
	<b>through the profit</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
	<b>and loss</b>			
	<b>Baht'000</b>			
<b>Liabilities as per statement of financial position</b>				
Trade accounts payable	-	796,877	-	796,877
Short-term loans from financial institutions	-	3,689,464	-	3,689,464
Current portion of finance lease liabilities	-	5,880	-	5,880
Derivative financial instruments	62,309	-	-	62,309
Long-term loans from financial institutions	-	200,000	-	200,000
Debentures	-	2,150,000	-	2,150,000
Finance lease liabilities	-	2,121	-	2,121
<b>Total</b>	<b>62,309</b>	<b>6,844,342</b>	<b>-</b>	<b>6,906,651</b>

**38 Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if any) or to historical information about counterparty default rates:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Deposits held at call with banks</b>				
Aa1	34,548	64,107	-	3,933
Aa2	52,180	86,538	-	-
Aa3	9,643	-	-	-
A1	237,686	133,822	25	22,872
A2	114,266	246,624	110,076	58,408
A3	479,504	407,690	144,685	264,150
Baa1	698,345	287,161	264,728	153,697
Baa2	1,901	70,808	383	4,514
Baa3	227,889	168,598	19,215	2,522
No rating	9,008	8,083	340	56
Total deposits held at call with banks	<u>1,864,970</u>	<u>1,473,431</u>	<u>539,452</u>	<u>510,152</u>

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Trade accounts receivable</b>				
Counterparties without external credit rating				
Group 1	657,652	835,329	357,357	30
Group 2	5,535,080	4,425,250	3,406,664	3,277,134
Group 3	986,327	905,760	-	-
Total unimpaired trade accounts receivable	<u>7,179,059</u>	<u>6,166,339</u>	<u>3,764,021</u>	<u>3,277,164</u>

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Derivative financial instruments</b>				
Counterparties with external credit rating				
Aa1	16,275	127	15,945	127
Aa2	10,996	-	10,411	-
A2	130	-	130	-
A3	-	43,936	-	33,062
Baa1	-	8,832	-	8,832
Baa2	-	324	-	324
Baa3	-	701	-	701
Counterparties without external credit rating				
Group 2	48,573	46,219	34,025	182
Total derivative financial instruments	<u>75,974</u>	<u>100,139</u>	<u>60,511</u>	<u>43,228</u>

**38 Credit quality of financial assets (Cont'd)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Fixed deposits pledged as collateral</b>				
Aa1	-	11,833	-	-
Aa2	23,083	34,955	-	-
A2	16,407	15,316	-	-
Baa1	21,695	23,069	13,128	-
Baa2	-	14,309	-	12,990
Total fixed deposits pledged as collateral	<u>61,185</u>	<u>99,482</u>	<u>13,128</u>	<u>12,990</u>

- Group 1 New other customers/related parties (less than 6 months)  
Group 2 Existing customers/ related parties (more than 6 months) with no defaults in the past  
Group 3 Existing customers/ related parties (more than 6 months) with some defaults in the past that were fully recovered

Maintenance margins are held with high quality counterparties with no history of default. None of the financial assets that are fully performing has been renegotiated during the financial year.

**39 Promotional privileges**

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 2520, the Group and the Company were granted certain privileges on their manufactures of concentrated latex, STR block rubber and Skim Crepe, which included among others, as follows:

- Exemption from payment of import duty on imported machinery and equipment as approved by BOI committee
- Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal income tax rate for the next five years after the period of eight years is expired

As a promoted industry, the Group and the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Sales classified as promoted and non-promoted business for the years ended 31 December 2013 and 2012 of the Group are summarised as follows:

	<b>2013</b>			<b>2012</b>		
	<b>Promoted business</b>	<b>Non-promoted business</b>	<b>Total</b>	<b>Promoted business</b>	<b>Non-promoted business</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Export sales and service income, net	35,170,866	56,163,993	91,334,859	31,733,959	63,802,662	95,536,621
Domestic sales and service income, net	8,198,482	12,868,187	21,066,669	10,901,808	15,921,394	26,823,202
Total	<u>43,369,348</u>	<u>69,032,180</u>	<u>112,401,528</u>	<u>42,635,767</u>	<u>79,724,056</u>	<u>122,359,823</u>
Intersegmental balances			<u>(20,216,347)</u>			<u>(22,720,721)</u>
Total			<u>92,185,181</u>			<u>99,639,102</u>

#### 40 Contingent liabilities and commitments

##### 40.1 Sales and purchases commitments

The Group and the Company are committed to certain sales and purchases. Some of the contractual prices are fixed and are to be settled at future dates and some for which the contractual prices are not determined at the contract date. However, the values of these commitments are presented at the fixed contractual prices or the market prices at the end of the period in case the contractual price are not determined at the contract date as follows:

	<u>Consolidated</u>	<u>Company</u>
	<b>2013</b>	<b>2013</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Purchases from:		
A joint venture	248,301	-
Third parties	4,886,601	-
	<u>5,134,902</u>	<u>-</u>
Sales to:		
Associates	2,785,491	1,442,837
Third parties	41,537,297	18,222,450
	<u>44,322,788</u>	<u>19,665,287</u>

##### 40.2 Capital commitments

The Group and the Company has capital commitments as follows:

	<u>Consolidated</u>	<u>Company</u>
	<b>2013</b>	<b>2013</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Capital commitments	<u>729,131</u>	<u>394,366</u>

##### 40.3 Commitments to guarantee loans of subsidiaries, associates, and a joint venture and contingent liabilities

40.3.1 The Company has a commitment to guarantee the loans of subsidiaries and an associate as follows:

			<u>31 December 2013</u>	
	<u>Relationships</u>	<u>Currencies</u>	<u>Amount</u>	<u>(Equivalent)</u>
				<u>Baht Million</u>
Sri Trang USA, Inc.	An overseas subsidiary	USD Million	47	1,550
PT Sri Trang Lingga Indonesia	An overseas subsidiary	USD Million Rupiah Billion	24 362	799 969
PT Star Rubber	An overseas subsidiary	Rupiah Billion	40	107
Sempermed USA, Inc.	An overseas associated company	USD Million	2	66

40.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agency totaling Baht 61 million and has pledged its fixed deposits of Baht 14 million as collateral for these bank guarantees.

**40 Contingent liabilities and commitments (Cont'd)**

**40.4 Operating lease commitments - where the Group and the Company is the lessee**

The future aggregate minimum lease payments under non-cancellable operating leases of the Group and the Company are as follows:

	<u>Consolidated</u>	<u>Company</u>
	<u>2013</u>	<u>2013</u>
	<u>Baht 000</u>	<u>Baht '000</u>
Not later than 1 year	102,110	48,440
Later than 1 year but not later than 5 years	94,741	41,795
Later than 5 years	1,774	-
Total	<u>198,625</u>	<u>90,235</u>

**41 Event occurring after the reporting date**

At the Extraordinary General Shareholders' Meetings of a subsidiary, the shareholders approved a resolution to increase the authorised share capital from Baht 3,900 million to Baht 4,700 million by registering additional 8,000,000 ordinary shares at par of Baht 100 each. The Company purchased all increasing shares. The subsidiary registered the increased share capital with the Ministry of Commerce on 28 January 2014.