

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of Sri Trang Agro-Industry Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine two key audit matters: Business acquisition and valuation of goodwill. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Business acquisition</p> <p>Refer to notes 13 and 37 to the consolidated and separate financial statements on investments in subsidiaries, associates and joint ventures and business acquisition.</p> <p>On 15 March 2017, the Group acquired additional shares of Siam Sempmed Corp. Ltd. (Subsequently changed its name to "Sri Trang Gloves (Thailand) Co., Ltd."), which engaged in manufacturing of medical gloves. The purchase consideration was Baht 8,307 million consisting of Baht 5,678 million in net cash paid, Baht 641 million in fair value of investments in associates and joint ventures and Baht 1,988 million from the fair value of the previously held interest in Sri Trang Gloves (Thailand) Co., Ltd. before the acquisition date. The purchase of additional shares resulted in the shareholding interest increase from 40.23% to 90.23%. Consequently, the Group has obtained control over Sri Trang Gloves (Thailand) Co., Ltd. (Step acquisition) since then. The Group management assessed that the acquisition met the definition of a business combination in Thai Financial Reporting Standards no.3 (TFRS 3) - Business Combination.</p> <p>The Group management determined that the fair value of the net identifiable assets acquired was Baht 5,941 million, which mostly consisted of property, plant and equipment of Baht 4,135 million and the Group recognised goodwill of Baht 2,954 million in the consolidated financial statements. The valuation of net identifiable assets was performed as part of the purchase price allocation and the valuation of those assets is in accordance with a business combination under TFRS 3.</p> <p>I focused on the measurement of acquired net identifiable assets arising from the business combination and goodwill on the acquisition date because the fair value of acquired identifiable assets involved a significant level of the Group management's judgement from assumptions used in determining related fair value such as revenues, gross profit rate and discount rate.</p>	<p>My key procedures included the following :</p> <ul style="list-style-type: none"> • Evaluated the Group management's judgement about the assessment of the business combination of Sri Trang Gloves (Thailand) Co., Ltd. whether the measurement of fair value was appropriate and in accordance with the requirements for a business combination under TFRS 3. • Assessed the appropriateness of the identifiable assets acquired and liabilities assumed at the acquisition date by reading and analyzing the clauses laid out in the memorandum of understanding and related agreements and making enquiries with the Group management about the reasons for the acquisition. • Tested the Group management's procedures in determining the fair value of the net identifiable assets acquired, such as the fair value of property, plant and equipment based on related assessment report by an independent asset appraiser. • Made further enquiries the Group management whether there were other identifiable assets and liabilities acquired but not identified in the memorandum of understanding and related agreements. • Tested the calculation of goodwill from the business combination of Sri Trang Gloves (Thailand) Co., Ltd., which was a difference between the consideration paid and fair value of the net identifiable assets. The goodwill of Baht 2,954 million was determined by the Group management based on the increase of its market shares of gloves in overseas. <p>Based on my procedures performed, I found that the Group management's assumptions used in identifying the fair values of net identifiable assets arising from the business combination were reasonable and in line with the Thai Financial Reporting Standards for the business combination.</p>

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of goodwill</p> <p>Refer to notes 4 and 18 to the consolidated and separate financial statements on critical accounting estimates and judgements and goodwill.</p> <p>As at 31 December 2017, the Group carried a significant amount of goodwill for the first time on its statement of financial position. Under related Thai Financial Reporting Standards, the Group is required to test the amount of goodwill for impairment annually as well as when there was a triggering event indicating the potential for impairment. This includes the identification of the Group's Cash Generating Unit (CGU) that related to goodwill.</p> <p>I focused on this area because the size of goodwill balance of Baht 2,954 million or around 4.95% of total assets, the complexity of the assessment process and significant judgments and assumptions involved which were affected by unexpected future market or economic conditions. The Group assessed the value-in-use of goodwill by using the discounted cash flow model that required supporting assumptions. This was subjected to the Group management's judgments such as revenue growth rates and discount rates applied to the cash flow forecasts.</p> <p>For the year ended 31 December 2017, the Group management performed an impairment testing over the goodwill balance by:</p> <ol style="list-style-type: none"> 1. Calculating the value in use for each Cash Generating Unit ("CGU") using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for CGU over 7 years, with a constant terminal growth rate applied to the 7th year. The resulting cash flows were then discounted to net present value using the weighted average cost of capital (WACC) 2. Comparing the resulting value in use of CGU to their respective book value. <p>As at 31 December 2017, the Group presented goodwill of Baht 2,954 million on the statement of financial position. Based on the annual goodwill impairment testing by comparing the resulting value in use of CGU to their respective book value, the Group management concluded that no goodwill impairment was required. Related key assumptions were disclosed in note 18 to the consolidated and separate financial statements.</p>	<p>My key procedures included the following:</p> <ul style="list-style-type: none"> • Understood, evaluated and challenged the composition of the Group's cash flow forecasts and the process by which they were developed, including testing of the mathematical accuracy of the underlying calculations. • Compared the cash flow forecasts to the approved budgets and business plans and other evidences concerning future plans. • Compared current year actual results with the figures included in the prior year forecast to consider whether any forecasts included assumptions that had been optimistic. • Assessed the Group management's key assumptions by comparing them to historical results and economic and industry outlook. • Tested the parameters used in determining the discount rate applied and re-performed the calculations. • Inquired the Group management on the adequacy of their sensitivity calculations over each of CGU. The valuation of goodwill was sensitive to changes in key assumptions such as revenue growth and discount rate. In case they were not achieved, it could reasonably expected to give rise to impairment charge in the future. • Evaluated the adequacy of the disclosures made in related notes of the financial statements, including those key assumptions. <p>Based on my procedures performed, I considered the key assumptions used and conclusion reached by the Group management were supportable and appropriate in light of the current environment and circumstance. I also assessed that the disclosures are adequate.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
28 February 2018

Sri Trang Agro-Industry Public Company Limited
Statements of Financial Position
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	2,241,899,673	1,674,618,807	269,018,868	341,997,422
Derivative financial instruments	8	407,938,505	164,979,930	256,520,319	20,160,205
Trade accounts receivable and other receivables, net	9	7,212,308,344	8,093,256,160	4,122,493,048	3,526,070,485
Amounts due from futures brokers		810,539,650	633,921,366	16,177,188	22,980,570
Inventories, net	10	17,122,979,336	20,931,003,297	7,679,732,386	10,860,738,679
Current portion of long-term loans to subsidiaries	38.4	-	-	915,873,439	534,882,000
Other current assets	11	553,700,811	314,101,947	170,573,304	112,720,704
Total current assets		28,349,366,319	31,811,881,507	13,430,388,552	15,419,550,065
Non-current assets					
Long-term loans to subsidiaries	38.4	-	-	1,625,730,000	1,539,321,476
Fixed deposits pledged as collateral	12	12,139,002	12,320,480	-	-
Investments in subsidiaries	13.1	-	-	18,153,388,548	11,246,845,292
Investments in associates	13.2	367,990,023	1,489,919,788	157,568,800	619,177,500
Investments in joint ventures	13.3	362,012,280	3,699,158,251	134,716,526	197,716,526
Long-term investments	14	153,299,352	59,129,766	152,097,250	58,013,714
Property, plant and equipment, net	15	24,189,691,410	15,765,513,625	8,944,117,159	6,804,703,563
Rubber and palm plantations, net	16	1,832,376,416	1,573,403,867	4,343,101	2,550,659
Intangible assets, net	17	459,793,735	480,804,744	440,581,393	469,980,922
Goodwill	18	2,953,782,343	-	-	-
Investment properties	19	188,910,160	151,931,585	75,663,125	27,769,750
Withholding tax deducted at source		574,760,228	365,540,461	455,811,324	343,758,512
Deferred income tax assets, net	20	197,989,016	492,342,586	-	139,499,375
Other non-current assets	21	65,671,088	56,608,008	20,504,590	17,761,640
Total non-current assets		31,358,415,053	24,146,673,161	30,164,521,816	21,467,098,929
Total assets		59,707,781,372	55,958,554,668	43,594,910,368	36,886,648,994

Director _____

Director _____

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Trade accounts payable and other payables	22	2,614,839,606	3,167,835,158	1,719,257,283	1,740,184,886
Short-term borrowings from financial institutions	23	21,786,026,285	23,433,814,874	14,754,529,000	14,338,230,000
Current portions:					
- Long-term borrowings from financial institutions	23.1	420,654,000	5,397,791,500	300,000,000	4,276,387,500
- Debentures	23.2	600,000,000	-	600,000,000	-
- Finance lease liabilities	23.4	13,167,077	8,333,682	4,092,254	2,466,055
Derivative financial instruments	8	231,242,576	654,919,773	198,130,309	460,845,943
Current income tax payable		153,519,811	113,819,683	-	-
Other current liabilities		37,026,162	59,553,051	18,144,656	27,472,890
Total current liabilities		25,856,475,517	32,836,067,721	17,594,153,502	20,845,587,274
Non-current liabilities					
Long-term borrowings from financial institutions	23.1	7,193,710,000	654,000	4,313,710,000	-
Debentures	23.2	2,265,000,000	2,865,000,000	2,265,000,000	2,865,000,000
Finance lease liabilities	23.4	27,521,245	5,127,618	9,541,549	4,424,685
Deferred income tax liabilities, net	20	745,028,559	119,339,871	91,236,924	-
Provision for retirement benefit obligations	24	308,188,201	185,232,931	93,046,446	83,946,773
Other non-current liabilities		34,966,411	35,214,923	-	-
Total non-current liabilities		10,574,414,416	3,210,569,343	6,772,534,919	2,953,371,458
Total liabilities		36,430,889,933	36,046,637,064	24,366,688,421	23,798,958,732

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	25				
Authorised share capital					
Ordinary shares, 1,535,999,998 shares of par Baht 1 each (2016: 1,280,000,000 shares of par Baht 1 each)		1,535,999,998	1,280,000,000	1,535,999,998	1,280,000,000
Issued and paid-up share capital					
Ordinary shares, 1,535,999,998 shares of par Baht 1 each (2016: 1,280,000,000 shares of par Baht 1 each)		1,535,999,998	1,280,000,000	1,535,999,998	1,280,000,000
Premium on share capital	25	10,851,951,634	8,550,989,821	10,851,951,634	8,550,989,821
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests		(173,134,488)	(173,134,488)	-	-
Asset revaluation surplus, net of accumulated depreciation	26	4,049,446,188	1,296,859,775	1,944,873,058	552,826,994
Unrealised gains on available-for-sale investments	26	16,432,908	12,755,614	15,842,499	12,234,045
Cumulative currency differences on translation	26	(666,077,422)	(284,004,450)	-	-
Retained earnings					
Appropriated - legal reserve	27	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated		7,165,408,573	9,036,069,449	4,751,554,758	2,563,639,402
Equity attributable to owners of the parent		22,908,027,391	19,847,535,721	19,228,221,947	13,087,690,262
Non-controlling interests		368,864,048	64,381,883	-	-
Total equity		23,276,891,439	19,911,917,604	19,228,221,947	13,087,690,262
Total liabilities and equity		59,707,781,372	55,958,554,668	43,594,910,368	36,886,648,994

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Revenues from sales of goods and services	28	89,386,993,929	77,265,520,124	52,043,740,465	38,335,071,028
Cost of sales and services		(85,610,561,379)	(71,852,023,677)	(51,196,015,886)	(35,676,914,450)
Gross profit		3,776,432,550	5,413,496,447	847,724,579	2,658,156,578
Other income	31	685,514,539	197,507,663	5,032,645,582	463,115,714
Selling expenses		(3,467,108,936)	(3,173,723,974)	(2,454,094,311)	(2,379,986,428)
Administrative expenses		(2,391,953,935)	(2,262,237,599)	(817,600,146)	(915,859,293)
Gains on exchange rate, net		561,552,355	6,395,407	390,188,554	76,688,823
Gains on change in fair value from group investment reclassification	37	223,626,008	-	-	-
Gains from disposals of investments in associates and general investment		132,699,762	-	217,824,854	-
Gains (losses) on change in fair value of investment properties	19	47,893,375	(1,887,415)	47,893,375	-
Other gains (losses), net	32	99,514,766	(983,259,130)	(88,165,844)	(734,519,425)
Operating profit (loss)		(331,829,516)	(803,708,601)	3,176,416,643	(832,404,031)
Share of profit of associates and joint ventures	13.2, 13.3	129,841,447	402,762,216	-	-
Profit (loss) before net finance costs and income tax		(201,988,069)	(400,946,385)	3,176,416,643	(832,404,031)
Finance income		49,660,662	35,309,641	117,239,265	75,390,451
Finance costs		(1,245,583,847)	(707,334,973)	(751,216,541)	(417,347,562)
Finance costs, net	33	(1,195,923,185)	(672,025,332)	(633,977,276)	(341,957,111)
Profit (loss) before income tax		(1,397,911,254)	(1,072,971,717)	2,542,439,367	(1,174,361,142)
Income tax income (expense)	34	(20,630,081)	283,242,022	126,037,063	262,459,952
Profit (loss) for the years		(1,418,541,335)	(789,729,695)	2,668,476,430	(911,901,190)
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in deferred tax rates		-	(112,532,597)	-	(87,977,135)
Asset revaluation surplus, net of tax	15	2,848,898,073	-	1,423,477,027	-
Remeasurements of post-employment benefit obligations, net of tax		(17,921,651)	(963,576)	7,963	573,990
Total items that will not be reclassified to profit or loss		2,830,976,422	(113,496,173)	1,423,484,990	(87,403,145)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Change in fair value of available-for-sale investments, net of tax		3,677,294	6,802,909	3,608,454	6,636,403
Currency differences on translation		(390,899,513)	(13,567,292)	-	-
Total items that will be reclassified subsequently to profit or loss		(387,222,219)	(6,764,383)	3,608,454	6,636,403
Other comprehensive income (expense) for the years, net of tax		2,443,754,203	(120,260,556)	1,427,093,444	(80,766,742)
Total comprehensive income (expense) for the years		1,025,212,868	(909,990,251)	4,095,569,874	(992,667,932)

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
 Statements of Comprehensive Income (Cont'd)
 For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements		
	2017	2016	2017	2016	
Note	Baht	Baht	Baht	Baht	
Profit (loss) for the years attributable to:					
Owners of the parent	(1,437,050,885)	(757,985,659)	2,668,476,430	(911,901,190)	
Non-controlling interests	18,509,550	(31,744,036)	-	-	
Profit (loss) for the years	(1,418,541,335)	(789,729,695)	2,668,476,430	(911,901,190)	
Total comprehensive income (expense) for the years attributable to:					
Owners of the parent	1,015,529,859	(880,136,767)	4,095,569,874	(992,667,933)	
Non-controlling interests	9,683,009	(29,853,484)	-	-	
Total comprehensive income (expense) for the years	1,025,212,868	(909,990,251)	4,095,569,874	(992,667,933)	
Earnings (losses) per share					
Basic earnings (losses) per share	35	(1.05)	(0.57)	1.95	(0.69)

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2017

Consolidated financial statements											
Attributable to owners of the parent											
Other components of equity											
Other comprehensive income											
Notes	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 translation Baht	Retained earnings		Total owners of the parent Baht	Non-controlling interests Baht	Total equity Baht
							Appropriated - legal reserve Baht	Unappropriated Baht			
Opening balance as at 1 January 2017	1,280,000,000	8,550,989,821	(173,134,488)	1,296,859,775	12,755,614	(284,004,450)	128,000,000	9,036,069,449	19,847,535,721	64,381,883	19,911,917,604
Profit (loss) for the year	-	-	-	-	-	-	-	(1,437,050,885)	(1,437,050,885)	18,509,550	(1,418,541,335)
Other comprehensive income											
Asset revaluation surplus, net of tax	15	-	-	2,848,898,073	-	-	-	-	2,848,898,073	-	2,848,898,073
Depreciation on assets revaluation, net of tax		-	-	(61,591,416)	-	-	-	61,591,416	-	-	-
Disposal and write-off of assets, net of tax		-	-	(34,720,244)	-	-	-	34,720,244	-	-	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	3,677,294	-	-	-	3,677,294	-	3,677,294
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	-	-	(17,921,651)	(17,921,651)	-	(17,921,651)
Currency differences on translation		-	-	-	-	(382,072,972)	-	-	(382,072,972)	(8,826,541)	(390,899,513)
Total other comprehensive income (expense), net of tax		-	-	2,752,586,413	3,677,294	(382,072,972)	-	78,390,009	2,452,580,744	(8,826,541)	2,443,754,203
Total comprehensive income (expense)		-	-	2,752,586,413	3,677,294	(382,072,972)	-	(1,358,660,876)	1,015,529,859	9,683,009	1,025,212,868
Transactions with equity											
Issued and paid-up share capital	25	255,999,998	2,300,961,813	-	-	-	-	-	2,556,961,811	-	2,556,961,811
Dividend payment	36	-	-	-	-	-	-	(512,000,000)	(512,000,000)	-	(512,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	(293,100,521)	(293,100,521)
Non-controlling interests invested in subsidiaries	37	-	-	-	-	-	-	-	-	587,899,677	587,899,677
Total transactions with equity		255,999,998	2,300,961,813	-	-	-	-	(512,000,000)	2,044,961,811	294,799,156	2,339,760,967
Closing balance as at 31 December 2017		1,535,999,998	10,851,951,634	(173,134,488)	4,049,446,188	16,432,908	(666,077,422)	7,165,408,573	22,908,027,391	368,864,048	23,276,891,439

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Consolidated financial statements												
Attributable to owners of the parent												
Other components of equity												
Other comprehensive income												
	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 differences on translation Baht	Retained earnings		Total owners of the parent Baht	Non-controlling interests Baht	Total equity Baht
								- legal reserve Baht	Unappropriated Baht			
Opening balance as at 1 January 2016		1,280,000,000	8,550,989,821	(173,134,488)	1,427,799,885	6,832,287	(268,546,606)	128,000,000	10,287,731,589	21,239,672,488	94,236,247	21,333,908,735
Loss for the year		-	-	-	-	-	-	-	(757,985,659)	(757,985,659)	(31,744,036)	(789,729,695)
Other comprehensive income												
Change in estimated deferred tax rates		-	-	-	(113,317,008)	(879,582)	-	-	1,663,993	(112,532,597)	-	(112,532,597)
Depreciation on assets revaluation, net of tax		-	-	-	(16,916,840)	-	-	-	16,916,840	-	-	-
Disposal and write-off of assets, net of tax		-	-	-	(706,262)	-	-	-	706,262	-	-	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	6,802,909	-	-	-	6,802,909	-	6,802,909
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	-	-	-	(963,576)	(963,576)	-	(963,576)
Currency differences on translation		-	-	-	-	-	(15,457,844)	-	-	(15,457,844)	1,890,552	(13,567,292)
Total other comprehensive income (expense), net of tax		-	-	-	(130,940,110)	5,923,327	(15,457,844)	-	18,323,519	(122,151,108)	1,890,552	(120,260,556)
Total comprehensive income (expense)		-	-	-	(130,940,110)	5,923,327	(15,457,844)	-	(739,662,140)	(880,136,767)	(29,853,484)	(909,990,251)
Transactions with equity												
Dividend payment	36	-	-	-	-	-	-	-	(512,000,000)	(512,000,000)	-	(512,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(487)	(487)
Non-controlling interests invested in subsidiaries		-	-	-	-	-	-	-	-	-	(393)	(393)
Total transactions with equity		-	-	-	-	-	-	-	(512,000,000)	(512,000,000)	(880)	(512,000,880)
Closing balance as at 31 December 2016		1,280,000,000	8,550,989,821	(173,134,488)	1,296,859,775	12,755,614	(284,004,450)	128,000,000	9,036,069,449	19,847,535,721	64,381,883	19,911,917,604

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Equity (Cont'd)
 For the year ended 31 December 2017

	Separate financial statements							Total equity Baht
	Other components of equity						Total equity Baht	
	Other comprehensive income							
	Notes	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		
Opening balance as at 1 January 2017	1,280,000,000	8,550,989,821	552,826,994	12,234,045	128,000,000	2,563,639,402	13,087,690,262	
Profit for the year	-	-	-	-	-	2,668,476,430	2,668,476,430	
Other comprehensive income								
Asset revaluation surplus, net of tax	15	-	1,423,477,027	-	-	-	1,423,477,027	
Depreciation on assets revaluation, net of tax		-	(31,430,963)	-	-	31,430,963	-	
Change in fair value of available-for-sale investments, net of tax		-	-	3,608,454	-	-	3,608,454	
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	7,963	7,963	
Total other comprehensive income, net of tax		-	1,392,046,064	3,608,454	-	31,438,926	1,427,093,444	
Total comprehensive income		-	1,392,046,064	3,608,454	-	2,699,915,356	4,095,569,874	
Transactions with equity								
Issued and paid-up share capital	25	255,999,998	2,300,961,813	-	-	-	2,556,961,811	
Dividend payment	36	-	-	-	-	(512,000,000)	(512,000,000)	
Total transactions with equity		255,999,998	2,300,961,813	-	-	(512,000,000)	2,044,961,811	
Closing balance as at 31 December 2017		1,535,999,998	10,851,951,634	1,944,873,058	15,842,499	4,751,554,758	19,228,221,947	

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Equity (Cont'd)
 For the year ended 31 December 2017

	Separate financial statements							Total equity Baht
			Other components of equity				Total equity Baht	
			Other comprehensive income					
	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		
Opening balance as at 1 January 2016		1,280,000,000	8,550,989,821	654,327,347	6,479,970	128,000,000	3,972,561,056	14,592,358,194
Loss for the year		-	-	-	-	-	(911,901,190)	(911,901,190)
Other comprehensive income								
Change in estimated deferred tax rate		-	-	(89,094,783)	(882,328)	-	1,999,976	(87,977,135)
Depreciation on assets revaluation, net of tax		-	-	(11,759,977)	-	-	11,759,977	-
Disposal and write-off of assets, net of tax		-	-	(645,593)	-	-	645,593	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	6,636,403	-	-	6,636,403
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	-	573,990	573,990
Total other comprehensive income (expense), net of tax		-	-	(101,500,353)	5,754,075	-	14,979,536	(80,766,742)
Total comprehensive income (expense)		-	-	(101,500,353)	5,754,075	-	(896,921,654)	(992,667,932)
Transactions with equity								
Dividend payment	36	-	-	-	-	-	(512,000,000)	(512,000,000)
Total transactions with equity		-	-	-	-	-	(512,000,000)	(512,000,000)
Closing balance as at 31 December 2016		<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>552,826,994</u>	<u>12,234,045</u>	<u>128,000,000</u>	<u>2,563,639,402</u>	<u>13,087,690,262</u>

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before income tax		(1,397,911,254)	(1,072,971,717)	2,542,439,367	(1,174,361,142)
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		(160,267,935)	11,892,763	101,541,537	75,038,818
Unrealised (gains) losses on revaluation of derivative financial instruments		(666,635,772)	555,114,154	(499,075,748)	509,502,206
Allowance for impairment of trade accounts receivable		6,023,573	-	5,784,853	-
(Reversal of) allowance for inventory cost in excess of net realisable value		343,697,549	(453,738,055)	236,074,377	(163,959,310)
(Reversal of) provision for damaged inventories from fire accident	43	(41,593,901)	41,593,901	-	-
Provision for retirement benefit obligations	24	28,036,190	24,465,947	10,986,907	12,052,621
Depreciation charges	15	1,783,658,404	1,158,988,391	709,129,282	554,238,796
Amortisation charges - rubber and palm plantations	16	4,239,312	690,687	283,335	283,335
Amortisation charges - intangible assets	17	64,489,510	35,546,291	56,360,898	29,456,934
(Reversal of) impairment loss from assets revaluation		24,012,044	-	(15,650,331)	-
Write-off income tax refund		-	131,984,203	-	33,576,786
Finance costs	33	1,245,583,847	707,334,973	751,216,541	417,347,562
Finance income	33	(49,660,662)	(35,309,641)	(117,239,265)	(75,390,451)
Dividend income	31	(1,805,041)	(24,255,815)	(4,827,098,743)	(343,419,619)
Share of profit from investments in associates and joint ventures	13.2, 13.3	(129,841,447)	(402,762,216)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment, rubber and palm plantations and intangible assets	32	788,247	62,118,581	(3,888,880)	922,716
(Gains) on change in fair value from group investment reclassification		(223,626,008)	-	-	-
Gains from disposal of investments in associates and general investment		(132,699,762)	-	(217,824,854)	-
(Gains) losses on change in fair value of investment properties	19	(47,893,375)	1,887,415	(47,893,375)	-
Gains from account receivables by settlement land and buildings		(16,711,862)	-	(5,491,530)	-
Insurance claim income from fire accident		(306,810,556)	-	-	-
Changes in operating assets and liabilities:					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		2,344,944,654	(4,216,128,084)	(618,612,902)	(1,142,861,316)
- Amounts due from futures brokers		(176,618,284)	68,164,972	6,803,382	64,484,580
- Inventories		4,858,293,130	(6,554,191,990)	2,944,931,916	(4,361,636,408)
- Other current assets		(200,983,980)	35,506,345	(169,905,412)	(26,405,231)
- Other non-current assets		(8,218,443)	(20,174,535)	109,309,862	(3,904,798)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		(1,595,469,941)	464,347,512	(46,270,779)	324,539,701
- Other current liabilities		(22,526,889)	19,532,211	(9,328,234)	7,779,621
Cash flows generated from (used in) operating activities		5,524,491,348	(9,460,363,707)	896,582,204	(5,262,714,599)
Interest paid		(1,236,158,145)	(716,256,809)	(753,431,974)	(430,645,247)
Interest received		49,660,662	35,309,641	117,659,458	75,390,451
Income tax refunded		5,652,244	105,391,575	-	5,147,789
Income tax paid		(401,465,308)	(176,373,069)	(112,052,812)	(70,211,691)
Employee benefits paid	24	(5,773,640)	(2,311,150)	(1,877,280)	(1,271,150)
Net cash flows generated from (used in) operating activities		3,936,407,161	(10,214,603,519)	146,879,596	(5,684,304,447)

The notes to the Consolidated and Separate financial statements are integral part of the financial statements.

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Cash received from repayment of long-term loans to a subsidiary	38.4	-	-	540,000,000	300,000,000
Cash paid for long-term loans to subsidiaries	38.4	-	-	(1,178,981,500)	(823,600,000)
Decrease in fixed deposits pledged as collateral		181,478	21,143,362	-	13,823,734
Dividends received		2,299,872,940	1,357,646	4,827,098,743	320,521,451
Cash paid for investments in subsidiaries		(5,129,542,633)	-	(6,803,543,256)	(2,559,480,393)
Cash received from disposal of investments in subsidiaries	13.1	-	-	-	2,014,055,615
Cash received from disposal of investment in associates and a long-term investment		689,389,350	-	689,389,350	-
Cash received from capital decrease of an associate	13.2	-	30,000,000	-	30,000,000
Cash paid for investments in joint venture	13.3	-	(114,616,726)	-	(114,616,726)
Cash received from disposal of property, plant and equipment, rubber and palm plantations and intangible assets		165,899,521	13,526,906	21,033,753	1,412,637
Cash paid for purchase of an investment property	19	-	(214,987)	-	-
Cash paid for purchase of a long-term investment	14	(100,000,000)	-	(100,000,000)	-
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(3,166,765,899)	(2,294,480,551)	(1,085,402,494)	(1,297,611,406)
Net cash used in investing activities		(5,240,965,243)	(2,343,284,350)	(3,090,405,404)	(2,115,495,088)
Cash flows from financing activities					
Increase (decrease) in short-term borrowings from financial institutions		(2,165,567,864)	9,952,871,355	416,299,000	6,604,459,000
Cash received from short-term borrowings from a subsidiary		-	-	500,000,000	-
Repayments in short-term borrowings from a subsidiary		-	-	(500,000,000)	-
Proceeds from long-term borrowings	23.1	4,172,362,500	1,410,000,000	1,172,362,500	540,000,000
Repayments of long-term borrowings	23.1	(1,886,404,000)	(205,211,000)	(765,000,000)	(203,807,000)
Proceeds from debentures	23.2	-	2,265,000,000	-	2,265,000,000
Repayments of debentures	23.2	-	(850,000,000)	-	(850,000,000)
Proceeds from capital increase from non-controlling interests		-	(393)	-	-
Payments on finance lease liabilities	23.4	(6,281,080)	(25,394,058)	(3,944,159)	(4,097,234)
Dividend paid		(506,131,898)	(512,000,000)	(506,131,898)	(512,000,000)
Dividend paid to non-controlling interests		(293,100,521)	(487)	-	-
Proceeds from capital increase		2,556,961,811	-	2,556,961,811	-
Net cash provided by financing activities		1,871,838,948	12,035,265,417	2,870,547,254	7,839,554,766
Net increase (decrease) in cash and cash equivalents		567,280,866	(522,622,452)	(72,978,554)	39,755,231
Cash and cash equivalents at the beginning of the years		1,674,618,807	2,197,241,259	341,997,422	302,242,191
Cash and cash equivalents at the end of the years	7	2,241,899,673	1,674,618,807	269,018,868	341,997,422
Supplementary information for cash flows:					
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets:					
Property, plant and equipment rubber and palm plantations and intangible assets acquired					
		(3,196,124,626)	(2,315,092,677)	(1,099,728,283)	(1,321,232,094)
Increase in land and buildings due to account receivables repayment		42,953,647	-	21,476,824	-
Increase in finance lease liabilities	23.4	33,508,102	2,906,590	10,687,222	2,841,749
Increase (decrease) in payable from purchases of assets		(47,103,024)	17,705,536	(17,838,257)	20,778,939
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(3,166,765,901)	(2,294,480,551)	(1,085,402,494)	(1,297,611,406)

The notes to the Consolidated and Separate financial statements are 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.

On 29 April 2014, the Company changed its listing status from a primary listing to a secondary listing on the main board of Singapore Exchange Securities Trading Limited. 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, block rubber, gloves and other products. In addition, the Group provides engineering and logistics services.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 February 2018.

2 Basis of financial statement preparation

The consolidated and separate 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 separate 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 separate 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 separate financial statements are set out below:

3.1 Revised financial reporting standards and interpretations are effective on 1 January 2017. These standards have no impact to the Group.

The Group's management assessed and considered that the revised standards will not have an impact on the Group except for disclosure.

3.2 Revised financial reporting standards are effective for annual periods beginning on or after January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

The Group's management assessed and considered that the above revised standards will not have an impact on the Group except for disclosure.

3.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method 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 to the former owners of acquiree 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3 Accounting policies (Cont'd)

3.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)

(a) Subsidiaries (Cont'd)

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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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.

(b) Transactions with 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.

(c) Disposal of subsidiaries

When the Group ceases to have control it shall ceased to consolidate its subsidiaries. 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.

(d) Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed (transfer to retained earnings).

3 Accounting policies (Cont'd)

3.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)

(e) 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.

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

(f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group assessed the characteristics of its joint arrangement and classified as joint venture which are accounted for using the equity method.

A list of the Group's joint ventures is set out in Note 13.3.

(g) Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in associates and joint ventures is reduced but 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. Profit or loss from reduce of the ownership interest in an associates and joint ventures is recognise in profit or loss.

The Group's share of its associates and joint ventures' 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 associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates and joint ventures in profit or loss.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(h) Separate financial statements

In the separate financial statements, investments in subsidiaries, associates and joint ventures are 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.

3 Accounting policies (Cont'd)

3.4 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 as at period end date 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.

(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 in other comprehensive income

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.

3.5 Cash and cash equivalents

In the statements 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. 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.

3.6 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 selling expenses.

3 Accounting policies (Cont'd)

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by 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, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

3.8 Investments

Investments other than investments in subsidiaries, associates and joint ventures 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 purchase 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 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.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
- (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 unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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 income of statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited. 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)

3.9 Property, plant and equipment

Land and buildings comprise mainly factories and offices and are shown at fair value, based on valuations by external independent appraiser every 5 years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All property and plant are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of lands and building are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation 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 gain on asset revaluation to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or the revalued amount, add if appropriate to their residual values over their estimated useful lives, 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.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gain (loss) - net" in profit or loss.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

3 Accounting policies (Cont'd)

3.10 Rubber and palm plantations

Rubber and palm plantations are stated at cost less accumulated amortisation and allowance for impairment, if any.

All costs comprising mainly lands clearing, lands terracing and drainage, planting, weeding and fertilizing involved during the immature period until the rubbers and palms are ready for commercial harvesting at approximately 7 years for rubbers and 2 - 3 years for palms, are capitalised. The Group amortises rubber and palm plantations cost after the commercial harvesting, using a straight-line basis, over a period of 25 years.

3.11 Intangible assets

Computer software

The Group initial computer software programmes from purchase consideration as intangible assets. Historical cost include the expenditure directly attribute to acquisition of items and amortised over their estimated useful life in between 3-10 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 Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost including related transaction costs and measured subsequently after initial recognition at fair value assessed by independent appraiser. Fair value adjustments of investment properties 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 repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. The investment property is subsequently measured at fair values. (The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.)

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

3 Accounting policies (Cont'd)

3.12 Investment properties (Cont'd)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under TAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in gain on asset revaluation. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised gain on asset revaluation, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.13 Goodwill

At the date of acquisition, Goodwill on acquisitions of subsidiaries (Note 18) is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

3.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. 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 assets exceeds its recoverable amount. The recoverable amount 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 are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3 Accounting policies (Cont'd)

3.15 Financial instruments

(a) 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 financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(b) Derivative financial instruments

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

The Group does not apply hedge accounting for derivatives.

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 gains or losses are recognised in the statement of income. Fair value is determined based on quoted market prices from related active exchange market 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.

3.16 Borrowings

Borrowings comprising borrowings from financial institutions and debentures 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 borrowings facilities are recognised as transaction costs of the borrowings 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or losses expense in the period in which they are incurred.

3 Accounting policies (Cont'd)

3.17 Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group lessee has substantially 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 and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss 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 and the lease term.

3.18 Current and deferred income taxes

The tax expense for the period comprises current and deferred taxes. Income 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 end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is 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 from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 tax laws) that have been enacted or substantially enacted by the end of the reporting period 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 from investments in subsidiaries, associates and joint arrangements, 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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Accounting policies (Cont'd)

3.19 Employee benefits

(a) Defined contribution

Defined contribution plans are post-employment benefit plans under which Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid.

The contributions are recognised as employee benefit expense through profit or loss in which they are incurred

(b) Retirement benefits

The Group provides retirement benefits plan for employees under Thai Labor Law. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on salary base and estimated service year till the expected retirement period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method with actuarial Techniques independent actuary in a regular basis to not resulted in a significant difference from the expected amount at financial reporting date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using base salary of staff turnover rate, years to retirement, mortality rate, working term and other factor with market yield of government bond.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

3.20 Provisions

Provisions except employee benefits provisions 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 the amount has been reliably estimated.

3.21 Share capital

Ordinary shares are classified as equity.

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

3 Accounting policies (Cont'd)

3.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services net of output tax, returns, 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 collectability 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 collectability 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.

3.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.24 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 assumptions and judgments are continually evaluated and are based on historical experiences 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 Lands, land improvements, buildings and structures revaluation

After initial recognition of lands, land improvements, buildings and structures. As individual items, the Group presents the assets with revaluated amount at the date of revaluation less the accumulated depreciation and accumulated impairment loss (if any). As the Group's policy, the Group assessed the assets in a regular basis, every 5 years, in order to ensure that the carrying amount is not significant different from the fair value as at reporting date.

In the third quarter of 2017, the Group's fair value of lands, land improvements, buildings and structures was newly determined independently by related independent appraiser using the market approach and the replacement cost less accumulated depreciation. Increases in the carrying amount arising from the revaluation of lands and buildings are recognized to other comprehensive income and presented as a gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decreased in gains on asset revaluation directly in equity. All other decreases are charged to profit or loss (Note 15) which are presented at level 2 fair value.

4.3 Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3.14. The recoverable amounts of cash - generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 18).

4.4 Income tax and deferred income tax

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax. 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.

For fair value of derivatives and other financial instruments. Most of derivatives that the Group enter into are traded in an active market and thus the fair value can be determined easily with insignificant degree of judgement.

5 Financial risk management

5.1 Financial risk factors

The Group'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. Thus risk management plan for the Group focusing on the fluctuation of financial market to reduce the effect of risk to the Group's operations. The Group used financial instruments to protect potential risk.

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 operates 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 uses 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 has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

If Thai Baht had changed by 2.37% (2016: 3.09%) against the US dollars and 3.15% (2016: 5.59%) against the Indonesian Rupiah with all other variables held constant, post-tax profit (loss) for the years, and shareholders' equity would have been impacted as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Impact to profit (loss) after tax in the statements of comprehensive income				
THB against USD				
- Weakened	35,738	32,306	16,747	26,251
- Strengthened	(35,738)	(32,306)	(16,747)	(26,251)
THB against Rupiah				
- Weakened	49,435	102,911	-	-
- Strengthened	(49,435)	(102,911)	-	-
Impact to shareholders' equity in the statements of financial position				
THB against USD				
- Weakened	130,563	169,576	-	-
- Strengthened	(130,563)	(169,576)	-	-
THB against Rupiah				
- Weakened	58,294	56,692	-	-
- Strengthened	(58,294)	(56,692)	-	-

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Price risk

The Group is exposed to commodity price risk from the natural rubber industry. The Group has managed the risks arising from price fluctuations by managing raw material sourcing using rubber futures and physical forward contracts. If the price of natural rubber decreases by 5.44% (2016: 16.65%), with all other variables held constant, post-tax profit (loss) for the years will decrease as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Loss	424,177	337,901	331,439	200,706

The Group is also exposed to equity securities price risk since investments held by the Group are classified on the statements of financial position as available-for-sale. Some of the Group'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 applies the method of portfolios diversification.

The table below summarises the impact of increases in the equity securities on the Group's equity. The analysis is based on the assumption that the price per share of the invested securities had increased by 17.59% (2016: 10.00%), with all other variables held constant and all the Group's available-for-sale equity instruments moved according to the historical correlation with the index:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Equity - unrealised gains on available-for-sale investments	9,351	4,869	5,214	2,419

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings which are issued at floating rates expose the Group to cash flow interest rate risk. The Group manages their cash flow interest rate risk by entering into interest rate swap contracts. If the interest rate decreases by 0.25% (2016: 0.25%), the post-tax profit (loss) for the years will increase/decrease as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Gain	14,928	10,796	7,428	7,991

Borrowings which are issued at fixed rates expose the Group 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.

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 risk exposures to customers, including outstanding receivables and committed transactions. The Group also assesses 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 monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

	Consolidated financial statements				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	
At 31 December 2017					
Short-term borrowings					
from financial institutions	(24,707,198)	-	-	-	(24,707,198)
Trade accounts payable	(1,438,212)	-	-	-	(1,438,212)
Accrued expenses	(796,242)	-	-	-	(796,242)
Long-term borrowings					
from financial institutions	(724,995)	(1,317,825)	(5,029,083)	(1,588,546)	(8,660,449)
Debentures	(683,973)	(863,022)	(1,520,320)	-	(3,067,315)
Finance lease liabilities	(14,736)	(29,103)	-	-	(43,839)
Derivative financial instruments					
- Foreign exchange swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(121,174)	-	-	-	(121,174)
- Rubber futures (Sell)	5,105,420	-	-	-	5,105,420
- Forward foreign exchange Contracts (Sell)	8,615,656	-	-	-	8,615,656
- Physical forward contracts (Buy)	(44,818)	-	-	-	(44,818)
- Foreign exchange options (Buy)	(4,379,240)	-	-	-	(4,379,240)
- Foreign exchange options (Sell)	12,549,466	-	-	-	12,549,466
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392
At 31 December 2016					
Short-term borrowings					
from financial institutions	(25,679,909)	-	-	-	(25,679,909)
Trade accounts payable	(1,664,665)	-	-	-	(1,664,665)
Accrued expenses	(1,050,981)	-	-	-	(1,050,981)
Long-term borrowings					
from financial institutions	(5,628,242)	(707)	-	-	(5,628,949)
Debentures	(101,822)	(673,744)	(2,384,508)	-	(3,160,074)
Finance lease liabilities	(8,727)	(4,139)	(1,249)	-	(14,115)
Derivative financial instruments					
- Foreign exchange swaps	(1,009,282)	-	-	-	(1,009,282)
- Rubber futures (Buy)	(612,131)	-	-	-	(612,131)
- Rubber futures (Sell)	975,096	-	-	-	975,096
- Forward foreign exchange contracts (Sell)	8,173,703	-	-	-	8,173,703
- Physical forward contracts (Buy)	(211,294)	-	-	-	(211,294)
- Physical forward contracts (Sell)	231,061	-	-	-	231,061

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Separate financial statements				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	
At 31 December 2017					
Short-term borrowings					
from financial institutions	(17,649,531)	-	-	-	(17,649,531)
Trade accounts payable	(1,168,260)	-	-	-	(1,168,260)
Accrued expenses	(360,774)	-	-	-	(360,774)
Long-term borrowings					
from financial institutions	(493,426)	(1,077,900)	(3,550,501)	-	(5,121,827)
Debentures	(683,972)	(863,022)	(1,520,320)	-	(3,067,314)
Finance lease liabilities	(4,585)	(10,196)	-	-	(14,781)
Derivative financial instruments					
- Foreign exchange swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(86,694)	-	-	-	(86,694)
- Rubber futures (Sell)	3,480,532	-	-	-	3,480,532
- Forward foreign exchange contracts					
- (Sell)	4,941,931	-	-	-	4,941,931
- Foreign exchange options (Buy)	(2,549,110)	-	-	-	(2,549,110)
- Foreign exchange options (Sell)	9,869,632	-	-	-	9,869,632
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392
At 31 December 2016					
Short-term borrowings					
from financial institutions	(16,559,224)	-	-	-	(16,559,224)
Trade accounts payable	(1,001,265)	-	-	-	(1,001,265)
Accrued expenses	(473,496)	-	-	-	(473,496)
Long-term borrowings					
from financial institutions	(4,463,418)	-	-	-	(4,463,418)
Debentures	(101,822)	(673,744)	(2,384,508)	-	(3,160,074)
Finance lease liabilities	(2,727)	(3,461)	(1,249)	-	(7,437)
Derivative financial instruments					
- Foreign exchange swaps	(1,009,282)	-	-	-	(1,009,282)
- Rubber futures (Buy)	(522,313)	-	-	-	(522,313)
- Rubber futures (Sell)	683,214	-	-	-	683,214
- Forward foreign exchange contracts					
- receipts	5,340,795	-	-	-	5,340,795

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 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. The Group monitors 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 Consolidated and Separate financial statements 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 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Total liabilities	36,430,890	36,046,637	24,366,688	23,798,959
<u>Less</u> Cash and cash equivalents	<u>(2,241,900)</u>	<u>(1,674,619)</u>	<u>(269,019)</u>	<u>(341,997)</u>
Net debt	34,188,990	34,372,018	24,097,669	23,456,962
Total equity	23,276,891	19,911,918	19,228,222	13,087,690
Net debt to total equity ratio	1.47	1.73	1.25	1.79

5.3 Fair value measurements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017, excluding lands, land improvements, buildings and structures and investment properties (Note 15 and Note 19).

	Consolidated financial statements			
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	Total Baht'000
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	256,739	151,200	-	407,939
Available-for-sale financial assets				
- Equity securities (Note 14)	53,299	-	-	53,299
Total assets	310,038	151,200	-	461,238
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	45,338	185,905	-	231,243
Total liabilities	45,338	185,905	-	231,243

5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

	Separate financial statements			Total Baht'000
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	153,777	102,743	-	256,520
Available-for-sale investment				
- Equity securities (Note 14)	52,097	-	-	52,097
Total assets	205,874	102,743	-	308,617
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	34,004	164,126	-	198,130
Total liabilities	34,004	164,126	-	198,130

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016, excluding lands, land improvements, buildings and structures and investment properties (Note 15 and Note 19).

	Consolidated financial statements			Total Baht'000
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	23,054	141,926	-	164,980
Available-for-sale investment				
- Equity securities (Note 14)	48,703	-	-	48,703
Total assets	71,757	141,926	-	213,683
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	280,758	374,162	-	654,920
Total liabilities	280,758	374,162	-	654,920

5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

	Separate financial statements			Total Baht'000
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	20,156	4	-	20,160
Available-for-sale investment				
- Equity securities (Note 14)	47,587	-	-	47,587
Total assets	67,743	4	-	67,747
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	209,386	251,460	-	460,846
Total liabilities	209,386	251,460	-	460,846

There was no transfer between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by 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, 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.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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 years 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 four reportable segments as follows:

- (1) Natural Rubber Products: This segment is engaged in 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) Engineering Business: This segment is engaged in the engineering services including research and development of machinery and production processes, and also providing information system services.
- (3) Plantation: This segment is engaged in plantations including rubber, palm and temperate fruits.
- (4) Other Businesses: This segment is engaged in logistics services and other services. These services are provided mainly to the Group, with minor services provided externally.

As at 31 December 2017, the Group operates across four business segments in seven main geographical areas (2016: seven main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

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6 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2017

	Consolidated financial statements										
	Natural Rubber Products						Engineering Business	Plantation	Other Businesses	Total	
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Vietnam Baht'000	Myanmar Baht'000	Thailand Baht'000	Thailand Baht'000		Thailand Baht'000
Segment revenues	73,821,737	12,812,212	25,867,508	2,349,048	1,833,858	-	352,323	1,081,214	3,397	1,128,545	119,249,842
Inter-segment revenues	(13,973,051)	(10,659,499)	(2,996,449)	-	(49,653)	-	(352,323)	(937,127)	(1,609)	(893,137)	(29,862,848)
Revenues from external customers	59,848,686	2,152,713	22,871,059	2,349,048	1,784,205	-	-	144,087	1,788	235,408	89,386,994
Depreciation and amortisation	(1,468,992)	(279,109)	(6,586)	(1,605)	(2,728)	-	(5,116)	(22,076)	(35,749)	(30,425)	(1,852,386)
Finance income	45,355	1,711	384	-	801	1	-	970	88	351	49,661
Finance costs	(827,668)	(339,398)	(18,496)	(34,166)	-	-	(3,858)	(21,264)	-	(734)	(1,245,584)
Share of profit from investments in associates and joint venture	129,841	-	-	-	-	-	-	-	-	-	129,841
Profit (loss) before income tax	2,505,829	903,738	784,367	(107,669)	(49,611)	(1,805)	7,628	33,099	(175,873)	4,070	3,903,773
Income tax	222,258	(235,277)	(33,031)	5,592	12,176	-	-	(873)	12,063	(3,538)	(20,630)
Profit (loss) for the year	2,728,087	668,461	751,336	(102,077)	(37,435)	(1,805)	7,628	32,226	(163,810)	532	3,883,143
Intersegmental balances											(5,301,684)
Total loss for the year											(1,418,541)
Total assets	58,032,182	7,463,181	6,039,550	461,647	1,437,773	25,644	157,835	1,255,111	6,561,032	4,138,569	85,572,524
Intersegmental balances											(25,864,743)
Total assets											59,707,781

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6 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2016

	Consolidated financial statements										
	Natural Rubber Products						Engineering Business	Plantation	Other Businesses	Total	
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Vietnam Baht'000	Myanmar Baht'000	Thailand Baht'000	Thailand Baht'000		Thailand Baht'000
Segment revenues	53,455,378	8,644,332	22,578,565	1,888,666	1,277,297	-	153,744	2,432,624	874	1,545,820	91,977,300
Inter-segment revenues	(5,346,292)	(6,432,748)	(1,511,231)	(21,632)	-	-	(153,744)	(387,361)	-	(858,772)	(14,711,780)
Revenues from external customers	48,109,086	2,211,584	21,067,334	1,867,034	1,277,297	-	-	2,045,263	874	687,048	77,265,520
Depreciation and amortisation	(818,239)	(279,282)	(8,364)	(2,023)	(2,245)	(95)	(5,388)	(19,477)	(30,071)	(30,041)	(1,195,225)
Finance income	30,663	2,895	221	-	1,053	2	-	198	90	188	35,310
Finance costs	(458,192)	(167,317)	(5,397)	(29,115)	-	(7)	(4,671)	(41,207)	-	(1,429)	(707,335)
Share of profit from investments in associates and joint ventures	402,762	-	-	-	-	-	-	-	-	-	402,762
Profit (loss) before income tax	(587,837)	(673,482)	493,399	(137,091)	(21,805)	(1,366)	(19,070)	201,017	(130,888)	68,846	(808,277)
Income tax	268,762	92,632	(70,664)	38,005	10,831	-	-	(41,538)	91	(14,877)	283,242
Profit (loss) for the year	<u>(319,075)</u>	<u>(580,850)</u>	<u>422,735</u>	<u>(99,086)</u>	<u>(10,974)</u>	<u>(1,366)</u>	<u>(19,070)</u>	<u>159,479</u>	<u>(130,797)</u>	<u>53,969</u>	<u>(525,035)</u>
Intersegmental balances											(264,695)
Total loss for the year											(789,730)
Total assets	<u>44,774,453</u>	<u>7,028,403</u>	<u>5,832,076</u>	<u>1,192,068</u>	<u>507,563</u>	<u>30,848</u>	<u>118,656</u>	<u>2,386,886</u>	<u>6,037,853</u>	<u>4,047,556</u>	<u>71,956,362</u>
Intersegmental balances											(15,997,807)
Total assets											55,958,555

6 Segment information (Cont'd)

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

	Consolidated financial statements	
	2017	2016
	Baht'000	Baht'000
Thailand	26,642,434	15,807,820
Indonesia	2,817,865	2,003,222
Singapore	165,898	160,012
USA	1,580	2,588
China	18,227	23,040
Myanmar	25,627	31,371
Vietnam	131	209
Total	29,671,762	18,028,262

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	109,973	60,071	23,281	29,587
Deposits held at call with banks	2,131,927	1,614,548	245,738	312,410
Total cash and cash equivalents	2,241,900	1,674,619	269,019	341,997

The effective interest rates on deposits held at call with banks were 0.10% - 4.50% per annum (2016: 0.05% - 3.50% per annum).

8 Derivative financial instruments

	Consolidated financial statements			
	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	23,779	(55,844)	-	(120,311)
Foreign exchange options	-	(65,293)	-	-
Rubber options	14,161	(58,646)	-	-
Forward foreign exchange contracts	113,261	(5,183)	60,359	(188,190)
Rubber futures	256,738	(45,338)	23,054	(280,758)
Physical forward contracts	-	(939)	81,567	(65,661)
Total derivative financial instruments	407,939	(231,243)	164,980	(654,920)

	Separate financial statements			
	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	23,778	(55,844)	-	(120,311)
Foreign exchange options	-	(48,665)	-	-
Rubber options	14,161	(58,646)	-	-
Forward foreign exchange contracts	64,804	(971)	4	(131,150)
Rubber futures	153,777	(34,004)	20,156	(209,385)
Total derivative financial instruments	256,520	(198,130)	20,160	(460,846)

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8 Derivative financial instruments (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Notional amounts				
Foreign exchange swaps	920,558	1,009,282	920,558	1,009,282
Foreign exchange options	16,928,706	-	12,418,742	-
Rubber options	2,523,390	-	2,523,390	-
Forward foreign exchange contracts	8,615,656	8,173,703	4,941,931	5,340,795
Rubber futures	5,226,594	1,587,227	3,567,226	1,205,527
Physical forward contracts	44,818	442,355	-	-

9 Trade accounts receivable and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Trade accounts receivable				
- other companies	6,384,306	7,643,206	3,159,695	2,976,587
<u>Less</u> Allowance for impairment of trade accounts receivable	(49,056)	(42,359)	(33,421)	(27,636)
Total trade accounts receivable				
- other companies, net	6,335,250	7,600,847	3,126,274	2,948,951
Trade accounts receivable				
- related companies (Note 38.3)	4,140	98,594	774,966	333,977
Total trade accounts receivable, net	6,339,390	7,699,441	3,901,240	3,282,928
Advances for inventories	172,467	129,536	82,073	65,395
Prepaid expenses	198,666	155,640	63,849	30,771
Accrued income and other receivables	501,785	108,639	75,331	146,976
Total trade accounts receivable and other receivables, net	<u>7,212,308</u>	<u>8,093,256</u>	<u>4,122,493</u>	<u>3,526,070</u>

In 2016, the Group recognised and wrote-off bad debt (including reversing the related allowance for impairment) in consolidated financial statements of Baht 82 million (2017: nil) and in separate financial statements of Baht 35 million (2017: nil).

The aging analysis of the trade accounts receivable - other companies as at 31 December from the due date is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Within credit terms	5,392,887	6,886,141	2,428,577	2,493,897
Overdue 1 - 30 days	832,691	637,701	629,149	421,462
Overdue 31 - 60 days	50,049	31,411	26,301	18,560
Overdue 61 - 90 days	24,029	27,824	13,499	989
Overdue 91 - 120 days	13,486	2,566	10,180	-
Overdue 121 - 365 days	15,832	12,284	11,452	7,453
More than 365 days	55,332	45,279	40,537	34,226
	6,384,306	7,643,206	3,159,695	2,976,587
<u>Less</u> Allowance for impairment of trade accounts receivable	(49,056)	(42,359)	(33,421)	(27,636)
Total trade accounts receivable other companies, net	<u>6,335,250</u>	<u>7,600,847</u>	<u>3,126,274</u>	<u>2,948,951</u>

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

The aging analysis of the trade accounts receivable - related companies as at 31 December from the due date is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Within credit terms	4,138	96,613	767,717	318,735
Overdue 1 - 30 days	-	1,981	14	8,346
Overdue 31 - 60 days	2	-	1	6,711
Overdue 61 - 90 days	-	-	-	-
Overdue 91 - 120 days	-	-	-	-
Overdue 121 - 365 days	-	-	7,234	185
More than 365 days	-	-	-	-
Total trade accounts receivable - related companies	4,140	98,594	774,966	333,977

10 Inventories, net

	Consolidated financial statements					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Finished goods	6,911,670	4,749,865	(316,017)	(617)	6,595,653	4,749,248
Work-in-progress	3,845,619	3,926,578	(85,419)	(527)	3,760,200	3,926,051
Raw materials, packagings and chemicals	6,487,633	12,189,730	(5,724)	*(46,395)	6,481,909	12,143,335
Spare parts and supplies	372,348	112,369	(87,131)	-	285,217	112,369
Total	17,617,270	20,978,542	(494,291)	(47,539)	17,122,979	20,931,003

* As at 31 December 2016, the Group set up an allowance for damaged inventories from fire accident in PT Star Rubber approximately Baht 42 million (Rupiah 15,552 million). During 2017, the Group also reversed all related allowance of impairment loss for damaged inventories out from the financial statements based on the confirmation letter of related claim compensation from their insurers (Note 43).

	Separate financial statements					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Finished goods	3,079,210	2,058,843	(232,449)	-	2,846,761	2,058,843
Work-in-progress	1,989,626	2,470,203	(7,233)	-	1,982,393	2,470,203
Raw materials, vessels and chemicals	2,795,540	6,285,089	(287)	(3,895)	2,795,253	6,281,194
Spare parts and supplies	55,325	50,499	-	-	55,325	50,499
Total	7,919,701	10,864,634	(239,969)	(3,895)	7,679,732	10,860,739

10 Inventories, net (Cont'd)

During the year 2017, the cost of inventories for the consolidated financial statements was recognised as costs of sales and services amounting to Baht 76,998 million (2016: Baht 66,904 million) and for the separate financial statements amounting to Baht 48,541 million (2016: Baht 33,512 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2017, the Group provided for an allowance for inventory cost in excess of net realisable value for consolidated financial statements amounting to Baht 344 million (2016: Reversal of allowance for inventory cost in excess of net realisable value amounting to Baht 454 million) and for the separate financial statements amounting to Baht 236 million (2016: Reversal of allowance for inventory cost in excess of net realisable value amounting to Baht 164 million).

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Value added tax refundable	507,229	219,954	156,953	64,930
Prepaid withholding tax	16,121	23,378	-	-
Undue input value added tax suspenses	30,351	70,770	13,620	47,791
Total other current assets	<u>553,701</u>	<u>314,102</u>	<u>170,573</u>	<u>112,721</u>

12 Fixed deposits pledged as collateral

As at 31 December 2017, the Group had fixed deposits pledged as collateral amounting to Baht 12 million (2016: Baht 12 million). For the year ended 31 December 2017, the fixed deposits earned interest rate of 0.65% to 1.50% per annum (2016: 0.10% to 1.35% per annum). Fixed deposits are pledged as collateral for short-term borrowings and bank guarantees facilities from several financial institutions.

13 Investments in subsidiaries, associates and interests in joint ventures

13.1 Investment in subsidiaries

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Subsidiaries	-	-	18,153,389	11,246,845

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in subsidiaries (Cont'd)

Significant investments of the Company and its subsidiaries are as follows:

Subsidiaries	Consolidated financial statements			
	Activities	Countries of incorporation	% Ownership interest	
			2017	2016
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of 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.	Investment holding	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
Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp.,Ltd) ¹	Manufacture of medical gloves	Thailand	90.23	40.23
Indirect subsidiaries				
Sri Trang International Pte Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of rubber products	Singapore	99.99	99.99
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	99.99	99.99
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of block rubber products	Indonesia	98.99	98.99
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	99.99	99.99
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of block rubber products	Myanmar	58.99	58.99
Shidong Shanghai Medical Equipment Co.,Ltd. ² (Held by Startex Rubber Co., Ltd.) ²	Distribution of gloves	China	99.99	-

The movement in investments in subsidiaries can be summarised as follows:

Additional investment and reclassification	Relationships	Currencies	Consolidated financial statements			
			31 December 2017		31 December 2016	
			Shares ('000)	(Equivalent) Baht Million	Shares ('000)	(Equivalent) Baht Million
Startex Rubber Co., Ltd.	Subsidiary	Baht Million	-	50	-	2,025
Sri Trang International Pte Ltd.	Indirect subsidiary	USD Million	-	-	(61)	(2,014)
Sri Trang USA, Inc.	Subsidiary	USD Million	1	34	-	-
Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp., Ltd) ¹	Subsidiary	Baht Million	18,046	6,430	-	-
Sri Trang Rubber & Plantation Co., Ltd.	Subsidiary	Baht Million	2,500	392	-	534
Shidong Shanghai Medical Equipment Co.,Ltd. ²	Indirect subsidiary	USD Million	-	57	-	-
		Total		<u>6,963</u>		<u>545</u>

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in subsidiaries (Cont'd)

¹ In March 2017, Sri Trang Gloves (Thailand) Co., Ltd. ("Sri Trang Gloves") was changed status from a joint venture to a direct subsidiary and also its name. The Group holds 90.23% of the shares in Sri Trang Gloves. Related detail is shown in Note 37 Business acquisition.

² In May 2017, The Company established its new indirect subsidiary being named as Shidong Shanghai Medical Equipment Co., Ltd. ("SDME") in China. The Company has invested in SDME through its subsidiary, Startex Rubber Co., Ltd. ("STC"), 99.99% in which STC holds 100% of shares.

13.2 Investment in associates

Investments accounted for using equity method

The amount recognised in the statements of financial position are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000 Equity Method	2016 Baht'000 Equity Method	2017 Baht'000 Cost Method	2016 Baht'000 Cost Method
Associates	367,990	1,489,920	157,569	619,178

The amount of share of profit recognised in the statements of comprehensive income are as follows:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Associates	155,444	178,851	-	-

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13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in associates (Cont'd)

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			Profit(loss) sharing	% Ownership interest
			Assets	Liabilities	Revenues		
2017							
Direct associates							
Semperflex Asia Co., Ltd. ³	Manufacture of hydraulic hoses	Thailand	472,146	105,524	675,963	159,484	42.50
Sempermed USA, Inc. ⁴	Distribution of medical gloves	USA	-	-	-	11,222	-
Pattana Agro Futures Co., Ltd. ³	Futures broker	Thailand	8,303	48	118	49	40.00
Semperflex Shanghai Co., Ltd. ⁴	Manufacture of hydraulic hoses	China	-	-	-	2,526	-
Sempermed Singapore Pte Ltd. ⁴	Investment holding in the company selling medical gloves	Singapore	-	-	-	(2,479)	-
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.) ⁴	Sales of medical gloves	Brazil	-	-	-	(19,936)	-
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.) ⁴	Manufacture of glove formers	Malaysia	-	-	-	4,578	-
2016							
Direct associates							
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	901,490	72,856	630,643	155,297	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	628,046	264,046	1,497,112	24,365	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	8,435	100	543	(1,602)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	384,692	88,808	276,051	28,395	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company selling medical gloves	Singapore	52,812	27,821	-	(39,884)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	52,016	15,799	-	-	50.00
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	50,944	14,892	68,170	12,280	41.43

³ All associate companies of the Group are private companies and there is no quoted market price available for its shares. Moreover, there are no contingent liabilities relating to the Group's interest in the associates.

⁴ In March 2017, The Company disposed its investment in associates and an indirect joint venture to Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit"). Therefore, profits (losses) from operation of associates had been recognised as profit (loss) sharings in consolidated financial statements until the Group disposed the investments.

The Group has individually immaterial associates as disclosed above that are accounted for using the equity method.

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in associates (Cont'd)

Movement in investments in associates can be summarised as follows:

	Relationships	Consolidated financial statements	
		2017 Baht million	2016 Baht million
Pattana Agro Futures Co., Ltd.	Direct associate	-	(30)
Sempermed USA, Inc. ⁵	Direct associate	(330)	-
Semperflex Shanghai Co., Ltd. ⁵	Direct associate	(294)	-
Sempermed Singapore Pte Ltd. ⁵	Direct associate	(21)	-
Sempermed Brazil Comercio Exterior LTDA (held by Sempermed Singapore Pte Ltd.) ⁵	Indirect associate	-	-
Formtech Engineering (M) Sdn. Bhd. (held by Sempermed Singapore Pte Ltd.) ⁵	Indirect associate	(20)	-
	Total(s)	(665)	(30)

⁵ In March 2017, The Company disposed its investment in associates and an indirect joint venture to Semperit Technische Produkte Gesellschaft m.b.H. Related detail is shown in Note 37 Business acquisition.

13.3 Investment in joint ventures

Investments accounted for using equity method

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Joint ventures	362,012	3,699,158	134,717	197,717

The amount of share of profit recognised in the statement of comprehensive income are as follows:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Joint ventures	(25,603)	223,911	-	-

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.3 Investment in joint ventures (Cont'd)

Investments accounted for using equity method (Cont'd)

The jointly controlled entities are as follows:

Name	Activities	Country of incorporation	Consolidated financial statements	
			% Ownership interest	
			31 December 2017	31 December 2016
Direct joint ventures				
Thaitech Rubber Corp., Ltd.	Manufacture of block rubber products	Thailand	42.51	42.51
Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.)	Manufacture of medical gloves	Thailand	-	40.23
Indirect joint ventures				
Shanghai Sempermed Gloves Co., Ltd. ⁶ (held by Sri Trang Gloves (Thailand) Co., Ltd.)	Manufacture of medical gloves	China	-	40.23
PT. Thaitech Rubber Indonesia (held by Thaitech Rubber Co.,Ltd.)	Manufacturing and selling of rubbers	Indonesia	42.51	42.51

⁶ In March 2017, Sri Trang Gloves (Thailand) Co., Ltd (formerly Siam Sempermed Corp. Ltd.) disposed all of investment in Shanghai Sempermed Gloves Co., Ltd. to Semperit Technische Produkte Gesellschaft m.b.H.

The company has changed group of investment from a joint venture to a subsidiary can be summarised as follows:

	Relationship	Consolidated financial statements	
		2017	2016
		Baht million	Baht million
Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp., Ltd.)	A joint venture	(1,764)	-

Individually immaterial joint ventures

The Group has interests in an individually immaterial joint ventures that are accounted for using the equity method.

For the years ended 31 December	2017	2016
	Baht'000	Baht'000
Aggregate carrying amount of an individually immaterial a joint venture		
Aggregate amounts of the Group's share of:		
Loss before income tax	(322,144)	(156,781)
Income tax	(33,811)	9,135
Loss for the years	(355,955)	(147,646)
Other Comprehensive income (expense)	(49,728)	10,525
Total comprehensive expense for the years	<u>(405,683)</u>	<u>(137,121)</u>

All joint ventures of the group are private companies and there is no quoted market price available for its shares. Moreover, there are no contingent liabilities relating to the Group's interest in the associates.

14 Long-term investments

The movements in long-term investments for the years can be summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Opening net book amounts	59,130	50,626	58,014	49,718
Addition	100,000	-	100,000	-
Disposals	(10,427)	-	(10,427)	-
Changes in fair values of available-for-sale investments (Note 26)	4,596	8,504	4,510	8,296
Ending net book amounts	153,299	59,130	152,097	58,014

Long-term investments as at 31 December are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Equity securities				
Available-for-sale investments	53,299	48,703	52,097	47,587
General investments	100,000	10,427	100,000	10,427
Total long-term investments	153,299	59,130	152,097	58,014

Available-for-sale investments

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Available-for-sale investments at cost	32,758	32,758	32,294	32,294
Cumulative changes in fair value	20,541	15,945	19,803	15,293
Total available-for-sale investments at fair value	53,299	48,703	52,097	47,587

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cumulative changes in fair value	20,541	15,945	19,803	15,293
Effect on deferred income tax	(4,108)	(3,189)	(3,961)	(3,059)
Cumulative net gains from changes in fair value, net of tax (Note 26)	16,433	12,756	15,842	12,234

14 Long-term investments (Cont'd)

General investment

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
General investment	100,000	10,427	100,000	10,427

As at 31 December 2017, the Group did not disclose information regarding the fair value of its general investment, which is the investment in Thai Rubber Joint Venture Limited Baht 100 million (2016: nil) at book value, as it is a private company and there is no quoted market price available for its shares.

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15 Property, plant and equipment, net

	Baht'000						Total
	Consolidated financial statements						
	Revaluation basis		Cost basis				
Lands and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation		
At 1 January 2016							
Cost or revalued amount	7,159,328	4,974,996	5,745,883	858,641	476,214	1,186,655	20,401,717
<u>Less</u> Accumulated depreciation	(311,491)	(940,550)	(3,088,481)	(571,076)	(298,405)	-	(5,210,003)
<u>Less</u> Allowance for impairment	-	-	(6,224)	-	-	-	(6,224)
Net book value	<u>6,847,837</u>	<u>4,034,446</u>	<u>2,651,178</u>	<u>287,565</u>	<u>177,809</u>	<u>1,186,655</u>	<u>15,185,490</u>
For the year ended 31 December 2016							
Opening net book value	6,847,837	4,034,446	2,651,178	287,565	177,809	1,186,655	15,185,490
Additions	115,875	23,440	125,535	61,521	52,389	1,463,990	1,842,750
Transfers in (out)	454,216	438,603	449,289	26,239	80,434	(1,448,781)	-
Disposals and write-offs, net	(4,674)	(34,612)	(29,435)	(1,618)	(1,087)	-	(71,426)
Depreciation charges (Note 29)	(192,311)	(142,533)	(644,092)	(86,555)	(93,497)	-	(1,158,988)
Depreciation capitalised to assets	(24)	(67,639)	(2,484)	-	-	-	(70,147)
Currency differences on translation, net	4,273	16,306	11,966	1,212	(245)	4,323	37,835
Closing net book value	<u>7,225,192</u>	<u>4,268,011</u>	<u>2,561,957</u>	<u>288,364</u>	<u>215,803</u>	<u>1,206,187</u>	<u>15,765,514</u>
At 31 December 2016							
Cost or revalued amount	7,719,359	5,410,631	6,187,249	911,553	589,116	1,206,187	22,024,095
<u>Less</u> Accumulated depreciation	(494,167)	(1,142,620)	(3,619,235)	(623,189)	(373,313)	-	(6,252,524)
<u>Less</u> Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	<u>7,225,192</u>	<u>4,268,011</u>	<u>2,561,957</u>	<u>288,364</u>	<u>215,803</u>	<u>1,206,187</u>	<u>15,765,514</u>

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

	Baht'000						Total
	Consolidated financial statements						
	Revaluation basis		Cost basis				
Lands and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation		
For the year ended 31 December 2017							
Opening net book value	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514
Property, plant and equipment from business acquisition	438,254	973,659	2,565,616	66,204	26,669	64,425	4,134,827
Additions	128,206	63,784	123,614	117,560	38,940	2,494,460	2,966,564
Transfers in (out)	233,035	300,038	1,304,951	17,920	45,372	(1,901,316)	-
Reclassification, net	518,258	(518,258)	-	-	-	-	-
Disposals and write-offs, net	(77,759)	(36,055)	(27,788)	(5,651)	(1,500)	(16,681)	(165,434)
Additions of assets revaluation	2,469,633	1,259,893	-	-	-	-	3,729,526
Reductions of assets revaluation	(39,592)	(77,011)	-	-	-	-	(116,603)
Depreciation charges (Note 29)	(180,413)	(324,331)	(1,070,496)	(117,378)	(91,040)	-	(1,783,658)
Depreciation capitalised to assets	(60,710)	(9,226)	(2,569)	-	-	-	(72,505)
Allowance for impairment	(49,700)	-	-	-	-	-	(49,700)
Currency differences on translation, net	(32,397)	(78,593)	(53,028)	(11,585)	(4,732)	(38,505)	(218,840)
Closing net book value	<u>10,572,007</u>	<u>5,821,911</u>	<u>5,402,257</u>	<u>355,434</u>	<u>229,512</u>	<u>1,808,570</u>	<u>24,189,691</u>
At 31 December 2017							
Cost or revalued amount	11,068,818	6,409,049	9,921,850	1,057,193	666,282	1,808,570	30,931,762
<u>Less</u> Accumulated depreciation	(447,111)	(587,138)	(4,513,703)	(701,759)	(436,770)	-	(6,686,481)
<u>Less</u> Allowance for impairment	(49,700)	-	(5,890)	-	-	-	(55,590)
Net book value	<u>10,572,007</u>	<u>5,821,911</u>	<u>5,402,257</u>	<u>355,434</u>	<u>229,512</u>	<u>1,808,570</u>	<u>24,189,691</u>

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

	Baht'000						Total
	Separate financial statements						
	Revaluation basis		Cost basis				
	Lands and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
At 1 January 2016							
Cost or revalued amount	2,363,114	1,964,530	2,795,365	237,373	304,877	834,854	8,500,113
<u>Less</u> Accumulated depreciation	(160,941)	(321,580)	(1,433,308)	(165,680)	(187,583)	-	(2,269,092)
<u>Less</u> Allowance for impairment	-	-	(6,224)	-	-	-	(6,224)
Net book value	<u>2,202,173</u>	<u>1,642,950</u>	<u>1,355,833</u>	<u>71,693</u>	<u>117,294</u>	<u>834,854</u>	<u>6,224,797</u>
For the year ended 31 December 2016							
Opening net book value	2,202,173	1,642,950	1,355,833	71,693	117,294	834,854	6,224,797
Additions	71,769	5,236	58,034	25,088	16,089	960,264	1,136,480
Transfers in (out)	189,571	280,923	438,973	13,364	36,278	(959,109)	-
Disposals and write-offs, net	-	(225)	(2,100)	(5)	(4)	-	(2,334)
Depreciation charges (Note 29)	(61,999)	(103,970)	(317,148)	(25,052)	(46,070)	-	(554,239)
Closing net book value	<u>2,401,514</u>	<u>1,824,914</u>	<u>1,533,592</u>	<u>85,088</u>	<u>123,587</u>	<u>836,009</u>	<u>6,804,704</u>
At 31 December 2016							
Cost or revalued amount	2,624,454	2,250,191	3,260,045	262,959	347,297	836,009	9,580,955
<u>Less</u> Accumulated depreciation	(222,940)	(425,277)	(1,720,396)	(177,871)	(223,710)	-	(2,770,194)
<u>Less</u> Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	<u>2,401,514</u>	<u>1,824,914</u>	<u>1,533,592</u>	<u>85,088</u>	<u>123,587</u>	<u>836,009</u>	<u>6,804,704</u>

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

	Baht'000						Total
	Separate financial statements						
	Revaluation basis		Cost basis				
Lands and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation		
For the year ended 31 December 2017							
Opening net book value	2,401,514	1,824,914	1,533,592	85,088	123,587	836,009	6,804,704
Additions	23,183	17,330	42,946	21,266	9,949	955,883	1,070,557
Transfers in (out)	90,109	169,119	737,088	5,919	25,694	(1,027,929)	-
Disposals and write-offs, net	(1,240)	(1,145)	(5,767)	(1,034)	(488)	(7,336)	(17,010)
Additions of assets revaluation	1,289,975	560,396	-	-	-	-	1,850,371
Reductions of assets revaluation	(11,203)	(44,173)	-	-	-	-	(55,376)
Depreciation charges (Note 29)	(95,525)	(136,919)	(394,099)	(31,125)	(51,461)	-	(709,129)
Closing net book value	<u>3,696,813</u>	<u>2,389,522</u>	<u>1,913,760</u>	<u>80,114</u>	<u>107,281</u>	<u>756,627</u>	<u>8,944,117</u>
At 31 December 2017							
Cost or revalued amount	3,910,485	2,569,006	3,991,022	279,052	378,308	756,627	11,884,500
<u>Less</u> Accumulated depreciation	(213,672)	(179,484)	(2,071,372)	(198,938)	(271,027)	-	(2,934,493)
<u>Less</u> Allowance for impairment	-	-	(5,890)	-	-	-	(5,890)
Net book value	<u>3,696,813</u>	<u>2,389,522</u>	<u>1,913,760</u>	<u>80,114</u>	<u>107,281</u>	<u>756,627</u>	<u>8,944,117</u>

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

The Group's lands, land improvements, buildings and structures thereon were newly revalued in the third quarter of 2017 by independent appraiser using the market approach and the depreciated replacement cost. The asset revaluation surplus net of applicable deferred income tax was credited to 'other component of equity' (Note 26). The Group's lands, land improvements, buildings and structures thereon present at level 2 fair value.

There were no transfers between levels during the year

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Assets revaluation surplus	5,387,196	1,843,361	2,619,590	840,245
<u>Less</u> Accumulated depreciation on assets revaluation surplus	(290,409)	(213,420)	(188,499)	(149,211)
<u>Less</u> Deferred income tax	(1,047,341)	(333,081)	(486,218)	(138,207)
Assets revaluation surplus, net of accumulated depreciation and deferred income tax	<u>4,049,446</u>	<u>1,296,860</u>	<u>1,944,873</u>	<u>552,827</u>

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cost	12,967,063	11,106,570	4,994,856	4,722,763
<u>Less</u> Accumulated depreciation	(2,645,664)	(2,241,936)	(1,381,372)	(1,200,939)
<u>Less</u> Allowance for impairment	(55,590)	(6,057)	(5,890)	(6,057)
Net book value	<u>10,265,809</u>	<u>8,858,577</u>	<u>3,607,594</u>	<u>3,515,767</u>

Consolidated financial statements

The Group's depreciation expense of Baht 1,584 million (2016: Baht 1,020 million) was charged in costs of sales and services and of Baht 200 million (2016: Baht 139 million) in administrative expenses.

As at 31 December 2017, certain lands, land improvements, buildings and structures thereon, and machineries and equipment of some subsidiaries with the total net book value amounting to Baht 382 million (2016: Baht 677 million) are mortgaged as collateral for credit facilities and short-term and long-term borrowings from banks as explained in Note 23.

Separate financial statements

The Company's depreciation expense of Baht 632 million (2016: Baht 491 million) was charged in "costs of sales and services" and of Baht 77 million (2016: Baht 63 million) in administrative expenses.

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cost of assets acquired under finance leases	112,814	111,161	25,342	19,962
<u>Less</u> Accumulated depreciation	(54,388)	(61,277)	(8,166)	(9,770)
Net book value	<u>58,426</u>	<u>49,884</u>	<u>17,176</u>	<u>10,192</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.

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

According to the Group's accounting policy in asset valuation determine to assess the value of lands, land improvements, buildings and structures by an independent appraiser for every 5 years, which become due in 2017. The Group has engaged an independent appraiser approved by The Securities and Exchange Commission.

Due to the revaluation of lands, land improvements, buildings and structures following the accounting policy of the Group at 31 December 2017, this results in changes of increases in the Group's assets revaluation surplus, net of tax totalling amount to Baht 2,849 million and the company's Baht 1,423 million for the year ended 31 December 2017.

The fair value measurement information in accordance with financial reporting standard no.13: Fair value measurement at 31 December 2017 is given below.

	Consolidated financial statements		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Thousand Baht	Thousand Baht	Thousand Baht
	Baht	Baht	Baht
Recurring fair value measurements			
Lands and land improvements	-	10,572,007	-
Buildings	-	5,821,911	-
	Separate financial statements		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Thousand Baht	Thousand Baht	Thousand Baht
	Baht	Baht	Baht
Recurring fair value measurements			
Lands and land improvements	-	3,696,814	-
Buildings	-	2,389,522	-

Fair value measurement technique

Level 2 fair value of lands and land improvements has been generally derived using the sales comparison approach by an independent appraiser. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment and highest best and use. The most significant input into this valuation approach is price per Rai (local space unit) and size of lands.

Level 2 fair values of buildings and structures have been generally derived using the replacement cost approach by an independent appraiser. Replacement value is calculated from construction prices in the market to build the similar characteristics of properties in close proximity and adjusted for depreciation which calculated from utilized period and remaining expected useful life. The most significant input into this valuation approach is construction price per square meter, utility spaces and useful life of buildings.

There was no change in method of estimation in fair value during the period.

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16 Rubber and palm plantations, net

	Baht'000				
	Consolidated financial statements				
	Rubber		Palm		Total
Mature	Immature	Mature	Immature		
At 1 January 2016					
Cost	11,888	1,209,426	8,721	948	1,230,983
<u>Less</u> Accumulated amortisation	(5,273)	-	(4,441)	(29)	(9,743)
Net book value	<u>6,615</u>	<u>1,209,426</u>	<u>4,280</u>	<u>919</u>	<u>1,221,240</u>
For the year ended 31 December 2016					
Opening net book value	6,615	1,209,426	4,280	919	1,221,240
Additions	-	282,708	-	-	282,708
Transfers in (out)	4,635	(4,635)	-	-	-
Amortisation charges (Note 29)	(180)	-	(468)	(43)	(691)
Depreciation capitalised to assets	(1,762)	71,909	-	-	70,147
Closing net book value	<u>9,308</u>	<u>1,559,408</u>	<u>3,812</u>	<u>876</u>	<u>1,573,404</u>
At 31 December 2016					
Cost	16,523	1,559,408	8,721	948	1,585,600
<u>Less</u> Accumulated amortisation	(7,215)	-	(4,909)	(72)	(12,196)
Net book value	<u>9,308</u>	<u>1,559,408</u>	<u>3,812</u>	<u>876</u>	<u>1,573,404</u>
For the year ended 31 December 2017					
Opening net book value	9,308	1,559,408	3,812	876	1,573,404
Additions	-	191,774	-	-	191,774
Transfers in (out)	25,573	(25,780)	-	207	-
Disposals, net	-	(1,068)	-	-	(1,068)
Amortisation charges (Note 29)	(3,719)	-	(469)	(51)	(4,239)
Depreciation capitalised to assets	-	72,505	-	-	72,505
Closing net book value	<u>31,162</u>	<u>1,796,839</u>	<u>3,343</u>	<u>1,032</u>	<u>1,832,376</u>
At 31 December 2017					
Cost	42,097	1,796,839	8,720	1,155	1,848,811
<u>Less</u> Accumulated amortisation	(10,935)	-	(5,377)	(123)	(16,435)
Net book value	<u>31,162</u>	<u>1,796,839</u>	<u>3,343</u>	<u>1,032</u>	<u>1,832,376</u>

16 Rubber and palm plantations, net (Cont'd)

	Baht'000			
	Separate financial statements			
	Rubber		Palm	Total
Mature	Immature	Mature		
At 1 January 2016				
Cost	3,584	-	3,182	6,766
<u>Less</u> Accumulated amortisation	(1,915)	-	(2,017)	(3,932)
Net book value	<u>1,669</u>	<u>-</u>	<u>1,165</u>	<u>2,834</u>
For the year ended 31 December 2016				
Opening net book value	1,669	-	1,165	2,834
Amortisation charges (Note 29)	(90)	-	(193)	(283)
Closing net book value	<u>1,579</u>	<u>-</u>	<u>972</u>	<u>2,551</u>
At 31 December 2016				
Cost	3,584	-	3,182	6,766
<u>Less</u> Accumulated amortisation	(2,005)	-	(2,210)	(4,215)
Net book value	<u>1,579</u>	<u>-</u>	<u>972</u>	<u>2,551</u>
For the year ended 31 December 2017				
Opening net book value	1,579	-	972	2,551
Additions	-	2,075	-	2,075
Amortisation charges (Note 29)	(91)	-	(192)	(283)
Closing net book value	<u>1,488</u>	<u>2,075</u>	<u>780</u>	<u>4,343</u>
At 31 December 2017				
Cost	3,584	2,075	3,182	8,841
<u>Less</u> Accumulated amortisation	(2,096)	-	(2,402)	(4,498)
Net book value	<u>1,488</u>	<u>2,075</u>	<u>780</u>	<u>4,343</u>

17 Intangible assets, net

	Computer software	
	Consolidated financial statements Baht'000	Separate financial statements Baht'000
At 1 January 2016		
Cost	432,048	381,831
<u>Less</u> Accumulated amortisation	(101,736)	(67,145)
Net book value	<u>330,312</u>	<u>314,686</u>
For the year ended 31 December 2016		
Opening net book value	330,312	314,686
Additions	188,853	184,752
Write-offs, net	(2,776)	-
Amortisation charges (Note 29)	(35,546)	(29,457)
Currency differences on translation, net	(38)	-
Closing net book value	<u>480,805</u>	<u>469,981</u>
At 31 December 2016		
Cost	612,869	566,583
<u>Less</u> Accumulated amortisation	(132,064)	(96,602)
Net book value	<u>480,805</u>	<u>469,981</u>
For the year ended 31 December 2017		
Opening net book value	480,805	469,981
Intangible assets from business acquisition	6,701	-
Additions	37,787	27,096
Disposals and write-offs, net	(186)	(135)
Amortisation charges (Note 29)	(64,490)	(56,361)
Currency differences on translation, net	(823)	-
Closing net book value	<u>459,794</u>	<u>440,581</u>
At 31 December 2017		
Cost	653,730	592,545
<u>Less</u> Accumulated amortisation	(193,936)	(151,964)
Net book value	<u>459,794</u>	<u>440,581</u>

18 Goodwill

	Consolidated financial information Baht'000
Opening balance as at 1 January 2017	-
Business acquisition (Note 37)	2,953,782
Closing balance as at 31 December 2017	2,953,782

The recoverable amount of CGU is determined based on value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a seven-year period. Cash flows beyond the seven-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

Terminal growth rate	0.00%
Discount rate	8.47%

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on pass performance its expectations of market development. The weighted average growth rate used are consistent with the forecasts included in industry reports. The discount rates used are post-tax and reflect specific risks relating to the relevant segment.

19 Investment properties

The movements in the investment properties can be summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Opening net book amount	151,932	154,511	27,770	27,770
Additions	-	215	-	-
Gains(losses) from fair value estimation of investment properties	47,893	(1,887)	47,893	-
Currency differences on translation, net	(10,915)	(907)	-	-
Ending net book amount	188,910	151,932	75,663	27,770

The investment property of the Group represent is property held for a currently undetermined future use and lands not in use. The Group has not determined whether it will be held as owner-occupied property or for short-term capital gain appreciation. The lands not used in operations and the investment properties of the Group present at level 2 fair value.

The lands not used in operations was revalued by an independent appraiser using the market approach.

Investment properties are carried at fair value at the date of statements 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.

There were no changes to the valuation techniques during the year.

20 Deferred income tax

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Deferred income tax assets:				
Deferred income tax assets to be recovered within 12 months	130,260	169,852	53,280	92,375
Deferred income tax assets to be recovered after more than 12 months	737,125	547,410	409,543	195,421
	<u>867,385</u>	<u>717,262</u>	<u>462,823</u>	<u>287,796</u>
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled within 12 months	56,831	4,032	51,304	4,032
Deferred income tax liabilities to be settled after more than 12 months	1,357,594	340,227	502,756	144,264
	<u>1,414,425</u>	<u>344,259</u>	<u>554,060</u>	<u>148,296</u>
Deferred income tax - net	<u>(547,040)</u>	<u>373,003</u>	<u>(91,237)</u>	<u>139,500</u>

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Opening net book amounts	373,003	51,620	139,500	(33,181)
Deferred income tax from business acquisition (Note 37)	(292,635)	-	-	-
Charged to profit or loss	468,607	432,587	126,036	262,460
Credited to other comprehensive income	(1,066,467)	(113,822)	(356,773)	(89,779)
Cumulative currency differences on translation	(29,548)	2,618	-	-
Ending net book amounts	<u>(547,040)</u>	<u>373,003</u>	<u>(91,237)</u>	<u>139,500</u>

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20 Deferred income tax (Cont'd)

	Consolidated financial statements									
	1 January 2016 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	Cumulative currency differences on translation Baht'000	31 December 2016 Baht'000	Deferred Tax Assets and Liabilities from business acquisition Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	Cumulative currency differences on translation Baht'000	31 December 2017 Baht'000
Deferred income tax assets										
Tax losses carried forward	164,749	299,856	-	1,502	466,107	-	173,663	-	(16,665)	623,105
Unrealised gains (losses) on derivative financial instruments	2,945	108,720	-	(867)	110,798	-	(73,230)	-	(2,412)	35,156
Allowance for inventory cost in excess of net realisable value	63,157	(44,671)	-	1,705	20,191	26,361	27,629	-	(2,455)	71,726
Cumulative loss from assets revaluation	24,791	17,581	-	187	42,559	-	7,514	-	(721)	49,352
Provision for retirement benefit obligations	21,935	14,388	2,075	299	38,697	14,025	10,814	5,809	(4,725)	64,620
Others	30,900	8,001	-	9	38,910	-	(12,892)	-	(2,592)	23,426
	<u>308,477</u>	<u>403,875</u>	<u>2,075</u>	<u>2,835</u>	<u>717,262</u>	<u>40,386</u>	<u>133,498</u>	<u>5,809</u>	<u>(29,570)</u>	<u>867,385</u>
Deferred income tax liabilities										
Assets revaluation surplus	224,268	(4,504)	113,317	-	333,081	333,021	(66,998)	738,337	-	1,337,441
Fair value estimation of investment properties	1,108	1,891	-	-	2,999	-	9,579	-	-	12,578
Unrealised gains (losses) on derivative financial instruments	19,585	(15,553)	-	-	4,032	-	55,834	-	-	59,866
Adjustment of inventory from fair value to the lower of cost or net realisable value	10,035	(10,123)	-	201	113	-	(113)	-	-	-
Others	1,861	(423)	2,580	16	4,034	-	(393)	919	(20)	4,540
	<u>256,857</u>	<u>(28,712)</u>	<u>115,897</u>	<u>217</u>	<u>344,259</u>	<u>333,021</u>	<u>(2,091)</u>	<u>739,256</u>	<u>(20)</u>	<u>1,414,425</u>
Deferred income tax assets (liabilities), net	51,620	432,587	(113,822)	2,618	373,003	(292,635)	135,589	(733,447)	(29,550)	(547,040)

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20 Deferred income tax (Cont'd)

	Separate financial statements						
	1 January 2016 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2016 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2017 Baht'000
Deferred income tax assets							
Tax losses carried forward	-	157,546	-	157,546	215,527	-	373,073
Unrealised gains (losses) on derivative financial instruments	14,499	77,669	-	92,168	(61,532)	-	30,636
Allowance for inventory cost in excess of net realisable value	12,480	(12,274)	-	206	22,438	-	22,644
Cumulative loss from assets revaluation	7,788	13,253	-	21,041	(3,226)	-	17,815
Provision for retirement benefit obligations	5,459	9,473	1,857	16,789	1,823	(3)	18,609
Others	17	29	-	46	-	-	46
	<u>40,243</u>	<u>245,696</u>	<u>1,857</u>	<u>287,796</u>	<u>175,030</u>	<u>(3)</u>	<u>462,823</u>
Deferred income tax liabilities							
Assets revaluation surplus	52,213	(3,101)	89,095	138,207	(7,858)	355,869	486,218
Fair value estimation of investment properties	1,108	1,891	-	2,999	9,579	-	12,578
Unrealised gains (losses) on derivative financial instruments	19,585	(15,553)	-	4,032	47,272	-	51,304
Others	517	-	2,541	3,058	-	902	3,960
	<u>73,423</u>	<u>(16,763)</u>	<u>91,636</u>	<u>148,296</u>	<u>48,993</u>	<u>356,771</u>	<u>554,060</u>
Deferred income tax assets (liabilities), net	<u>(33,180)</u>	<u>262,459</u>	<u>(89,779)</u>	<u>139,500</u>	<u>126,037</u>	<u>(356,774)</u>	<u>(91,237)</u>

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21 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Refundable deposits	43,354	30,604	15,421	12,683
Others	22,317	26,004	5,084	5,079
Total other non-current assets	65,671	56,608	20,505	17,762

22 Trade accounts payable and other payables

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Trade accounts payable				
- other companies	1,221,484	974,197	349,392	430,670
Trade accounts payable				
- related companies (Note 38.3)	179,733	633,460	791,558	522,822
Accrued expenses	621,595	800,857	274,817	333,387
Deferred income for goods and others	279,897	339,054	170,467	248,263
Deposits and retentions received from customers	99,906	107,213	19,601	16,976
Other accounts payable				
- other companies	211,638	307,052	58,108	124,724
Other accounts payable				
- related companies (Note 38.3)	4	5,677	55,159	63,158
Others	583	325	155	185
Total trade accounts payable and other payables	2,614,840	3,167,835	1,719,257	1,740,185

23 Borrowings

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Current				
Short-term borrowings from financial institutions	21,378,371	23,086,867	14,754,529	14,338,230
Notes payable	407,655	346,948	-	-
Total short-term borrowings from financial institutions	21,786,026	23,433,815	14,754,529	14,338,230
Current portions				
- long-term borrowings from financial institutions	420,654	5,397,792	300,000	4,276,388
- debentures	600,000	-	600,000	-
- finance lease liabilities	13,167	8,334	4,092	2,466
Total current borrowings	22,819,847	28,839,941	15,658,621	18,617,084
Non-current				
Long-term borrowings from financial institutions	7,193,710	654	4,313,710	-
Debentures	2,265,000	2,865,000	2,265,000	2,865,000
Finance lease liabilities	27,521	5,127	9,542	4,425
Total non-current borrowings	9,486,231	2,870,781	6,588,252	2,869,425
Total borrowings	32,306,079	31,710,722	22,246,873	21,486,509

23 Borrowings (Cont'd)

As at 31 December 2017, some of short-term borrowings and some of long-term borrowings balance of Baht 26 million were guaranteed by lands, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 15, certain of the Company's directors (no fee charged) but were not guaranteed by fixed deposits (2016: Baht 774 million). According to a condition of the borrowings agreements, the Company and its subsidiaries 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 borrowings agreements.

The effective interest rates at the statement of financial position date were as follows:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term borrowings from financial institutions	*1.50 - 10.25	1.39 - 11.87	1.50 - 2.30	1.50 - 2.30
Long-term borrowings from financial institutions	3.63 - 4.29	2.63 - 4.80	3.77 - 4.29	2.63 - 4.51
Debentures	2.96 - 4.56	2.96 - 4.56	2.96 - 4.56	2.96 - 4.56

The borrowing interest rates and effective interest rates of short-term borrowings from financial institutions is not significantly different.

23.1 Long-term borrowings from financial institutions

(a) Consolidated financial statements

- Anvar Parawood Co., Ltd.

The first agreement At 31 December 2017, balance of Baht 0.65 million (2016: Baht 2 million), granted by a bank in 2013, was payable monthly starting from January 2014 and until June 2018. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

- Sri Trang Gloves (Thailand) Co., Ltd

The first agreement At 31 December 2017, balance of Baht 3,000 million (2016: nil), granted by a bank in 2017, was payable quarterly from March 2018 to September 2025. This borrowing bears a quarterly interest at the rate of MLR minus a fixed percentage per annum.

23 Borrowings (Cont'd)

23.1 Long-term borrowings from financial institutions (Cont'd)

(b) Separate financial statements

<u>The first agreement</u>	At 31 December 2017, balance of Baht 2,971 million (2016: Baht 3,196 million), granted by a bank in 2012, was payable quarterly from September 2012 to September 2022. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.
<u>The second agreement</u>	At 31 December 2017, balance of Baht 493 million (2016: Baht 540 million), granted by a bank in 2016 was payable in full by the end of December 2019. This borrowing bears a monthly interest at the rate of a fixed percentage per annum.
<u>The third agreement</u>	At 31 December 2017, balance of Baht 493 million (2016: nil), granted by a bank in 2017 was payable in full by the end of June 2020. This borrowing bears a monthly interest at the rate of a fixed percentage per annum.
<u>The fourth agreement</u>	At 31 December 2017, balance of Baht 657 million (2016: nil), granted by a bank in 2017 was payable in full by the end of September 2020. This borrowing bears a monthly interest at the rate of a fixed percentage per annum.

As at 31 December 2017, the Company had complied with certain terms under borrowings agreement. No long-term borrowings from financial institution is classified as current portion of long-term borrowings.

As at 31 December 2016, the Company had long-term borrowings from financial institution balance of Baht 3,536 million, which were reclassified as current portion of long-term borrowings from financial institutions since the Company was not in full compliance with certain terms under the underlying borrowings agreement. As at financial reporting date, the Company had not received the waiver document from the financial institution at that time.

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant and are within level 2 of the fair value hierarchy.

The movements in long-term borrowings can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance	5,398,446	4,193,619	4,276,388	3,940,157
Additions of long-term borrowings from financial institutions	4,172,363	1,410,000	1,172,363	540,000
Repayments of long-term borrowings from financial institutions	(1,886,404)	(205,211)	(765,000)	(203,807)
Cumulative currency differences on translation	(70,041)	38	(70,041)	38
Closing balance	<u>7,614,364</u>	<u>5,398,446</u>	<u>4,613,710</u>	<u>4,276,388</u>

23 Borrowings (Cont'd)

23.1 Long-term borrowings from financial institutions (Cont'd)

The carrying amounts and fair values of the long-term borrowings are as follows:

	Consolidated financial statements			
	Carrying value		Fair values	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Long-term borrowings	7,614,364	5,398,446	7,847,315	5,661,750

	Separate financial statements			
	Carrying value		Fair values	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Long-term borrowings	4,613,710	4,276,388	4,725,704	4,508,894

The fair values of current borrowings equal their carrying amount, as the impact of discounting rate is not significant.

The fair values of the long-term borrowings are based on discounted cash flows using a discount rate based upon the coupon bond rate plus additional private borrowing rate level BBB+ of 2.99% - 4.09% (2016: 1.96% - 3.13%) and are within level 2 of the fair value hierarchy.

23.2 Debentures

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 two tranches as follows:

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

On 18 May 2016, the Company issued and offered the unsubordinated, unsecured with name registered, and with debenture holders' representative debentures, amounting to 2,265,000 units. The debentures are divided into two tranches as follows:

- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2016 Tranche 1 due in 2019
- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2016 Tranche 2 due in 2021

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

	Consolidated and separate financial statements	
	2017	2016
	Baht'000	Baht'000
Opening balance	2,865,000	1,450,000
Issued during the year	-	2,265,000
Redemption during the year	-	(850,000)
Ending balance	2,865,000	2,865,000

23 Borrowings (Cont'd)

23.2 Debentures (Cont'd)

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

	Interest rate %	Par value Baht	31 December 2016 shares	31 December 2017 shares	Term of interest payment	Due for redemption
STA182A	4.50 p.a.	1,000	600,000	600,000	13 February and 13 August every year	13 February 2018
STA195A	2.55 p.a.	1,000	810,000	810,000	18 May and 18 November every year	18 May 2019
STA215A	3.10 p.a.	1,000	1,455,000	1,455,000	18 May and 18 November every year	18 May 2021
			<u>2,865,000</u>	<u>2,865,000</u>		

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

	Consolidated and separate financial statements			
	Carrying amounts		Fair values	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Debentures	<u>2,865,000</u>	<u>2,865,000</u>	<u>2,867,023</u>	<u>2,868,420</u>

The fair value of the debentures is based on quoted prices (unadjusted) in active markets and is within level 1 of the fair value hierarchy.

23.3 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 financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Short-term borrowings				
Fixed rates	<u>21,786,026</u>	<u>23,433,815</u>	<u>14,754,529</u>	<u>14,338,230</u>
Long-term borrowings				
Fixed rates	1,642,360	1,080,038	1,642,360	1,080,038
Floating rates	5,972,004	4,318,408	2,971,350	3,196,350
	<u>7,614,364</u>	<u>5,398,446</u>	<u>4,613,710</u>	<u>4,276,388</u>
Debentures				
Fixed rates	<u>2,865,000</u>	<u>2,865,000</u>	<u>2,865,000</u>	<u>2,865,000</u>
Total borrowings				
Fixed rates	26,293,386	27,378,853	19,261,889	18,283,268
Floating rates	5,972,004	4,318,408	2,971,350	3,196,350
	<u>32,265,390</u>	<u>31,697,261</u>	<u>22,233,239</u>	<u>21,479,618</u>

Fair values of the long-term borrowings and debentures are based upon the borrowings rates which the management expects would be available at the date of statements of financial position. The fair values of short-term borrowings and long-term lease obligations approximate their carrying amounts.

23 Borrowings (Cont'd)

23.3 Additional information for the borrowings from financial institutions and debentures (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Not later than 1 year	22,806,680	28,831,607	15,654,529	18,614,618
Later than 1 year but not later than 3 years	4,122,360	1,410,654	3,702,360	1,410,000
Later than 3 years but not later than 5 years	3,956,350	1,455,000	2,876,350	1,455,000
Later than 5 years	1,380,000	-	-	-
Total borrowings from financial institutions and debentures	32,265,390	31,697,261	22,233,239	21,479,618

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
USD	3,521,774	4,233,773	1,412,400	1,080,038
Rupiah	1,596,823	1,881,150	-	-
THB	27,146,793	25,582,338	20,820,839	20,399,580
Total borrowings from financial institutions and debentures	32,265,390	31,697,261	22,233,239	21,479,618

23.4 Finance lease liabilities

The minimum lease payments recognised as liabilities from the finance leases are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Not later than 1 year	14,736	3,437	4,585	2,728
Later than 1 year but not later than 5 years	29,103	10,678	10,196	4,709
	43,839	14,115	14,781	7,437
<u>Less</u> Future finance charges on finance leases	(3,151)	(654)	(1,147)	(546)
Present values of finance lease liabilities	40,688	13,461	13,634	6,891
Finance lease liabilities				
- Current	13,167	8,334	4,092	2,466
- Non-current	27,521	5,127	9,542	4,425
	40,688	13,461	13,634	6,891

23 Borrowings (Cont'd)

23.4 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Not later than 1 year	13,167	8,334	4,092	2,466
Later than 1 year but not later than 5 years	27,521	5,127	9,542	4,425
	<u>40,688</u>	<u>13,461</u>	<u>13,634</u>	<u>6,891</u>

The movements in finance lease liabilities can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Opening balance	13,461	35,949	6,891	8,146
Additions of finance lease liabilities from financial institutions	33,508	2,906	10,687	2,842
Repayments of finance lease liabilities from financial institutions	(6,281)	(25,394)	(3,944)	(4,097)
Closing balance	<u>40,688</u>	<u>13,461</u>	<u>13,634</u>	<u>6,891</u>

24 Provision for post-employment benefit obligations

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligation	308,188	185,233	93,046	83,947

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	185,233	161,704	83,947	73,883
Provision for post-employment benefit obligations from business acquisition (Note 37)	76,962	-	-	-
Current service costs	20,200	18,746	8,914	9,947
Interest costs	7,836	5,720	2,073	2,105
Employee benefits paid	(5,774)	(2,311)	(1,877)	(1,271)
Remeasurements of post-employment benefit obligations	23,731	1,374	(11)	(717)
At 31 December	308,188	185,233	93,046	83,947

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	20,200	18,746	8,914	9,947
Interest costs	7,836	5,720	2,073	2,105
Total	28,036	24,466	10,987	12,052

Remeasurements of post-employment benefit obligations recognised in the other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Remeasurements of post-employment benefit obligations in the year	(23,731)	(1,374)	11	717
Cumulative remeasurements of post-employment benefit obligations	(13,024)	10,707	(15,133)	(15,143)

24 Provision for post-employment benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	1.46 - 3.97	3.00	1.46 - 3.97	3.00
Inflation rate	2.50	2.50	2.50	2.50
Future salary increases (monthly staff)	5.00	5.00	5.00	5.00
Future salary increases (daily staff)	3.00	3.00	3.00	3.00

The sensitivity of the defined benefit obligation according to actuarial assumptions is:

	2017		
	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decreased by 10%	Increased by 12%
Future salary increases	1%	Increased by 13%	Decreased by 11%

	2016		
	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decreased by 9%	Increased by 11%
Future salary increases	1%	Increased by 12%	Decreased by 10%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 15 years.

Expected maturity analysis of undiscounted defined benefit obligations as at 31 December 2017:

	Consolidated financial statements				
	Less than a year Baht'000	Between 1-2 years Baht'000	Between 2-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
Defined benefit obligations	54,505	9,000	39,610	1,006,689	1,109,804

	Separate financial statements				
	Less than a year Baht'000	Between 1-2 years Baht'000	Between 2-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
Defined benefit obligations	19,432	3,194	19,024	232,663	274,313

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25 Share capital and share premium

	Consolidated and Separate financial statements					
	Par value Baht per share	Number of registered Shares	Issued and paid-up Shares	Ordinary shares Baht'000	Share premium Baht'000	Total Baht'000
At 1 January 2016	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issued and paid-up share capital	-	-	-	-	-	-
At 31 December 2016	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issued and paid-up share capital	1	255,999,998	255,999,998	256,000	2,300,962	2,556,962
At 31 December 2017	1	1,535,999,998	1,535,999,998	1,536,000	10,851,952	12,387,952

As at 31 December 2017, the total authorised number of ordinary shares was 1,535,999,998 shares (2016: 1,280,000,000 shares) with a par value of Baht 1 per share (2016: Baht 1 per share) 1,535,999,998 shares were issued and fully paid-up (2016: 1,280,000,000 shares).

On 31 August 2017, the shareholders at the extraordinary Shareholders' meeting No.2/2017 passed a resolution to approve increase the authorised share capital from 1,280,000,000 ordinary shares with a par value of Baht 1 per share to 1,535,999,998 ordinary shares with a par value of Baht 1 per share. On 6 October 2017, the Company received subscription of 255,999,998 additional shares at Baht 1 par value which were priced at Baht 10 per share. The paid-up share capital and premium on share capital totalling Baht 256 million and Baht 2,301 million, respectively. The Company registered the increased share capital with the Ministry of Commerce on 16 October 2017.

26 Other components of equity

Other components of equity can be analysed as follows:

	Consolidated financial statements			
	Asset revaluation surplus, net of accumulated depreciation Baht'000	Unrealised gains on available-for-sale investments Baht'000	Cumulative currency differences on translation Baht'000	Total Baht'000
For the year ended 31 December 2017				
At 1 January 2017	1,296,860	12,756	(284,005)	1,025,611
Assets revaluation surplus, before tax	3,587,236	-	-	3,587,236
Assets revaluation surplus, tax	(738,338)	-	-	(738,338)
Depreciation transfer on assets revaluation, before tax	(76,989)	-	-	(76,989)
Depreciation transfer on assets revaluation, tax	15,398	-	-	15,398
Disposals and write-offs of assets, before tax	(43,401)	-	-	(43,401)
Disposals and write-offs of assets, tax	8,680	-	-	8,680
Change in fair value of available-for-sale investments, before tax (Note 14)	-	4,596	-	4,596
Change in fair value of available-for-sale investments, tax	-	(919)	-	(919)
Currency differences on translation	-	-	(382,073)	(382,073)
At 31 December 2017	4,049,446	16,433	(666,078)	3,399,801
For the year ended 31 December 2016				
At 1 January 2016	1,427,800	6,832	(268,547)	1,166,085
Depreciation transfer on assets revaluation, before tax	(21,244)	-	-	(21,244)
Depreciation transfer on assets revaluation, tax	4,327	-	-	4,327
Disposals and write-offs of assets, before tax	(883)	-	-	(883)
Disposals and write-offs of assets, tax	177	-	-	177
Change in fair value of available-for-sale investments, before tax (Note 14)	-	8,504	-	8,504
Change in fair value of available-for-sale investments, tax	-	(1,700)	-	(1,700)
Changes in estimated deferred tax rates	(113,317)	(880)	-	(114,197)
Currency differences on translation	-	-	(15,458)	(15,458)
At 31 December 2016	1,296,860	12,756	(284,005)	1,025,611

26 Other components of equity (Cont'd)

	Separate financial statements		
	Asset revaluation surplus, net of accumulated depreciation Baht'000	Unrealised gains on available-for-sale investments Baht'000	Total Baht'000
For the year ended 31 December 2017			
At 1 January 2017	552,827	12,234	565,061
Assets revaluation surplus, before tax	1,779,346	-	1,779,346
Assets revaluation surplus, tax	(355,869)	-	(355,869)
Depreciation transfer on assets revaluation, before tax	(39,289)	-	(39,289)
Depreciation transfer on assets revaluation, tax	7,858	-	7,858
Change in fair value of available-for-sale investments, before tax (Note 14)	-	4,510	4,510
Change in fair value of available-for-sale investments, tax	-	(902)	(902)
At 31 December 2017	<u>1,944,873</u>	<u>15,842</u>	<u>1,960,715</u>
For the year ended 31 December 2016			
At 1 January 2016	654,327	6,480	660,807
Depreciation transfer on assets revaluation, before tax	(14,700)	-	(14,700)
Depreciation transfer on assets revaluation, tax	2,940	-	2,940
Disposals and write-offs of assets, before tax	(807)	-	(807)
Disposals and write-offs of assets, tax	161	-	161
Change in fair value of available-for-sale investments, before tax (Note 14)	-	8,296	8,296
Change in fair value of available-for-sale investments, tax	-	(1,660)	(1,660)
Changes in estimated deferred tax rates	(89,094)	(882)	(89,976)
At 31 December 2016	<u>552,827</u>	<u>12,234</u>	<u>565,061</u>

27 Legal reserve

	Consolidated and Separate financial statements	
	2017 Baht'000	2016 Baht'000
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.

28 Revenues from sales of goods and services

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Revenues from sales of goods	89,386,241	77,265,486	52,043,740	38,335,071
Service income	753	34	-	-
Total revenues from sales of goods and services	89,386,994	77,265,520	52,043,740	38,335,071

29 Expenses by nature

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

For the years ended 31 December	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Changes in finished goods and work-in-process		(1,344,814)	513,071	(539,789)	(1,316,507)
Raw materials and consumables used		60,917,781	48,472,831	32,994,781	27,892,352
(Reversal of) allowance for inventory cost in excess of net realisable value		343,599	(480,903)	236,074	(163,959)
Employee costs and key management benefits	30	2,946,006	2,395,124	921,792	918,079
Depreciation charges	15	1,783,658	1,158,988	709,129	554,239
Amortisation charges - rubber and plantations	16	4,239	691	283	283
Amortisation charges - intangible assets	17	64,490	35,546	56,361	29,457
Transportation and distribution expense		1,689,920	1,588,627	839,637	809,261
Energy expense		1,889,132	1,120,404	540,335	589,405
Cess expense		1,294,826	1,162,790	897,431	778,449

Additional information

The cess expense is a fee charged to exporters of natural rubber products for the rubber replanting aid fund managed by the Office of the Rubber Authority of Thailand (RAOT) for the purpose of replanting support. Such fee is calculated based on exported quantity at the price on export dates multiplied by a fixed rate as agreed.

30 Employee costs and key management benefits

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Wages and salaries	2,611,101	2,085,524	825,569	819,722
Social security costs	85,953	67,050	21,450	22,341
Provident Fund	24,035	22,588	11,397	10,013
Post-employment benefit expenses	28,036	24,466	10,987	12,053
Other employment benefits	196,881	195,496	52,389	53,950
Total employee costs and key management benefits	<u>2,946,006</u>	<u>2,395,124</u>	<u>921,792</u>	<u>918,079</u>

31 Other income

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Income from insurance claim	505,680	28,957	40,419	16,197
Storage income	9,710	34,836	6,550	8,102
Dividend income	1,805	24,256	4,827,099	343,420
Rental income	22,120	39,034	9,009	8,837
Income from sales of scraps	14,799	6,874	2,594	2,765
Office service income	5,553	17,152	22,068	27,218
Income from computer software	14,318	9,301	62,754	27,846
Gain on disposal sparepart	9,464	3,397	1,036	255
Weight income	2,238	6,215	531	988
Income from guaranteed loans	-	-	28,285	21,804
Others	99,828	27,486	32,301	5,684
Total other income	<u>685,515</u>	<u>197,508</u>	<u>5,032,646</u>	<u>463,116</u>

Income from insurance claim in consolidated financial statements in the current period totalling Baht 506 million included income from insurance claim from fire accident of PT Star Rubber in Indonesia in 2016 amounting Baht 463 million (Note 43).

Dividend income in separate financial statements in the current period totaling Baht 4,827 million was dividend income from Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) of Baht 3,578 million, Rubberland Products Co., Ltd. of Baht 500 million and Semperflex Asia Co., Ltd. of Baht 548 million. The dividend income was received in March and December 2017.

32 Other gains (losses), net

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Gains (losses) from rubber derivative financial instruments	100,303	(921,140)	(92,055)	(733,596)
Gains (losses) from disposals and write-offs fixed assets	(788)	(62,119)	3,889	(923)
Total other gains (losses), net	<u>99,515</u>	<u>(983,259)</u>	<u>(88,166)</u>	<u>(734,519)</u>

33 Finance costs, net

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Finance income				
Interest income from debentures	34,232	29,632	34,232	29,632
Interest income from bank deposits	15,429	5,678	969	776
Interest income from related parties	-	-	82,038	44,982
Total finance income	49,661	35,310	117,239	75,390
Finance costs				
Interest expense on bank borrowings	(1,206,022)	(732,672)	(751,216)	(417,347)
Interest expense on finance leases	(71)	(752)	-	-
Net foreign exchange gains (losses) on financing activities	(39,491)	26,089	-	-
Total finance costs	(1,245,584)	(707,335)	(751,216)	(417,347)
Total finance costs, net	(1,195,923)	(672,025)	(633,977)	(341,957)

34 Income tax

The weighted average tax rate for the consolidated financial statements for the year ended 31 December 2017 was 1.48% (2016: 26.40%). The decrease was mainly due to the recognition of tax losses of the current year deferred income tax asset. The weighted average tax rate for the Company financial statements for the year ended 31 December 2017 was 4.96% (2016: 22.30%).

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Current income tax:				
Current income tax on profit of the years	151,653	149,345	-	-
Deferred income tax:				
Origination and reversal of temporary differences	(131,023)	(432,587)	(126,037)	(262,460)
Total income tax	20,630	(283,242)	(126,037)	(262,460)

34 Income tax (Cont'd)

The tax on the Group's profits before income tax differ from the theoretical amount that would arise using the income tax rate and deferred tax rate applicable to profits of the consolidated entities as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Profit (loss) before income tax	(1,397,911)	(1,072,972)	2,542,439	(1,174,361)
Tax calculated at domestic tax rates applicable to profits in the respective countries	(260,893)	(215,051)	508,488	(234,872)
Share of tax on profits of associates and joint ventures	(25,968)	(80,552)	-	-
Tax effect of:				
- Income not subject to tax	(198,253)	(79,201)	(965,419)	(132,348)
- Expenses not deductible for tax purpose	143,673	65,565	31,335	(34,064)
- Double deductible expenses	(69,158)	(97,821)	(39,759)	(57,910)
- Tax losses of the current year for which no deferred income tax asset was recognised	382,125	118,380	339,318	129,806
- Write-off deferred tax asset which was previously recognised	10,771	36,404	-	-
- Tax at concessionary rate of 10% see note (a)	(23,894)	(55,095)	-	-
- Others	62,227	24,129	-	(1,200)
Total income tax expense (income)	20,630	(283,242)	(126,037)	(262,460)

Additional information

- (a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to the company for the period from 1 April 2005 to 31 December 2009. Under this programme, income derived from qualifying trading transactions of approved products is taxed at the concessionary rate of 10%. On 16 February 2015, this status was extended from 1 January 2015 for a period of 5 years, to 31 December 2019.
- (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.

34 Income tax (Cont'd)

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

	Consolidated financial statements					
	2017			2016		
	Before tax Baht'000	Tax (charge) credit Baht'000	After tax Baht'000	Before tax Baht'000	Tax (charge) credit Baht'000	After tax Baht'000
Assets revaluation surplus	3,587,236	(738,338)	2,848,898	-	-	-
Change in tax rate used in deferred tax recognition	-	-	-	-	(112,533)	(112,533)
Change in fair value of available-for-sale investments	4,596	(919)	3,677	8,504	(1,701)	6,803
Remeasurements of post-employment benefit obligations	(23,731)	5,809	(17,922)	(1,375)	411	(964)
Cumulative currency differences on translation	(361,351)	(29,549)	(390,900)	(16,186)	2,619	(13,567)
Total income tax charges to other comprehensive income	3,206,750	(762,997)	2,443,753	(9,057)	(111,204)	(120,261)
	Separate financial statements					
	2017			2016		
	Before tax Baht'000	Tax (charge) credit Baht'000	After tax Baht'000	Before tax Baht'000	Tax (charge) credit Baht'000	After tax Baht'000
Asset revaluation surplus	1,779,346	(355,869)	1,423,477	-	-	-
Change in tax rate used in deferred tax recognition	-	-	-	-	(87,977)	(87,977)
Change in fair value of available-for-sale investments	4,510	(902)	3,608	8,295	(1,659)	6,636
Remeasurements of post-employment benefit obligations	11	(3)	8	717	(143)	574
Total income tax charges to other comprehensive income	1,783,867	(356,774)	1,427,093	9,012	(89,779)	(80,767)

35 Earnings (losses) per share

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit (losses) for the year attributable to owners of the parent (Baht'000)	(1,437,051)	(757,986)	2,668,476	(911,901)
Weighted average number of ordinary shares in issue (Shares'000)	1,370,204	1,325,876	1,370,204	1,325,876
Basic earnings (losses) per share (Baht per share)	(1.05)	(0.57)	1.95	(0.69)

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

36 Dividends

At the Annual General Meeting of Shareholders held on 25 April 2017, it was resolved that dividend be paid to shareholders in respect of 2016 retained earnings at Baht 0.40 per share, totaling of Baht 512 million. The dividend was paid in May 2017 to the shareholders.

At the Annual General Meeting of Shareholders held on 28 April 2016, it was resolved that dividend be paid to shareholders in respect of 2015 operating results at Baht 0.40 per share, totaling of Baht 512 million. The dividend was paid in May 2016 to the shareholders.

37 Business acquisition

On 15 March 2017, the Company additionally acquired shares of Siam Sempermed Corp. Ltd. (Subsequently changed its name to "Sri Trang Gloves (Thailand) Co., Ltd.") totalling 10,000 shares, representing 50% of paid-up capital of Sri Trang Gloves (Thailand) Co., Ltd. for Baht 6,320 million. As a result of this business acquisition, The Company has recognised a goodwill of Baht 2,954 million and related transactions from business combination are accounted for using purchase method.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for business acquisition. The amounts of the assets acquired and liabilities assumed as recognised at the acquisition date.

Consideration as at 15 March 2017

	Baht'000
Cash paid for Sri Trang Gloves (Thailand) Co., Ltd.'s (formerly Siam Sempermed Corp. Ltd.) shares	6,367,133
Cash received from related investment disposals	(689,389)
Fair value of related equity instruments	
- Direct associate : Sempermed USA, Inc. at 25% of capital	187,628
- Direct associate : Semperflex Shanghai Ltd. at 50% of capital	197,854
- Direct associate : Sempermed Singapore Pte. Ltd. at 50% of capital	82,194
- General investment Shanghai Semperit Rubber & Plastic Products Co., Ltd. at 10% of capital	174,114
Total consideration paid and transferred	6,319,534
Fair value of previously held investment in Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) prior to the acquisition date	1,987,632
Total consideration	8,307,166

37 Business acquisition (Cont'd)

	Baht'000
Recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date	
Asset	
Cash and cash equivalents	1,237,590
Trade accounts receivable and other receivables, net	1,194,017
Inventories, net	1,352,373
Other current assets	45,873
Property, plant and equipment, net (Note 15)	4,134,827
Intangible assets, net (Note 17)	6,701
Deferred income tax assets (Note 20)	40,386
Other assets	845
Liabilities	
Short-term borrowings from financial institutions	500,000
Trade accounts payable and other payables	1,161,345
Deferred income tax liabilities (Note 20)	333,021
Provision for post-employment benefit obligations (Note 24)	76,962
Total identifiable net assets	5,941,282
Non-controlling interests	(587,900)
Goodwill (Note 18)	2,953,782
Total consideration transferred	8,307,166
Fair value of previously held investment in Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) prior to the acquisition date	1,987,632
<u>Less</u> carrying value of investment under equity method in Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) at the acquisition date	(1,764,006)
Gain on change in fair value from group investment reclassification	223,626
Fair value of transferred equity instruments in Sri Trang Gloves (Thailand) Co., Ltd. prior to the acquisition date	
Sempermed USA, Inc.	252,152
Semperflex Shanghai Ltd.	370,716
Sempermed Singapore Pte. Ltd.	5,779
Shanghai Semperit Rubber & Plastic Products Co., Ltd.	13,145
<u>Less</u> carrying value of investment under equity method in Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) at acquisition date	(509,092)
Gain from disposals of investments in associates and general investment	132,700

Other significant information related to business acquisition is as follows:

(a) Call Option

The Group granted a call option to Semperit Technische Produkte Gesellschaft m.b.H. for the acquisition of Semperflex Asia Co., Ltd. totalling 1,615,000 shares, representing 42.50% of paid-in capital of Semperflex Asia Co., Ltd with a condition to pay all dividend from profit contribution after the acquisition date at the exercise price of USD 51 million, The exercise period is between 30 June 2019 and 30 June 2021.

(b) Acquired property, plant and equipment

Fair value of acquired property, plant and equipment is Baht 4,135 million which is assessed by an independent appraiser by using the replacement cost method and deducted by accumulated depreciation based on a number of year used.

37 Business acquisition (Cont'd)

Other significant information related to business acquisition is as follows: (Cont'd)

(c) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its fair value for the acquisition of Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.). The Group measures non-controlling interests from acquiree's identifiable net assets, based on proportion of shares held by non-controlling interests.

(d) Revenues and profit contribution

The revenues included in the consolidated income statement from 15 March 2017 (The date that the Group assumes control over the acquiree) to 31 December 2017 contributed by acquiree was Baht 6,866 million and also the contributed loss of Baht 167 million. Had Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) been consolidated from 1 January 2017, the consolidated income statement for the period ended 31 December 2017 would show the revenues of Baht 8,815 million and net profit of Baht 282 million, respectively.

(e) Dividend income prior to the demerger

Dividend income prior to the demerger is the profit distribution between Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) and the Group of USD 48 million (equivalent to Baht 1,677 million) which was stated in the related agreements.

(f) Business expenses prior to the demerger

Business expenses prior to the demerger is the compensation for demerger transaction between Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) and Semperit Technische Produkte Gesellschaft m.b.H. of USD 15 million (equivalent to Baht 532 million) which was stated in the related agreements.

(g) Consolidated financial information

In preparing the consolidated financial information for the year ended 31 December 2017. The Company measures the identifiable assets and liabilities at fair value and recognised the difference between purchase price and fair value of consideration paid in "Goodwill" account of Baht 2,954 million, after taking into consideration of the data from independent assets and financial valuation reports and other current factors which may impact to the data. However, the Company has a policy to further remeasure fair value of identifiable assets (i.e. Property plant and equipment), liabilities and allocation of fair value measurement at the acquisition date. None of the goodwill is expected to be deductible for tax purposes. As a result of the acquisition, the Company expects to increase its market shares of gloves in overseas.

The Company is in the process of preparing for the appraisal of the value of the tangible assets, intangible assets and liabilities of Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp. Ltd.) at the acquisition date in a more detail which is expected to be completed in March 2018. Difference between consideration paid and fair value of net assets acquired may be presented as goodwill or gain on bargain purchase upon the completion of final valuation stage.

38 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.

The Group's ultimate parent is Sri Trang Holdings Company Limited (incorporated in Thailand).

The following transactions were carried out with related companies:

38.1 Revenue from sales and services and other incomes

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Revenues from sales to:				
Subsidiaries	-	-	5,608,396	3,418,152
An associate	26,682	32,046	-	-
Joint ventures	786,965	2,805,546	293,032	1,046,186
	<u>813,647</u>	<u>2,837,592</u>	<u>5,901,428</u>	<u>4,464,338</u>
Service income from:				
Subsidiaries	-	-	185,705	60,018
An associate	19,637	21,653	9,246	4,663
Joint ventures	48,903	289,956	21,670	28,882
	<u>68,540</u>	<u>311,609</u>	<u>216,621</u>	<u>93,563</u>
Dividend income:				
Subsidiaries	-	-	2,964,166	319,166
An associate	621,486	-	548,370	-
Joint ventures	1,676,581	-	1,312,760	-
	<u>2,298,067</u>	<u>-</u>	<u>4,825,296</u>	<u>319,166</u>
Rental income:				
Subsidiaries	-	-	244	1,023
An associate	400	400	-	-
A joint venture	5,458	33,853	-	7,680
	<u>5,858</u>	<u>34,253</u>	<u>244</u>	<u>8,703</u>
Interest income:				
Subsidiaries	-	-	82,039	44,983

38 Related party transactions (Cont'd)

38.2 Purchases of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Purchases of goods from:				
Subsidiaries	-	-	10,684,226	1,499,732
An associate	78	68	9	-
Joint ventures	3,725,520	5,920,739	237,114	1,030,535
	<u>3,725,598</u>	<u>5,920,807</u>	<u>10,921,349</u>	<u>2,530,267</u>
Service expenses from:				
Subsidiaries	-	-	839,124	1,192,174
Associates	1,680	-	-	-
A Joint venture	-	485	-	7
	<u>1,680</u>	<u>485</u>	<u>839,124</u>	<u>1,192,181</u>
Rental expense:				
A subsidiary	-	-	799	1,229

38.3 Outstanding balances arising from sales/purchases of goods/services and other income

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Trade accounts receivable: (Note 9)				
Subsidiaries	-	-	774,251	326,207
An associate	4,138	7,759	715	809
Joint ventures	2	90,835	-	6,961
	<u>4,140</u>	<u>98,594</u>	<u>774,966</u>	<u>333,977</u>
Amounts due from futures broker:				
An associate	-	22,981	-	22,981
Other receivables:				
Subsidiaries	-	-	38,300	81,018
An associate	1,368	311	-	-
A joint venture	-	3,610	-	-
	<u>1,368</u>	<u>3,921</u>	<u>38,300</u>	<u>81,018</u>
Trade accounts payable: (Note 22)				
Subsidiaries	-	-	791,558	405,466
An associate	16	24	-	-
Joint ventures	179,717	633,436	-	117,356
	<u>179,733</u>	<u>633,460</u>	<u>791,558</u>	<u>522,822</u>

38 Related party transactions (Cont'd)

38.3 Outstanding balances arising from sales/purchases of goods/services and other incomes (Cont'd)

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Other payables: (Note 22)				
Subsidiaries	-	-	55,159	63,141
An associate	4	-	-	-
Joint ventures	-	5,677	-	17
	<u>4</u>	<u>5,677</u>	<u>55,159</u>	<u>63,158</u>

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 2017, there is no allowance for impairment against receivables from related parties (2016: Nil).

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.

38.4 Outstanding balances arising from long-term loans to subsidiaries

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Accrued interest income:				
Subsidiaries	-	-	9,969	10,389
Long-term loans to:				
Subsidiaries	-	-	2,541,603	2,074,203

Long-term loans to subsidiaries are unsecured and can be summarised as below:

Relationship	Principle	Separate financial statements			
		USD million	(Equivalent) Baht million	Interest rates %	Borrowings periods
PT Sri Trang Lingga Indonesia	A direct subsidiary	5	164	3.33	5 years
PT Sri Trang Lingga Indonesia	A direct subsidiary	15	488	4.20	3 years
PT Sri Trang Lingga Indonesia	A direct subsidiary	10	325	4.18	3 years
PT Sri Trang Lingga Indonesia	A direct subsidiary	20	650	4.30	3 years
PT Star Rubber	An indirect subsidiary	15	492	3.33	5 years
PT Star Rubber	An indirect subsidiary	8	260	2.65	2 years
PT Star Rubber	An indirect subsidiary	5	163	4.18	3 years
	Total		<u>2,542</u>		

38 Related party transactions (Cont'd)

38.4 Outstanding balances arising from long-term loans to subsidiaries (Cont'd)

The movements in the balance of long-term loans to subsidiaries are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
At 1 January	-	-	2,074,203	1,625,605
Increase	-	-	1,178,982	823,600
Decrease	-	-	(540,000)	(300,000)
Loss	-	-	(171,582)	(75,002)
Total	-	-	2,541,603	2,074,203

The carrying amounts and fair values of the long-term loans are as follows;

	Consolidated financial statement			
	Carrying value		Fair value	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Long-term loans to subsidiaries	2,541,603	2,074,203	2,583,403	2,105,348

The fair values of the long-term loans to subsidiaries are based on discounted cash flows using a discount rate based upon the coupon bond rate plus additional private borrowing rate level BBB+ of 2.99% - 4.09% (2016: 1.96% - 3.13%) and are within level 2 of the fair value hierarchy.

38.5 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 as below:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Short-term employee benefits	204,378	310,769	43,631	45,001
Post-employment benefits	3,567	3,329	1,246	1,135
Total	207,945	314,098	44,877	46,136

39 Financial instruments by category

	Consolidated financial statements			
	31 December 2017			
	Assets at fair value through the profit and loss Baht'000	Assets at fair value through the other comprehensive income Baht'000	Other financial assets Baht'000	Total Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	-	-	2,241,900	2,241,900
Derivative financial instruments	407,939	-	-	407,939
Trade accounts receivable, net	-	-	6,339,390	6,339,390
Amounts due from futures brokers	810,540	-	-	810,540
Fixed deposits pledged as collateral	-	-	12,139	12,139
Long-term investments	-	53,299	100,000	153,299
Total	1,218,479	53,299	8,693,429	9,965,207

	Consolidated financial statements		
	31 December 2017		
	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000	Total Baht'000
Liabilities as per statement of financial position			
Trade accounts payable	-	1,401,217	1,401,217
Short-term borrowings from financial institutions	-	21,786,026	21,786,026
Current portion of long-term borrowings	-	420,654	420,654
Current portion of debenture	-	600,000	600,000
Current portion of finance lease liabilities	-	13,167	13,167
Derivative financial instruments	231,243	-	231,243
Long-term borrowings from financial institutions	-	7,193,710	7,193,710
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	27,521	27,521
Total	231,243	33,707,295	33,938,538

39 Financial instruments by category (Cont'd)

	Consolidated financial statements			
	31 December 2016			
	Assets at fair value through the profit and loss Baht'000	Assets at fair value through the other comprehensive income Baht'000	Other financial assets Baht'000	Total Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	-	-	1,674,619	1,674,619
Derivative financial instruments	164,980	-	-	164,980
Trade accounts receivable, net	-	-	7,699,441	7,699,441
Amounts due from futures brokers	633,921	-	-	633,921
Fixed deposits pledged as collateral	-	-	12,320	12,320
Long-term investments	-	48,703	10,427	59,130
Total	798,901	48,703	9,396,807	10,244,411
Consolidated financial statements				
31 December 2016				
	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000	Total Baht'000	
Liabilities as per statement of financial position				
Trade accounts payable	-	1,607,657	1,607,657	
Short-term borrowings from financial institutions	-	23,433,815	23,433,815	
Current portion of long-term borrowings	-	5,397,792	5,397,792	
Current portion of finance lease liabilities	-	8,334	8,334	
Derivative financial instruments	654,920	-	654,920	
Long-term borrowings from financial institutions	-	654	654	
Debentures	-	2,865,000	2,865,000	
Finance lease liabilities	-	5,128	5,128	
Total	654,920	33,318,380	33,973,300	

39 Financial instruments by category (Cont'd)

	Separate financial statements			Total Baht'000
	31 December 2017			
	Assets at fair value through the profit and loss Baht'000	Assets at fair value through the other comprehensive income Baht'000	Other financial assets Baht'000	
Assets as per statement of financial position				
Cash and cash equivalents	-	-	269,019	269,019
Derivative financial instruments	256,520	-	-	256,520
Trade accounts receivable, net	-	-	3,901,240	3,901,240
Amounts due from futures brokers	16,177	-	-	16,177
Current portion of long-term borrowings to subsidiaries	-	-	915,873	915,873
Long-term borrowings to subsidiaries	-	-	1,625,730	1,625,730
Long-term investments	-	52,097	100,000	152,097
Total	272,697	52,097	6,811,862	7,136,656

	Separate financial statements			Total Baht'000
	31 December 2017			
	Liabilities at fair value through the profit and loss Baht'000		Other financial liabilities Baht'000	
Liabilities as per statement of financial position				
Trade accounts payable	-		1,140,950	1,140,950
Short-term borrowings from financial institutions	-		14,754,529	14,754,529
Current portion of long-term borrowings from financial institutions	-		300,000	300,000
Current portion of debentures	-		600,000	600,000
Current portion of finance lease liabilities	-		4,092	4,092
Derivative financial instruments	198,130		-	198,130
Long-term borrowings	-		4,313,710	4,313,710
Debentures	-		2,265,000	2,265,000
Finance lease liabilities	-		9,542	9,542
Total	198,130		23,387,823	23,585,953

39 Financial instruments by category (Cont'd)

	Separate financial statements			
	31 December 2016			
	Assets at fair value through the profit and loss Baht'000	Assets at fair value through the other comprehensive income Baht'000	Loans and receivables Baht'000	Total Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	-	-	341,997	341,997
Derivative financial instruments	20,160	-	-	20,160
Trade accounts receivable, net	-	-	3,282,928	3,282,928
Amounts due from futures brokers	22,981	-	-	22,981
Current portion of long-term borrowings to subsidiaries	-	-	534,882	534,882
Long-term borrowings to subsidiaries	-	-	1,539,321	1,539,321
Long-term investments	-	47,587	10,427	58,014
Total	43,141	47,587	5,709,555	5,800,283
	Separate financial statements			
	31 December 2016			
	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000	Total Baht'000	
Liabilities as per statement of financial position				
Trade accounts payable	-	953,492	953,492	
Short-term borrowings from financial institutions	-	14,338,230	14,338,230	
Current portion of long-term borrowings from financial institutions	-	4,276,388	4,276,388	
Current portion of finance lease liabilities	-	2,466	2,466	
Derivative financial instruments	460,846	-	460,846	
Debentures	-	2,865,000	2,865,000	
Finance lease liabilities	-	4,425	4,425	
Total	460,846	22,440,001	22,900,847	

40 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:

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 had been renegotiated during the financial year.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Deposits held at call with banks				
Aa1	156,200	378,173	11,938	-
Aa2	78,636	220,130	-	-
Aa3	20,918	231,304	-	183,268
A1	237,900	154,125	686	52
Baa1	1,362,131	307,720	218,480	113,675
Baa2	54,705	14,128	14,634	6,649
Baa3	215,969	285,237	-	8,716
No rating	5,468	23,731	-	50
Total deposits held at call with banks	<u>2,131,927</u>	<u>1,614,548</u>	<u>245,738</u>	<u>312,410</u>
Trade accounts receivable				
Counterparties without external credit rating				
Group 1	735,927	144,135	389,191	69,101
Group 2	5,544,719	7,450,385	3,512,049	3,213,827
Group 3	58,744	104,921	-	-
Total unimpaired trade accounts receivable	<u>6,339,390</u>	<u>7,699,441</u>	<u>3,901,240</u>	<u>3,282,928</u>
Derivative financial instruments				
Counterparties with external credit rating				
Aa1	60	-	-	-
Aa2	9,655	51,561	8,781	-
A3	5,380	8,794	5,380	-
Baa1	131,690	4	86,100	4
Baa2	4,416	-	2,482	-
Counterparties without external credit rating				
Group 2	<u>256,738</u>	<u>104,621</u>	<u>153,777</u>	<u>20,156</u>
Total derivative financial instruments (Note 8)	<u>407,939</u>	<u>164,980</u>	<u>256,520</u>	<u>20,160</u>

40 Credit quality of financial assets (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Fixed deposits pledged as collateral				
Aa2	10,010	-	-	-
Baa1	2,129	2,114	-	-
Baa2	-	10,206	-	-
Total fixed deposits pledged as collateral (Note 12)	12,139	12,320	-	-

41 Promotional privileges in Thailand

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, block rubber Skim Crepe and rubber gloves, 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 rubber business only for Thai entities for the years ended 31 December 2017 and 2016 of the Group are summarised as follows:

	2017			2016		
	Promoted business Baht'000	Non- promoted business Baht'000	Total Baht'000	Promoted business Baht'000	Non- promoted business Baht'000	Total Baht'000
Export sales and service income, net	30,932,620	64,864,259	95,796,879	25,101,632	48,799,915	73,901,547
Domestic sales and service income, net	10,703,714	12,749,057	23,452,771	4,561,692	13,514,061	18,075,753
Total	41,636,334	77,613,316	119,249,650	29,663,324	62,313,976	91,977,300
Intersegmental balances			(29,862,656)			(14,711,780)
Total			89,386,994			77,265,520

42 Contingent liabilities and commitments

42.1 Sales and purchases commitments

The Group and the Company are committed to certain sales and purchases. Some of the contractual prices are fixed and 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:

	Consolidated financial statements	Separate financial statements
	2017 Baht'000	2017 Baht'000
Purchases from:		
A joint venture	379,202	-
Third parties	1,019,648	66,555
	<u>1,398,850</u>	<u>66,555</u>
Sales to:		
Subsidiaries	-	541,345
Third parties	14,961,746	9,958,235
	<u>14,961,746</u>	<u>10,499,580</u>

42.2 Capital commitments

The Group and the Company have capital commitments as follows:

	Consolidated financial statements	Separate financial statements
	2017 Baht'000	2017 Baht'000
Capital commitments - purchase of fixed assets	660,508	156,082

42.3 Commitments from guarantees on borrowings

42.3.1 The Group and the Company have commitments from guarantees on the borrowings as follows:

	Relationship	Currencies	31 December 2017	
			Amount	(Equivalent) Baht million
Sri Trang USA, Inc.	An overseas subsidiary	USD million	16	523
PT Sri Trang Lingga Indonesia	An overseas subsidiary	USD million	19	634
		Rupiah billion	444	1,076
PT Star Rubber	An overseas subsidiary	USD million	13	437
		Rupiah billion	215	521

42.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agencies mainly for electricity usage totaling Baht 151 million and has pledged its fixed deposits of Baht 1 million as collateral for these bank guarantees.

42 Contingent liabilities and commitments (Cont'd)

42.4 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:

	Consolidated financial statements	Separate financial statements
	2017 Baht'000	2017 Baht'000
Not later than 1 year	129,035	60,691
Later than 1 year but not later than 5 years	150,815	67,065
Later than 5 years	-	-
Total	279,850	127,756

43 Progress of insurance claim after fire at a PT Star Rubber factory in Indonesia

On 12 October 2016, there was a fire accident at raw material warehouse and part of production lines at the factory in Pontianak, Indonesia owned by PT Star Rubber ("PTS"), a subsidiary of the Group. The production of this factory is approximately 2,000 to 4,000 tons per month which accounts for less than 5% of total production of the Group. However, PTS has insured for the fire incident including inventories, fixed assets and loss from business interruption.

Since then, PTS had further investigated and assessed related loss incurred particularly on its inventories and fixed assets. As at 31 December 2016, PTS recognised a loss of Rupiah 90,166 million (approximately Bath 240 million) from:

- (a) The write-offs of full damaged inventories and fixed assets that cannot be recovered of Rupiah 50,631 million (approximately Baht 135 million) and Rupiah 24,013 million (approximately Baht 64 million), respectively and;
- (b) The allowance for inventories which were partly damaged from the fire of Rupiah 15,522 million (approximately Baht 42 million).

Subsequently, PTS received letters from their insurer in Indonesia confirming the high probability of the final amount of compensation being Rupiah 190,196 million (approximately Baht 463 million). This had been recognised as other income in the statements of Comprehensive Income for the year ended 31 December 2017 as follows:

Compensated Assets	Currency	Amount	(Equivalent) Baht million
Building, Plant and Machineries	Rupiah million	118,353	288
Inventories	Rupiah million	70,853	172
Others	Rupiah million	990	3
Total		190,196	463

On 14 March 2017, PTS received a portion of the insurance claim from the insurers amounting to Rupiah 59,375 million (approximately Bath 144 million). PTS is expected to restart its production in 2018.

44 Significant legal proceedings

Commercial disputes relating to the Joint Venture agreement

According to the Extraordinary General Meeting of Shareholders No. 1/2017, held on 14 March 2017, in approving the entering into the demerger of associate and joint venture companies in Thailand and other countries that the Company had invested with Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") including the acquisition and disposition of assets, as well as the settlement of all disputes. On 15 March 2017, the Company and Semperit successfully completed the demerger of the associates and joint venture companies. As a result of this, any disputes and lawsuits under the arbitration proceedings, and legal proceedings between the Company and Semperit in any courts and arbitrations have been finally withdrawn or terminated.