

Sri Trang Agro-Industry Public Company Limited  
and its subsidiaries  
Report and interim consolidated financial statements  
For the three-month period ended 31 March 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

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

I have reviewed the accompanying consolidated statement of financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as at 31 March 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Sri Trang Agro-Industry Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

**Other matter**

The consolidated statement of financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, and the separate statement of financial position of Sri Trang Agro-Industry Public Company Limited as at 31 December 2017, presented herein as comparative information, were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 28 February 2018. The consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2017 of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, and the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the same period, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated 12 May 2017, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

EY Office Limited  
Bangkok: 14 May 2018

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

**Statement of financial position**

**As at 31 March 2018**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2018</u>	<u>31 December 2017</u>	<u>31 March 2018</u>	<u>31 December 2017</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		2,468,074,414	2,241,899,673	393,860,117	269,018,868
Trade and other receivables	4	6,333,926,045	7,212,308,344	3,648,751,966	4,122,493,048
Amounts due from futures brokers		692,404,776	810,539,650	26,671,151	16,177,188
Inventories	5	16,345,003,430	17,122,979,336	7,689,593,916	7,679,732,386
Current portion of long-term loans to subsidiaries	3	-	-	248,458,400	915,873,439
Derivative financial instruments	6	375,585,877	407,938,505	207,904,626	256,520,319
Other current assets		503,142,564	553,700,811	143,537,664	170,573,304
<b>Total current assets</b>		<u>26,718,137,106</u>	<u>28,349,366,319</u>	<u>12,358,777,840</u>	<u>13,430,388,552</u>
<b>Non-current assets</b>					
Fixed deposits pledged as collateral		2,202,753	12,139,002	-	-
Long-term loans to subsidiaries	3	-	-	2,174,011,000	1,625,730,000
Investments in subsidiaries	7	-	-	18,243,388,548	18,153,388,548
Investments in associates	8	411,488,142	367,990,023	157,568,800	157,568,800
Investment in joint venture	9	408,977,185	362,012,280	134,716,526	134,716,526
Long-term investments		150,293,191	153,299,352	149,916,717	152,097,250
Investment properties		183,888,686	188,910,160	75,663,125	75,663,125
Property, plant and equipment	10	24,367,404,567	24,189,691,410	8,929,420,324	8,944,117,159
Rubber and palm plantations	11	1,894,555,134	1,832,376,416	4,284,086	4,343,101
Intangible assets	12	448,315,542	459,793,735	426,849,290	440,581,393
Goodwill	7.1	2,953,782,343	2,953,782,343	-	-
Withholding tax deducted at source		571,229,768	574,760,228	455,811,325	455,811,324
Deferred tax assets - net		194,372,652	197,989,016	-	-
Other non-current assets		141,340,528	65,671,088	15,829,614	20,504,590
<b>Total non-current assets</b>		<u>31,727,850,491</u>	<u>31,358,415,053</u>	<u>30,767,459,355</u>	<u>30,164,521,816</u>
<b>Total assets</b>		<u>58,445,987,597</u>	<u>59,707,781,372</u>	<u>43,126,237,195</u>	<u>43,594,910,368</u>

The accompanying notes are an integral part of the interim financial statements.

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

**Statement of financial position (continued)**

**As at 31 March 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	13	2,834,746,152	2,614,839,606	1,555,235,500	1,719,257,283
Short-term borrowings from financial institutions	14	19,766,287,616	21,786,026,285	14,277,625,000	14,754,529,000
Current portions of:					
- Long-term borrowings from financial institutions	14	435,303,000	420,654,000	300,000,000	300,000,000
- Debentures	14	-	600,000,000	-	600,000,000
- Finance lease liabilities	14	12,791,516	13,167,077	3,842,473	4,092,254
Income tax payable		234,803,526	153,519,811	-	-
Derivative financial instruments	6	122,242,202	231,242,576	64,850,365	198,130,309
Other current liabilities		38,194,234	37,026,162	17,952,957	18,144,656
<b>Total current liabilities</b>		<b>23,444,368,246</b>	<b>25,856,475,517</b>	<b>16,219,506,295</b>	<b>17,594,153,502</b>
<b>Non-current liabilities</b>					
Non-current portions of:					
- Long-term borrowings from financial institutions	14	7,629,791,000	7,193,710,000	4,794,791,000	4,313,710,000
- Debentures	14	2,265,000,000	2,265,000,000	2,265,000,000	2,265,000,000
- Finance lease liabilities	14	24,448,849	27,521,245	8,669,503	9,541,549
Deferred tax liabilities - net		784,375,684	745,028,559	143,591,585	91,236,924
Provision for retirement benefit obligations		315,925,957	308,188,201	95,405,548	93,046,446
Other non-current liabilities		166,937	34,966,411	-	-
<b>Total non-current liabilities</b>		<b>11,019,708,427</b>	<b>10,574,414,416</b>	<b>7,307,457,636</b>	<b>6,772,534,919</b>
<b>Total liabilities</b>		<b>34,464,076,673</b>	<b>36,430,889,933</b>	<b>23,526,963,931</b>	<b>24,366,688,421</b>

The accompanying notes are an integral part of the interim financial statements.

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

**Statement of financial position (continued)**

**As at 31 March 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>31 March 2018</u>	<u>31 December 2017</u>	<u>31 March 2018</u>	<u>31 December 2017</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,536,000,000 ordinary shares of Baht 1 each	<u>1,536,000,000</u>	<u>1,536,000,000</u>	<u>1,536,000,000</u>	<u>1,536,000,000</u>
Issued and fully paid				
1,535,999,998 ordinary shares of Baht 1 each	1,535,999,998	1,535,999,998	1,535,999,998	1,535,999,998
Premium on ordinary shares	10,851,951,634	10,851,951,634	10,851,951,634	10,851,951,634
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests				
	(173,134,488)	(173,134,488)	-	-
Retained earnings				
Appropriated - statutory reserve	153,600,000	128,000,000	153,600,000	128,000,000
Unappropriated	8,010,764,052	7,165,408,573	5,125,709,297	4,751,554,758
Other components of shareholders' equity				
Surplus on revaluation of assets - net of accumulated depreciation				
	4,038,977,454	4,049,446,188	1,917,820,850	1,944,873,058
Surplus on changes in value of available-for-sale investments				
	14,260,579	16,432,908	14,191,485	15,842,499
Exchange differences on translation of financial statements in foreign currency				
	<u>(844,388,940)</u>	<u>(666,077,422)</u>	-	-
Equity attributable to owners of the Company	23,588,030,289	22,908,027,391	19,599,273,264	19,228,221,947
Non-controlling interests of the subsidiaries	<u>393,880,635</u>	<u>368,864,048</u>	-	-
<b>Total shareholders' equity</b>	<u>23,981,910,924</u>	<u>23,276,891,439</u>	<u>19,599,273,264</u>	<u>19,228,221,947</u>
<b>Total liabilities and shareholders' equity</b>	<u>58,445,987,597</u>	<u>59,707,781,372</u>	<u>43,126,237,195</u>	<u>43,594,910,368</u>
	-	-	-	-

The accompanying notes are an integral part of the interim financial statements.

Directors

(Unaudited but reviewed)

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

## Statement of comprehensive income

For the three-month period ended 31 March 2018

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit or loss:</b>					
Revenues from sales of goods and services		17,689,066,714	28,519,248,891	10,909,135,206	15,920,133,407
Cost of sales and services		<u>(16,178,619,836)</u>	<u>(26,620,407,711)</u>	<u>(10,081,448,717)</u>	<u>(15,569,363,615)</u>
<b>Gross profit</b>		1,510,446,878	1,898,841,180	827,686,489	350,769,792
Other income		95,830,432	214,990,991	43,358,302	70,120,565
Dividend income		32,927	26,046	32,927	2,211,155,777
Selling expenses		(793,431,653)	(1,113,306,018)	(584,167,234)	(795,866,972)
Administrative expenses		(433,879,896)	(969,743,705)	(156,106,672)	(216,170,252)
Gain on exchange rates - net		303,440,214	249,093,050	189,203,607	182,093,026
Gain on change in fair value from investment reclassification	7.1	-	223,626,008	-	-
Gain on change in fair value from disposals of investments in associates and general investment	7.1	-	132,699,762	-	-
Gain from disposals of investments in associates and general investment		-	-	-	217,824,854
Other gain (loss) - net		501,392,695	(299,806,600)	222,770,199	(263,706,952)
<b>Operating profit</b>		1,183,831,597	336,420,714	542,777,618	1,756,219,838
Share of profit from investments in associates and joint ventures		<u>80,145,783</u>	<u>57,940,989</u>	<u>-</u>	<u>-</u>
<b>Profit before finance income and finance cost and income tax expense</b>		1,263,977,380	394,361,703	542,777,618	1,756,219,838
Finance income		1,716,129	1,565,303	25,408,486	25,062,335
Finance cost		<u>(285,330,312)</u>	<u>(265,411,119)</u>	<u>(142,716,358)</u>	<u>(168,076,017)</u>
<b>Profit before income tax expense</b>		980,363,197	130,515,887	425,469,746	1,613,206,156
Income tax expense	15	<u>(118,006,454)</u>	<u>(141,746,456)</u>	<u>(52,767,415)</u>	<u>(6,518,712)</u>
<b>Profit (loss) for period</b>		<u>862,356,743</u>	<u>(11,230,569)</u>	<u>372,702,331</u>	<u>1,606,687,444</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(183,831,010)	(107,248,126)	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		<u>(2,172,329)</u>	<u>2,168,729</u>	<u>(1,651,014)</u>	<u>2,161,440</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(186,003,339)</u>	<u>(105,079,397)</u>	<u>(1,651,014)</u>	<u>2,161,440</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Changes in revaluation of assets - net of income tax		28,666,081	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>28,666,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>		<u>(157,337,258)</u>	<u>(105,079,397)</u>	<u>(1,651,014)</u>	<u>2,161,440</u>
<b>Total comprehensive income for the period</b>		<u>705,019,485</u>	<u>(116,309,966)</u>	<u>371,051,317</u>	<u>1,608,848,884</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

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

**Statement of comprehensive income (continued)**

**For the three-month period ended 31 March 2018**

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit (loss) attributable to:</b>					
Owners of the Company		831,820,664	7,568,448	<u>372,702,331</u>	<u>1,606,687,444</u>
Non-controlling interests of the subsidiaries		<u>30,536,079</u>	<u>(18,799,017)</u>		
		<u>862,356,743</u>	<u>(11,230,569)</u>		
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		680,002,899	(98,628,984)	<u>371,051,317</u>	<u>1,608,848,884</u>
Non-controlling interests of the subsidiaries		<u>25,016,586</u>	<u>(17,680,982)</u>		
		<u>705,019,485</u>	<u>(116,309,966)</u>		
<b>Earnings per share</b>					
	16				
Basic earnings per share					
Profit attributable to owners of the Company		<u>0.54</u>	<u>0.01</u>	<u>0.24</u>	<u>1.26</u>

The accompanying notes are an integral part of the interim financial statements.



(Unaudited but reviewed)

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before income tax	980,363,197	130,515,887	425,469,746	1,613,206,156
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised (gain) loss on exchange rates	(55,383,775)	(26,202,908)	94,761,572	38,265,073
Unrealised gain on revaluation of derivative financial instruments	(76,647,746)	(375,800,993)	(84,664,251)	(353,643,905)
Allowance for doubtful accounts	-	238,720	-	-
Reduction of inventory cost to net realisable value (reversal)	(120,064,388)	1,039,735,843	(177,858,511)	637,347,366
Reversal of allowance for damaged inventories from fire accident	-	(41,593,901)	-	-
Provision for retirement benefit obligations	8,097,755	7,209,075	2,719,102	2,746,726
Depreciation	529,657,581	322,918,692	203,252,414	156,541,283
Amortisation - rubber and palm plantations	832,124	199,209	59,015	69,864
Amortisation - intangible assets	16,737,012	14,367,133	14,386,706	12,882,090
Impairment loss from assets revaluation	10,975,016	-	-	-
Finance cost	285,330,312	265,411,119	142,716,358	168,076,017
Finance income	(1,716,129)	(1,565,303)	(25,408,486)	(25,062,335)
Dividend income	(32,927)	(26,046)	(32,927)	(2,211,155,777)
Share of profit from investments in associates and joint ventures	(80,145,783)	(57,940,989)	-	-
Loss (gain) on disposal and write-off of machinery and equipment	(266,286)	(4,053,150)	2,504,686	(647,132)
Gain on change in fair value from disposals of investments	-	(132,699,762)	-	-
Gain from disposal of investments in associates and general investment	-	-	-	(217,824,854)
Gain on change in fair value from investment reclassification	-	(223,626,008)	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,497,735,963	917,086,618	597,905,424	(179,199,428)
Operating assets (increase) decrease				
Trade and other receivables	862,534,032	(1,304,162,817)	444,412,097	(1,754,537,107)
Amounts due from futures brokers	118,134,874	200,472,001	(10,493,963)	17,929,024
Inventories	898,040,294	(5,544,204,309)	167,996,982	(2,364,014,413)
Other current assets	87,878,120	(36,893,691)	50,363,710	(11,362,616)
Other non-current assets	(75,378,691)	(6,128,839)	4,791,741	(7,519,002)
Operating liabilities increase (decrease)				
Trade and other payables	160,501,123	(650,537,476)	(174,138,845)	201,981,156
Other current liabilities	1,168,073	945,952,180	(191,699)	948,057,152
Provision for retirement benefit obligations	(360,000)	(58,500)	(360,000)	-
Cash flows provided by (used in) operating activities	3,550,253,788	(5,478,474,833)	1,080,285,447	(3,148,665,234)
Cash paid for interest expenses	(290,433,594)	(256,813,364)	(144,021,484)	(159,893,456)
Cash received for interest income	10,363,082	10,212,256	41,033,947	38,402,564
Cash paid for corporate income tax	(43,267,441)	(25,514,374)	(23,328,072)	(26,424,300)
<b>Net cash flows provided by (used in) operating activities</b>	<u>3,226,915,835</u>	<u>(5,750,590,315)</u>	<u>953,969,838</u>	<u>(3,296,580,426)</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

**Sri Trang Agro-Industry Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the three-month period ended 31 March 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in fixed deposits pledged as collateral	9,936,249	(8,730,872)	-	-
Dividends received	32,927	2,128,093,945	32,927	1,711,155,966
Cash received from repayment of long-term loan to a subsidiary	-	-	600,000,000	-
Increase in long-term loan to a subsidiary	-	-	(635,574,000)	-
Cash paid for investment in a subsidiary	-	-	(90,000,000)	(6,467,132,756)
Cash received from disposal of investments in associates and a long-term investment	-	699,816,382	-	689,860,585
Net cash paid for purchase of investment in a subsidiary	-	(5,129,542,633)	-	-
Cash received from disposal of machinery and equipment	6,447,322	7,441,857	998,659	2,286,306
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets	<u>(854,781,692)</u>	<u>(496,016,267)</u>	<u>(180,960,348)</u>	<u>(229,874,834)</u>
<b>Net cash flows used in investing activities</b>	<u>(838,365,194)</u>	<u>(2,798,937,588)</u>	<u>(305,502,762)</u>	<u>(4,293,704,733)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term borrowings from financial institutions	(2,041,817,029)	8,772,561,763	(476,904,000)	7,189,280,000
Increase in short-term loan from a subsidiary	-	-	-	500,000,000
Proceeds from long-term borrowings	629,400,000	40,000,000	629,400,000	-
Repayments of long-term borrowings	(105,351,000)	(50,351,000)	(75,000,000)	(50,000,000)
Repayments of debentures	(600,000,000)	-	(600,000,000)	-
Repayments of finance lease liabilities	<u>(3,447,957)</u>	<u>(185,892)</u>	<u>(1,121,827)</u>	<u>(852,011)</u>
<b>Net cash flows provided by (used in) financing activities</b>	<u>(2,121,215,986)</u>	<u>8,762,024,871</u>	<u>(523,625,827)</u>	<u>7,638,427,989</u>
<b>Decrease in translation adjustments</b>	<u>(41,159,914)</u>	<u>(31,344,381)</u>	-	-
<b>Net increase in cash and cash equivalents</b>	226,174,741	181,152,587	124,841,249	48,142,830
Cash and cash equivalents at beginning of period	<u>2,241,899,673</u>	<u>1,674,618,807</u>	<u>269,018,868</u>	<u>341,997,422</u>
<b>Cash and cash equivalents at end of period</b>	<u>2,468,074,414</u>	<u>1,855,771,394</u>	<u>393,860,117</u>	<u>390,140,252</u>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions:				
Increase in payable from purchases of assets	42,584,964	-	11,727,693	-

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

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

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2018

(Unit: Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
					Other components of shareholders' equity							
					Other comprehensive income							
Issued and paid-up share capital	Premium on ordinary shares	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Retained earnings		Surplus on revaluation of assets - net of depreciation	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated								
<b>Balance as at 1 January 2017</b>	1,280,000,000	8,550,989,821	(173,134,488)	128,000,000	9,036,069,449	1,296,859,775	12,755,614	(284,004,450)	1,025,610,939	19,847,535,721	64,381,883	19,911,917,604
Profit (loss) for period	-	-	-	-	7,568,448	-	-	-	-	7,568,448	(18,799,017)	(11,230,569)
Other comprehensive income for the period	-	-	-	-	-	-	2,168,729	(108,366,161)	(106,197,432)	(106,197,432)	1,118,035	(105,079,397)
Total comprehensive income for the period	-	-	-	-	7,568,448	-	2,168,729	(108,366,161)	(106,197,432)	(98,628,984)	(17,680,982)	(116,309,966)
Depreciation on assets revaluation - net of income tax	-	-	-	-	4,011,264	(4,011,264)	-	-	(4,011,264)	-	-	-
Dividend payment from subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(188)	(188)
Increase in non-controlling interests in subsidiaries from acquisition of investment in a subsidiary (Note 7.1)	-	-	-	-	-	-	-	-	-	-	587,899,677	587,899,677
<b>Balance as at 31 March 2017</b>	<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>(173,134,488)</u>	<u>128,000,000</u>	<u>9,047,649,161</u>	<u>1,292,848,511</u>	<u>14,924,343</u>	<u>(392,370,611)</u>	<u>915,402,243</u>	<u>19,748,906,737</u>	<u>634,600,390</u>	<u>20,383,507,127</u>
<b>Balance as at 1 January 2018</b>	1,535,999,998	10,851,951,634	(173,134,488)	128,000,000	7,165,408,573	4,049,446,188	16,432,908	(666,077,422)	3,399,801,674	22,908,027,391	368,864,048	23,276,891,439
Profit for period	-	-	-	-	831,820,664	-	-	-	-	831,820,664	30,536,079	862,356,743
Other comprehensive income for the period	-	-	-	-	-	28,666,081	(2,172,329)	(178,311,518)	(151,817,766)	(151,817,766)	(5,519,492)	(157,337,258)
Total comprehensive income for the period	-	-	-	-	831,820,664	28,666,081	(2,172,329)	(178,311,518)	(151,817,766)	680,002,898	25,016,587	705,019,485
Depreciation on assets revaluation - net of income tax	-	-	-	-	39,134,815	(39,134,815)	-	-	(39,134,815)	-	-	-
Transferred unappropriated retained earnings to statutory reserve	-	-	-	25,600,000	(25,600,000)	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>(173,134,488)</u>	<u>153,600,000</u>	<u>8,010,764,052</u>	<u>4,038,977,454</u>	<u>14,260,579</u>	<u>(844,388,940)</u>	<u>3,208,849,093</u>	<u>23,588,030,289</u>	<u>393,880,635</u>	<u>23,981,910,924</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

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

## Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2018

(Unit: Baht)

## Separate financial statements

	Issued and paid-up share capital		Premium on ordinary shares		Retained earnings Appropriated - statutory reserve Unappropriated		Other components of shareholders' equity					
							Other comprehensive income			Total other components of shareholders' equity	Total shareholders' equity	
							Surplus on revaluation of assets - net of accumulated depreciation	Surplus on changes in value of available-for-sale investments				
<b>Balance as at 1 January 2017</b>	1,280,000,000	8,550,989,821	128,000,000	2,563,639,402	552,826,994	12,234,045	565,061,039	13,087,690,262				
Profit for period	-	-	-	1,606,687,444	-	-	-	1,606,687,444				
Other comprehensive income for the period	-	-	-	-	-	2,161,440	2,161,440	2,161,440				
Total comprehensive income for the period	-	-	-	1,606,687,444	-	2,161,440	2,161,440	1,608,848,884				
Depreciation on assets revaluation - net of income tax	-	-	-	2,881,872	(2,881,872)	-	(2,881,872)	-				
<b>Balance as at 31 March 2017</b>	<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>128,000,000</u>	<u>4,173,208,718</u>	<u>549,945,122</u>	<u>14,395,485</u>	<u>564,340,607</u>	<u>14,696,539,146</u>				
<b>Balance as at 1 January 2018</b>	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947				
Profit for period	-	-	-	372,702,331	-	-	-	372,702,331				
Other comprehensive income for the period	-	-	-	-	-	(1,651,014)	(1,651,014)	(1,651,014)				
Total comprehensive income for the period	-	-	-	372,702,331	-	(1,651,014)	(1,651,014)	371,051,317				
Depreciation on assets revaluation - net of income tax	-	-	-	27,052,208	(27,052,208)	-	(27,052,208)	-				
Transferred unappropriated retained earnings												
to statutory reserve	-	-	25,600,000	(25,600,000)	-	-	-	-				
<b>Balance as at 31 March 2018</b>	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>153,600,000</u>	<u>5,125,709,297</u>	<u>1,917,820,850</u>	<u>14,191,485</u>	<u>1,932,012,335</u>	<u>19,599,273,264</u>				

The accompanying notes are an integral part of the interim financial statements.

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

**Notes to interim consolidated financial statements**

**For the three-month period ended 31 March 2018**

**1. General information**

**1.1 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.2 Basis of consolidation**

These interim consolidated financial statements include the financial statements of Sri Trang Agro-Industry Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There were no changes in the composition of the group during the current period. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

**1.3 New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the period, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards did not have any significant impact on the Group's financial statements.

**(b) Financial reporting standard that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Group is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

### 3. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiaries</u>				
Sales of goods	-	-	1,274,967	1,064,729
Purchases of goods	-	-	1,373,300	1,737,637
Service income	-	-	37,203	50,928
Dividend income	-	-	-	500,000
Rental income	-	-	61	121
Interest income	-	-	25,186	16,403
Service expenses	-	-	146,770	288,667
Rental expenses	-	-	1,198	200
Interest expenses	-	-	-	1,560
<u>Transactions with associates</u>				
Sales of goods	6,356	6,575	-	-
Purchases of goods	26	5	-	-
Service income	8,446	2,792	2,343	2,304
Dividend income	-	451,486	-	398,370
Rental income	100	100	-	-
<u>Transactions with joint ventures</u>				
Sales of goods	-	960	-	293,032
Purchases of goods	500,110	1,015,417	9,072	237,114
Service income	3,825	38,830	3,825	12,490
Dividend income	-	1,676,581	-	1,312,760
Rental income	-	5,458	-	-

The pricing policies of the Group are as follows:-

- (1) Sales/ purchases of good are made at market price or reference to market price
- (2) Service and rental income/ expenses are based on contract price
- (3) Dividend income are made with announced payment rate
- (4) Interest income/ expenses are charged at rates with reference to loan agreement

(Unaudited but reviewed)

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

As at 31 March 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties were as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<b><u>Trade accounts receivable</u></b> (Note 4)				
Subsidiaries	-	-	843,458	774,251
Associates	4,072	4,138	829	715
Joint venture	-	2	-	-
	<u>4,072</u>	<u>4,140</u>	<u>844,287</u>	<u>774,966</u>
<b><u>Advanced payment for goods</u></b> (Note 4)				
Subsidiaries	<u>-</u>	<u>-</u>	<u>90,307</u>	<u>4,914</u>
<b><u>Accrued income</u></b> (Note 4)				
Subsidiaries	-	-	6,579	38,254
Associates	401	561	-	-
	<u>401</u>	<u>561</u>	<u>6,579</u>	<u>38,254</u>
<b><u>Advanced payment</u></b> (Note 4)				
Subsidiaries	<u>-</u>	<u>-</u>	<u>3,770</u>	<u>9,259</u>
<b><u>Other receivables</u></b> (Note 4)				
Subsidiaries	-	-	9,737	756
Associates	855	807	-	-
	<u>855</u>	<u>807</u>	<u>9,737</u>	<u>756</u>
<b><u>Trade accounts payables</u></b> (Note 13)				
Subsidiaries	-	-	316,242	791,558
Associates	-	16	-	-
Joint venture	20,456	179,717	9,072	-
	<u>20,456</u>	<u>179,733</u>	<u>325,314</u>	<u>791,558</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
			(Audited)	
	(Audited)		(Audited)	
<b><u>Other payables</u></b> (Note 13)				
Subsidiaries	-	-	34,370	55,159
Associates	-	4	-	-
	-	4	34,370	55,159

### **Outstanding balances arising from loans to subsidiaries**

As at 31 March 2018 and 31 December 2017, the balances of loans between the Company and subsidiaries were as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
			(Audited)	
	(Audited)		(Audited)	
<b><u>Accrued interest income</u></b>				
Subsidiaries	-	-	2,990	9,969
<b><u>Long-term loans to</u></b>				
Subsidiaries	-	-	2,422,469	2,541,603

(Unaudited but reviewed)

As at 31 March 2018 and 31 December 2017, long-term loans to subsidiaries were unsecured and could be summarised as below.

		Separate financial statements			
		As at 31 March 2018			
		Principle			
		(Equivalent)		Interest	
Relationship		USD million	Baht million	rates %	Borrowings periods
PT Sri Trang Lingga Indonesia	A direct subsidiary	45	1,397	4.18 - 4.30	3 years
PT Star Rubber	An indirect subsidiary	33	1,025	2.65 - 5.05	2 - 3 years
Total		78	2,422		

  

		Separate financial statements			
		As at 31 December 2017			
		Principle			
		(Equivalent)		Interest	
Relationship		USD million	Baht million	rates %	Borrowings periods
PT Sri Trang Lingga Indonesia	A direct subsidiary	50	1,627	3.33 - 4.30	3 - 5 years
PT Star Rubber	An indirect subsidiary	28	915	2.65 - 4.18	2 - 5 years
Total		78	2,542		

Movements in the balance of long-term loans to subsidiaries during the three-month period ended 31 March 2018 were as follows.

(Unit: Thousand Baht)

		Separate financial statements			
		During the period			
		Balance as at			Balance as at
		31 December			31 March
Long-term loans	2017	Increase	Decrease	Unrealised loss on exchange rate	2018
	(Audited)				
Subsidiaries	2,541,603	635,574	(600,000)	(154,708)	2,422,469

(Unaudited but reviewed)

### Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	59,325	43,862	12,686	10,482
Post-employment benefits	<u>1,407</u>	<u>926</u>	<u>322</u>	<u>304</u>
Total	<u><u>60,732</u></u>	<u><u>44,788</u></u>	<u><u>13,008</u></u>	<u><u>10,786</u></u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.3.1 to the financial statements.

## 4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Audited)		(Audited)
<b><u>Trade accounts receivable - related parties</u></b> (Note 3)				
Aged on the basis of due dates				
Not yet due	3,966	4,138	772,195	767,717
Past due				
Up to 30 days	106	-	14,601	14
31 - 60 days	-	2	9,906	1
61 - 90 days	-	-	47,585	-
91 - 120 days	-	-	-	-
121 - 365 days	-	-	-	7,234
Total trade accounts receivable - related parties	<u><u>4,072</u></u>	<u><u>4,140</u></u>	<u><u>844,287</u></u>	<u><u>774,966</u></u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	(Audited)		(Audited)	
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	4,951,445	5,392,887	2,126,303	2,428,577
Past due				
Up to 30 days	530,613	832,691	244,985	629,149
31 - 60 days	121,442	50,049	80,333	26,301
61 - 90 days	43,236	24,029	18,382	13,499
91 - 120 days	7,243	13,486	2,220	10,180
121 - 365 days	14,288	15,832	13,200	11,452
Over 365 days	50,985	55,332	40,042	40,537
Total	5,719,252	6,384,306	2,525,465	3,159,695
Less: Allowance for doubtful debts	(47,171)	(49,056)	(33,421)	(33,421)
Total trade accounts receivable - unrelated parties, net	5,672,081	6,335,250	2,492,044	3,126,274
Total trade accounts receivable, net	5,676,153	6,339,390	3,336,331	3,901,240
<b><u>Other receivables</u></b>				
Advanced payment for goods - related parties (Note 3)	-	-	90,307	4,914
Advanced payment for goods - unrelated parties	244,383	169,166	96,113	74,620
Prepaid expenses	255,473	199,790	96,368	64,276
Accrued income - related parties (Note 3)	401	561	6,579	38,254
Accrued income - unrelated parties	41,354	36,098	6,638	15,414
Advanced payment - related parties (Note 3)	-	-	3,770	9,259
Advanced payment - unrelated parties	47,997	39,960	3,423	2,666
Other receivables - related parties (Note 3)	855	807	9,737	756
Other receivables - unrelated parties	67,310	426,536	2,486	11,094
Total other receivables	657,773	872,918	312,421	221,253
Total trade and other receivables, net	6,333,926	7,212,308	3,648,752	4,122,493

(Unaudited but reviewed)

## 5. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Inventories - at cost	16,708,286	17,617,270	7,751,705	7,919,702
Less: Reduction of cost to net realisable value	(363,283)	(494,291)	(62,111)	(239,970)
Inventories, net	<u>16,345,003</u>	<u>17,122,979</u>	<u>7,689,594</u>	<u>7,679,732</u>

## 6. Derivative financial instruments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
				(Audited)
Foreign exchange swaps	34,185	-	23,778	(55,844)
Foreign exchange options	-	(16,955)	-	(65,293)
Rubber options	20,981	(24,758)	14,161	(58,646)
Forward foreign exchange contracts	96,679	(39,440)	113,261	(5,183)
Rubber futures	223,741	(40,199)	256,739	(45,338)
Physical forward contracts	-	(890)	-	(939)
Total derivative financial instruments	<u>375,586</u>	<u>(122,242)</u>	<u>407,939</u>	<u>(231,243)</u>

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
				(Audited)
Foreign exchange swaps	34,185	-	23,778	(55,844)
Foreign exchange options	-	(14,055)	-	(48,665)
Rubber options	20,981	(23,929)	14,161	(58,646)
Forward foreign exchange contracts	67,344	(1,593)	64,804	(971)
Rubber futures	85,395	(25,273)	153,777	(34,004)
Total derivative financial instruments	<u>207,905</u>	<u>(64,850)</u>	<u>256,520</u>	<u>(198,130)</u>

## **7. Investments in subsidiaries**

### **7.1 Sri Trang Gloves (Thailand) Co., Ltd.**

#### Business acquisition in 2017

On 18 January 2017, a meeting of the Company's Board of Directors passed a resolution to enter into the Umbrella agreement, the Share Sale and Purchase agreement, Call Option agreement between the Company and Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") which collectively was the Demerger agreement for all associates and joint ventures, in which the Company had invested with Semperit both locally and abroad.

Subsequently on 14 March 2017, the Company's Extraordinary General Meeting of Shareholders No.1/2017 passed the resolution to approve the demerger of associates and joint ventures comprising of:

- (a) The acquisition of the ordinary shares of Siam Sempermed Corporation Ltd.
- (b) The disposal of ordinary shares and investments in associates, including the disposal of shares in Semperflex Asia Corporation Ltd. under the Call Option agreement
- (c) The settlement of various disputes

On 15 March 2017, the Company additionally acquired 10,000 ordinary shares of Siam Sempermed Corporation Ltd. (on 16 March 2017 being changed its name to "Sri Trang Gloves (Thailand) Co., Ltd.") ("Sri Trang Gloves"), joint ventures, representing 50% of paid-up capital of Sri Trang Gloves at a price of USD 180.10 million or approximately Baht 6,367 million from Semperit. As a result of step acquisition, the investments in this company had been classified from joint venture to subsidiary. The shareholding of the Group in this subsidiary changed from 40.23% to 90.23% (held by the Company 81.50% and by Rubberland Products Co., Ltd. (subsidiary) 8.73%).

The management of the Company believed that the acquisition of Sri Trang Gloves was a business combination because the assets acquired and liabilities assumed constitute a business and the Company had control over Sri Trang Gloves in accordance with the definition specified in TFRS 3 Business Combinations. Transactions from business combination are accounted for using purchase method and the Company had included the financial statements of Sri Trang Gloves in the consolidated financial statements since 15 March 2017 (acquisition date).

Under TFRS 3, during the measurement period, which must not exceed one year from the acquisition date, the management was required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date and retrospectively adjust the provisional amounts recognised as at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

(Unaudited but reviewed)

In the fourth quarter of the year 2017, the Company completed the assessment of the fair values of the identifiable assets and liabilities of the subsidiary and presented the fair value of the acquirees' identifiable assets and liabilities in the consolidated financial statements for the year ended 31 December 2017.

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

### Consideration transferred as at 15 March 2017

	(Unit: Thousand Baht)
Cash paid for Sri Trang Gloves's 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
<b>Total consideration paid and transferred</b>	<b>6,319,534</b>
Fair value of previously held investment in Sri Trang Gloves prior to the acquisition date	1,987,632
<b>Total consideration</b>	<b>8,307,166</b>

(Unit: Thousand Baht)

### Recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date

#### Assets

Cash and cash equivalents	1,237,590
Trade accounts and other receivables	1,194,017
Inventories	1,352,373
Other current assets	45,873
Property, plant and equipment	4,134,827
Intangible assets	6,701
Deferred tax assets	40,386
Other non-current assets	845

(Unaudited but reviewed)

(Unit: Thousand Baht)

Liabilities

Short-term borrowings from financial institutions	500,000
Trade accounts and other payables	1,161,345
Deferred tax liabilities	333,021
Provision for retirement benefit obligations	76,962
<b>Total identifiable net assets</b>	<b>5,941,284</b>
Fair value of non-controlling interests	(587,900)
Goodwill	2,953,782
<b>Total consideration transferred</b>	<b>8,307,166</b>

(Unit: Thousand Baht)

<b>Cash paid for purchase of investment in a subsidiary</b>	6,367,133
<u>Less:</u> Cash and cash equivalents of the subsidiary	(1,237,590)
Net cash paid for purchase of investment in a subsidiary	5,129,543

(Unit: Thousand Baht)

<b>Fair value of previously held investment in Sri Trang Gloves</b>	
<b>prior to the acquisition date</b>	1,987,632
<u>Less:</u> Carrying value of investment under equity method in Sri trang Gloves	
at the acquisition date	(1,764,006)
Gain on change in fair value from investment reclassification	223,626

(Unit: Thousand Baht)

<b>Fair value of transferred equity instruments prior to the acquisition date</b>	
Sempermed USA, Inc.	187,628
Semperflex Shanghai Ltd.	197,854
Sempermed Singapore Pte. Ltd.	82,194
Shanghai Semperit Rubber & Plastic Products Co., Ltd.	174,114
<u>Less:</u> Carrying value of investment under equity method in the Company at the acquisition date	(509,090)
Gain from disposals of investments in associates and general investment	132,700



Other significant information related to business acquisition was as follows.

**(a) Call Option**

The Company granted a call option to Semperit for the acquisition of Semperflex Asia Co., Ltd. totalling 1,615,000 shares, representing 42.50 percent of paid-in capital of Semperflex Asia Co., Ltd. from the Company and its subsidiary, at the exercise price of USD 51 million, and with a condition to pay all dividend from profit contribution after the acquisition date. 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 was Baht 4,135 million which was assessed by an independent appraiser by using the replacement cost method and deducted by accumulated depreciation based on a number of year used.

**(c) Non-controlling interests**

The Company chose to recognise the non-controlling interests at its fair value for the acquisition of Sri Trang Gloves. The Group measured non-controlling interests from acquiree's identifiable net assets based on proportion of shares held by non-controlling interests.

**(d) Revenues and profit contribution**

Revenues had been included in the consolidated statement of comprehensive income from 15 March 2017 (The date that the Company assumed control over the acquiree) to 31 March 2017 contributed by acquiree was Baht 385 million and also the contributed loss of Baht 524 million, which was included compensation expenses for the demerger of Baht 532 million Sri Trang Gloves has been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the period ended 31 March 2017 would show the revenues of Baht 2,329 million and net profit of Baht 9 million, respectively.

**(e) Business expenses prior to the demerger**

Business expenses prior to the demerger was the compensation for demerger transaction between Sri Trang Gloves and Semperit of USD 15 million, or approximately Baht 532 million which was stated in the related agreements.

**(f) Commercial disputes relating to the joint venture agreement**

On 15 March 2017, the Company and Semperit successfully completed the demerger of the associates and joint ventures. As a result of this, any disputes and lawsuits which related to arbitration proceedings, and legal proceedings between the Group and Semperit in any courts and arbitrations had been withdrawn or terminated.

## 7.2 Sri Trang Rubber & Plantation Co., Ltd. (“SRP”)

During the current period, the Company paid Baht 40 million for the called-up shares in 2017 of SRP.

In addition, on 13 March 2018, the Extraordinary Shareholder’s Meeting of SRP passed a resolution to approve on the increase of the registered capital of Baht 200 million by issuing 2,000,000 newly issued ordinary shares at the par value of Baht 100 per share. As a result, SRP has the new registered capital of 65,550,000 shares and to call up at 25 percent, totaling of Baht 50 million. The Company paid cash for the additional shares.

## 8. Investments in associates

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Carrying amounts based on equity method		Cost	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Semperflex Asia Co., Ltd.	403,411	359,929	142,500	142,500
Pattana Agro Futures Co., Ltd.	8,077	8,061	15,069	15,069
Total investments in associates	<u>411,488</u>	<u>367,990</u>	<u>157,569</u>	<u>157,569</u>

## 9. Investment in joint venture

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Carrying amounts based on equity method		Cost	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Thaitech Rubber Corp., Ltd.	408,977	362,012	134,717	134,717

(Unaudited but reviewed)

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2018	24,189,691	8,944,117
Acquisitions	850,311	192,058
Additions of assets revaluation	35,833	-
Disposals and write-offs - net	(6,181)	(3,503)
Depreciation for the period	(529,658)	(203,252)
Depreciation capitalised to assets (Note 11)	(18,201)	-
Impairment loss	(10,975)	-
Transfers to intangible assets (Note 12)	(4,910)	-
Translation adjustment	(138,505)	-
Net book value as at 31 March 2018	<u>24,367,405</u>	<u>8,929,420</u>

As at 31 March 2018, net book value of property, plant and equipment of a subsidiary with collateral against credit facilities, short-term and long-term borrowings received from a commercial bank is approximately Baht 167 million (31 December 2017: Baht 167 million) as described in Note 14 to the financial statements.

## 11. Rubber and palm plantations

Movements of the rubber and palm plantation account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2018	1,832,376	4,343
Additions	44,810	-
Amortisation	(832)	(59)
Depreciation capitalised to assets (Note 10)	18,201	-
Net book value as at 31 March 2018	<u>1,894,555</u>	<u>4,284</u>

(Unaudited but reviewed)

## 12. Intangible assets

Movements of the intangible asset account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	459,794	440,581
Additions	715	655
Amortisation	(16,737)	(14,387)
Transfers from equipment (Note 10)	4,910	-
Translation adjustment	(366)	-
Net book value as at 31 March 2018	<u>448,316</u>	<u>426,849</u>

## 13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
31 March 2018	31 December 2017	31 March 2018	31 December 2017	
	(Audited)		(Audited)	
Trade payables - unrelated parties	1,143,204	1,221,484	456,879	349,392
Trade payables - related parties (Note 3)	20,456	179,733	325,314	791,558
Accrued expenses	476,553	621,595	198,467	274,817
Deferred income for goods and others	770,229	279,897	401,758	170,467
Deposits and retentions received from customers	146,595	99,906	19,627	19,601
Other payables - unrelated parties	274,112	211,638	118,666	58,108
Other payables - related parties (Note 3)	-	4	34,370	55,159
Others	3,597	583	155	155
Total trade and other payables	<u>2,834,746</u>	<u>2,614,840</u>	<u>1,555,236</u>	<u>1,719,257</u>

(Unaudited but reviewed)

**14. Borrowings**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<b>Short-term borrowings from financial institutions</b>				
Short-term borrowings from financial institutions	19,677,870	21,378,372	14,277,625	14,754,529
Notes payable	88,417	407,655	-	-
Total short-term borrowings from financial institutions	<u>19,766,287</u>	<u>21,786,027</u>	<u>14,277,625</u>	<u>14,754,529</u>
<b>Current portions</b>				
Long-term borrowings from financial institutions	435,303	420,654	300,000	300,000
Debentures	-	600,000	-	600,000
Finance lease liabilities	12,792	13,167	3,842	4,092
Total current portions	<u>448,095</u>	<u>1,033,821</u>	<u>303,842</u>	<u>904,092</u>
<b>Non-current portions</b>				
Long-term borrowings from financial institutions	7,629,791	7,193,710	4,794,791	4,313,710
Debentures	2,265,000	2,265,000	2,265,000	2,265,000
Finance lease liabilities	24,449	27,521	8,670	9,542
Total non-current portions	<u>9,919,240</u>	<u>9,486,231</u>	<u>7,068,461</u>	<u>6,588,252</u>
Total long-term borrowings from financial institutions	<u>10,367,335</u>	<u>10,520,052</u>	<u>7,372,303</u>	<u>7,492,344</u>
Total borrowings	<u><u>30,133,622</u></u>	<u><u>32,306,079</u></u>	<u><u>21,649,928</u></u>	<u><u>22,246,873</u></u>

(Unaudited but reviewed)

Movements in the borrowing account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	32,306,079	22,246,873
Decrease in short-term borrowings from financial institutions	(2,041,817)	(476,904)
Additions of long-term borrowing from financial institutions	629,400	629,400
Repayments of long-term borrowings from financial institutions	(105,351)	(75,000)
Repayments of debenture	(600,000)	(600,000)
Repayments of finance lease liabilities	(3,448)	(1,122)
Unrealised gain on exchange rates	(73,319)	(73,319)
Translation adjustments	22,078	-
Balance as at 31 March 2018	<u>30,133,622</u>	<u>21,649,928</u>

#### Short-term and long-term borrowings from financial institutions

As at 31 March 2018, certain of short-term and long-term borrowings totaling Baht 29 million (31 December 2017: Baht 26 million) were guaranteed by lands, land improvements, buildings and structures thereon, and machinery and equipment of a subsidiary as described in Note 10, certain of the Company's directors (no fee charged). According to a condition of the borrowing agreements, the Company and the subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiary must comply with other conditions and restrictions stated in the borrowing agreements.

During the current period, the Company entered into a long-term borrowing agreement with a commercial bank for credit facilities of USD 20 million, or approximately Baht 628 million, with a term of 3 years. This borrowing is subject to interest at a fixed rate per annum and is unsecured. Principal is repayable in full on maturity and interest is repayable quarterly. In addition,

Subsequently in April 2018, Sri Trang Gloves entered into a long-term borrowing agreement with a commercial bank for credit facilities of Baht 950 million, with a term of 7 years. This borrowing is subject to interest at a rate of MLR less fixed rate percent per annum and is unsecured. Principal and interest are repayable quarterly. In addition, the commercial bank has amended the long-term borrowing agreement with Sri Trang Gloves for the credit facilities of Baht 3,000 million, changing the amount of principal that is to be paid each quarter. The bank has stipulated that Sri Trang Gloves to utilise the new long-term borrowing facility of Baht 950 million to settle principal under the Baht 3,000 million long-term borrowing agreement within June 2018.

The borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain financial ratios.

#### Debentures

Debentures are unsubordinated, unsecured and denominated in Thai Baht, which are due for redemption from 2018, 2019 and 2021 respectively.

#### Finance lease liabilities

Finance leases of the Group are mainly related to the lease of vehicles. The terms of the lease agreements are generally 5 years.

### **15. Income tax**

Interim corporate income tax of the Company was calculated on profit before income tax from operations without BOI promotional privileges for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the local subsidiaries were calculated on profit (loss) before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the overseas subsidiaries were calculated in accordance with the accounting standards and/or tax law of that company's country of domicile.

(Unaudited but reviewed)

Tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	92,191	34,096	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	25,815	107,650	52,767	6,519
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>118,006</u>	<u>141,746</u>	<u>52,767</u>	<u>6,519</u>

The estimated average effective tax rate was calculated from net profit before income tax. For the three-month period ended 31 March 2018, the average effective tax rate for the consolidated financial statements was 12.0%, and for the separate financial statements was 12.4%.

## 16. Earnings per share

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Basic earnings per share</b>				
Profit attributable to owners of the Company (Thousand Baht)	831,821	7,568	372,702	1,606,687
Weighted average number of ordinary shares (Thousand shares)	1,536,000	1,280,000	1,536,000	1,280,000
Earnings per share (Baht per share)	0.54	0.01	0.24	1.26



## **17. Segment information**

As at 31 March 2018, the Group operated across four business segments in seven main geographical areas (2017: seven main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales. During the current period, the Group did not change the organisation of their reportable segments.

Financial information by geographical area, which are presented to the Board of Directors of the Group is the chief operating decision makers of the Group, for the three-month periods ended 31 March 2018 and 2017 have been presented as follows:

(Unaudited but reviewed)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Natural rubber							Engineering	Plantation	Other	Elimination	Consolidation
	United states							Thailand	Thailand	Thailand		
	Thailand	Indonesia	Singapore	of America	China	Vietnam	Myanmar	Thailand	Thailand	Thailand		
<b>Revenues</b>												
Revenue from external customers	11,969,063	466,758	4,559,924	106,954	558,270	-	-	14,654	213	13,231	-	17,689,067
Inter-segment revenues	3,583,261	1,881,483	104,008	-	8,850	-	81,041	274,583	1,255	208,277	(6,142,758)	-
<b>Total revenues</b>	<b>15,552,324</b>	<b>2,348,241</b>	<b>4,663,932</b>	<b>106,954</b>	<b>567,120</b>	<b>-</b>	<b>81,041</b>	<b>289,237</b>	<b>1,468</b>	<b>221,508</b>	<b>(6,142,758)</b>	<b>17,689,067</b>
<b>Unallocated income and expenses</b>												
Depreciation and amortisation	(446,049)	(73,694)	(2,033)	(246)	(500)	-	(1,233)	(5,927)	(8,423)	(9,122)	-	(547,227)
Finance income	25,523	446	148	-	198	-	-	587	-	-	(25,186)	1,716
Finance cost	(185,824)	(121,796)	(2,705)	(4,674)	-	-	1,394	-	-	(500)	28,775	(285,330)
Share of profit from investments in of associates and joint venture	80,146	-	-	-	-	-	-	-	-	-	-	80,146
<b>Profit (loss) before income tax expense</b>	<b>804,218</b>	<b>(27,642)</b>	<b>149,744</b>	<b>(46,180)</b>	<b>196,986</b>	<b>(140)</b>	<b>6,217</b>	<b>6,151</b>	<b>(40,281)</b>	<b>(1,065)</b>	<b>(67,645)</b>	<b>980,363</b>
Tax income (expense)	(94,995)	8,380	(19,396)	11,901	(25,178)	-	145	(1,187)	2,221	103	-	(118,006)
<b>Profit (loss) for the period</b>	<b>709,223</b>	<b>(19,262)</b>	<b>130,348</b>	<b>(34,279)</b>	<b>171,808</b>	<b>(140)</b>	<b>6,362</b>	<b>4,964</b>	<b>(38,060)</b>	<b>(962)</b>	<b>(67,645)</b>	<b>862,357</b>
<b>Total assets</b>	<b>57,864,711</b>	<b>6,246,062</b>	<b>5,467,989</b>	<b>307,058</b>	<b>1,699,082</b>	<b>24,559</b>	<b>294,403</b>	<b>1,393,133</b>	<b>6,637,201</b>	<b>4,129,225</b>	<b>(25,617,435)</b>	<b>58,445,988</b>

(Unaudited but reviewed)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Natural rubber							Engineering	Plantation	Other	Elimination	Consolidation
	Thailand	Indonesia	Singapore	America	China	Vietnam	Myanmar	Thailand	Thailand	Thailand		
	United states of											
<b>Revenues</b>												
Revenue from external customers	19,812,778	825,351	6,743,934	740,914	123,714	-	-	68,158	112	204,288	-	28,519,249
Inter-segment revenues	2,616,803	2,619,665	1,006,425	(199)	-	-	83,622	93,719	490	229,029	(6,649,554)	-
<b>Total revenues</b>	<u>22,429,581</u>	<u>3,445,016</u>	<u>7,750,359</u>	<u>740,715</u>	<u>123,714</u>	<u>-</u>	<u>83,622</u>	<u>161,877</u>	<u>602</u>	<u>433,317</u>	<u>(6,649,554)</u>	<u>28,519,249</u>
<b>Unallocated income and expenses</b>												
Depreciation and amortisation	(244,560)	(67,866)	(1,659)	(454)	(585)	-	(1,291)	(5,192)	(8,316)	(7,562)	-	(337,485)
Finance income	767	517	108	-	173	-	-	-	-	-	-	1,565
Finance cost	(192,137)	(47,902)	(2,257)	(7,924)	-	-	(989)	(14,083)	-	(119)	-	(265,411)
Share of profit from investments in of associates and joint ventures	57,941	-	-	-	-	-	-	-	-	-	-	57,941
<b>Profit (loss) before income tax expense</b>	<u>1,642,449</u>	<u>456,792</u>	<u>294,000</u>	<u>64,372</u>	<u>1,933</u>	<u>(940)</u>	<u>2,847</u>	<u>(2,938)</u>	<u>(30,720)</u>	<u>(5,068)</u>	<u>(2,292,212)</u>	<u>130,515</u>
Tax income (expense)	(15,941)	(79,385)	(24,167)	(21,976)	(552)	-	-	142	25	108	-	(141,746)
<b>Profit (loss) for the period</b>	<u>1,626,508</u>	<u>377,407</u>	<u>269,833</u>	<u>42,396</u>	<u>1,381</u>	<u>(940)</u>	<u>2,847</u>	<u>(2,796)</u>	<u>(30,695)</u>	<u>(4,960)</u>	<u>(2,292,212)</u>	<u>(11,231)</u>
<b>Total assets</b>	<u>63,410,660</u>	<u>8,568,929</u>	<u>6,337,851</u>	<u>1,275,070</u>	<u>588,705</u>	<u>27,973</u>	<u>241,196</u>	<u>2,390,925</u>	<u>6,094,617</u>	<u>4,043,669</u>	<u>(25,812,396)</u>	<u>67,167,199</u>

**18. Commitments and contingent liabilities****18.1 Sales and purchases commitments**

The Group are committed to certain sales and purchases related to finished goods from natural rubber. 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:-

	(Unit: Thousand Baht)	
	As at 31 March 2018	
	Consolidated financial statements	Separate financial statements
<b>Purchases from:</b>		
Joint ventures	574,766	-
Third parties	922,808	271,335
	<u>1,497,574</u>	<u>271,335</u>
<b>Sales to:</b>		
Subsidiaries	-	476,137
Third parties	18,742,016	12,173,379
	<u>18,742,016</u>	<u>12,649,516</u>

**18.2 Capital commitments**

The Group has capital commitments as follows.

	(Unit: Thousand Baht)	
	As at 31 March 2018	
	Consolidated financial statements	Separate financial statements
Capital commitments - purchase of fixed assets	<u>607,006</u>	<u>118,759</u>

**18.3 Commitments from guarantees on borrowings**

18.3.1 The Group had commitments from guarantees on the borrowings as follows:-

Currencies	As at 31 March 2018	
	Consolidated financial statements / Separate financial statements	
	Amount	(Equivalent) Baht million
USD million	29	923
Rupiah billion	506	1,154
Total		2,077

18.3.2 As at 31 March 2018, the Group had contingent liabilities for bank guarantees issued in favor of government agencies mainly for electricity usage totaling Baht 161 million and has pledged its fixed deposits of Baht 1 million as collateral for these bank guarantees.

**18.4 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 were as follows:-

	(Unit: Thousand Baht)	
	As at 31 March 2018	
	Consolidated financial statements	Separate financial statements
Not later than 1 year	121,445	56,996
Later than 1 year but not later than 5 years	134,789	61,287
Total	256,234	118,283

(Unaudited but reviewed)

## 19. Fair value measurements

As at 31 March 2018 and 31 December 2017, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:-

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets				
- equity securities	50,293	-	-	50,293
Financial assets at fair value through profit or loss - trading derivatives	223,741	151,845	-	375,586
<b>Total assets</b>	<b>274,034</b>	<b>151,845</b>	<b>-</b>	<b>425,879</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- trading derivatives	40,199	82,043	-	122,242
<b>Total liabilities</b>	<b>40,199</b>	<b>82,043</b>	<b>-</b>	<b>122,242</b>

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets				
- equity securities	53,299	-	-	53,299
Financial assets at fair value through profit or loss - trading derivatives	256,739	151,200	-	407,939
<b>Total assets</b>	<b>310,038</b>	<b>151,200</b>	<b>-</b>	<b>461,238</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- trading derivatives	45,338	185,905	-	231,243
<b>Total liabilities</b>	<b>45,338</b>	<b>185,905</b>	<b>-</b>	<b>231,243</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets				
- equity securities	49,917	-	-	49,917
Financial assets at fair value through profit or loss - trading derivatives	85,395	122,510	-	207,905
<b>Total assets</b>	<b>135,312</b>	<b>122,510</b>	<b>-</b>	<b>257,822</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- trading derivatives	25,273	39,577	-	64,850
<b>Total liabilities</b>	<b>25,273</b>	<b>39,577</b>	<b>-</b>	<b>64,850</b>

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets				
- equity securities	52,097	-	-	52,097
Financial assets at fair value through profit or loss - trading derivatives	153,777	102,743	-	256,520
<b>Total assets</b>	<b>205,874</b>	<b>102,743</b>	<b>-</b>	<b>308,617</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- trading derivatives	34,004	164,126	-	198,130
<b>Total liabilities</b>	<b>34,004</b>	<b>164,126</b>	<b>-</b>	<b>198,130</b>

During the current period, there was no transfer within the fair value hierarchy.

**20. Event after the reporting period**

On 26 April 2018, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a decrease in the Company's registered share capital from Baht 1,536,000,000 (1,536,000,000 ordinary shares of Baht 1 each) to Baht 1,535,999,998 (1,535,999,998 ordinary shares of Baht 1 each) by cancelling 2 registered ordinary shares with a par value of Baht 1 each that are unissued. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 7 May 2018.

**21. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2018.