

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 2016 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

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016 and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including 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. 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><i>Accuracy of estimation from the fire accident at a factory in Indonesia and related consequences</i></p> <p>Refer to Note 41 to the consolidated and separate financial statements.</p> <p>In October 2016, a fire broke out at a block rubber factory in Pontianak, Indonesia. The factory is owned by PT Star Rubber (PTS), an indirect subsidiary of the Group. The fire damage covered raw materials, raw material storage, and part of the production lines. The estimated cost at the book of the damage was Rupiah 90,166 million (approximately Baht 240 million) which was recognised in the statement of comprehensive income in 2016. The production capacity of block rubbers from this factory is approximately 2,000 - 4,000 tons per month, which accounts for less than 5% of total production capacity of the Group.</p> <p>The Group was insured for fire incidents including fixed assets, inventories, and business interruption in full, and was still negotiating with the insurance companies over the amount of the claim.</p> <p>As at 31 December 2016, management had set up an allowance for fire damaged inventories of Rupiah 15,522 million (approximately Baht 42 million) and written off inventories of Rupiah 50,631 million (approximately Baht 135 million), and fixed assets (mainly buildings and machines) Rupiah 24,013 million (Baht 64 million) that were fully damaged. The losses were recognised in the statement of comprehensive income.</p> <p>I focused on this area because the estimation of outstanding damage and claims from insurance companies involves significant judgement. Also, the size of the loss and uncertainties relating to the timing of recognising claims and future payments from the insurance companies.</p>	<p>I reviewed and assessed the work performed by the related subsidiary auditors as well as inquiries made to management on the net realisable value of inventories, allowance for impairment of fixed assets, mainly building and machines, and the claim amount which might have received from the insurance companies and recognised at the end of reporting date.</p> <p>The specific work that the component auditors performed and my work on the assessment of the fire accident at a factory in Indonesia included :</p> <ul style="list-style-type: none"> • Inquired management about the status of current losses incurred and recognised, and progress of claims made to the insurance companies. I also inspected related supporting documents, and management analysis. • Discussed with the related subsidiary auditors on the procedures performed and results regarding the adequacy of loss recognised from the fire, and reviewed related inter-office reports supporting my Group audit. • Assessed the timing and adequacy of the claim income recognition from the insurance companies. The Group had not recognised any claim income as of 31 December 2016 as the loss survey work was still ongoing and there was still uncertainty around the claimed amount. • Assessed with the subsidiary auditors on any other impact including any potential impairment of investment in PTS which might occur. <p>In my view, the related asset write offs and loss recognition from the fire were reasonable and the related disclosure was sufficient. In addition, my work did not show any impairment issue on investment in PTS.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Recognition and disclosure of legal claims and litigation on commercial disputes related to the Joint Venture agreement</i></p> <p>Refer to Note 42 and Note 43.1 to the consolidated and separate financial statements for the disclosures of related facts, judgments and estimates.</p> <p>The Company and Rubberland Products Co., Ltd. (Rubberland), a subsidiary, and other shareholders of Siam Sempermed Corp. Ltd. (SSC), a joint venture, are currently being sued by Semperit Group (Semperit), a foreign company investing in SSC, for breaching the Joint Venture Agreement and other related agreements with SSC. SSC is a joint venture engaged in the manufacturing of rubber gloves.</p> <p>The legal claims and litigation under the lawsuit are under arbitration and court proceedings. These are disclosed as contingent liabilities in the notes to the consolidated and separate financial statements as management believes that the Company and its related subsidiary did not breach any provisions under the agreements in such venture company. The Group regularly updates and assesses its legal positions with the use of internal and external legal experts. In addition, the Group estimates and records related accruals at the end of reporting period.</p> <p>I considered the claims and litigation were important given the size and complexity of the claims, and related uncertainty of the outcomes. This matter is also an area of much interest among stakeholders.</p>	<p>I inquired management and evaluated the Group's assessment of the nature and most recent status of the claims and litigation.</p> <p>The specific audit work that I performed during my assessment of the claims and litigation included:</p> <ul style="list-style-type: none"> • Read related minutes of meetings of the Board of Directors and the audit committee • Inquired both in-house and external legal counsel concerning the current status, timing and potential outcomes of these claims • Obtained external confirmations on the facts and views in writing from related legal counsels; • Involved my legal experts to assist in evaluating the status, timing and potential outcomes of such claims and litigation, and • Considered the adequacy of the related disclosures and related accruals and provisions. <p>In addition to the above, I highlighted the summary of a significant development in related claims and litigation as disclosed in Note 43.1 - events after the reporting period - the demerger transaction with Semperit. Overall, the parties concerned agreed in principle in January 2017 that they will enter into agreements including the sale and purchase of shares of SSC and related entities. Semperit and all the parties concerned have agreed to end and settle all pending disputes and claims both at arbitration and in the court subject to certain pre-conditions that the parties concerned have to follow in the next few months.</p> <p>I viewed that the disclosures made and related accruals including legal expenses were adequate and sufficient.</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 2017

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Assets					
Current assets					
Cash and cash equivalents	7	1,674,618,807	2,197,241,259	341,997,422	302,242,191
Derivative financial instruments	8	164,979,930	336,737,313	20,160,205	265,028,250
Trade accounts receivable and other receivables, net	9	8,093,256,160	3,854,229,907	3,526,070,485	2,360,311,001
Amounts due from futures brokers		633,921,366	702,086,338	22,980,570	87,465,150
Inventories, net	10	20,931,003,297	13,959,751,197	10,860,738,679	6,335,142,961
Current portion of long-term borrowings to a subsidiary	36.4	-	-	534,882,000	362,251,765
Other current assets	11	314,101,947	480,588,349	112,720,704	86,315,473
Total current assets		31,811,881,507	21,530,634,363	15,419,550,065	9,798,756,791
Non-current assets					
Long-term borrowings to subsidiaries	36.4	-	-	1,539,321,476	1,263,353,030
Fixed deposits pledged as collateral	12	12,320,480	33,463,842	-	13,823,734
Investments in subsidiaries	13.1	-	-	11,246,845,292	10,701,420,514
Investments in associates	13.2	1,489,919,788	1,357,762,042	619,177,500	649,177,500
Investments in joint ventures	13.3	3,699,158,251	3,378,970,225	197,716,526	83,099,800
Long-term investments	14	59,129,766	50,626,129	58,013,714	49,718,210
Property, plant and equipment, net	15	15,765,513,625	15,185,490,205	6,804,703,563	6,224,797,090
Rubber and palm plantations, net	16	1,573,403,867	1,221,240,488	2,550,659	2,833,994
Intangible assets, net	17	480,804,744	330,312,214	469,980,922	314,686,383
Investment properties	18	151,931,585	154,510,994	27,769,750	27,769,750
Withholding tax deducted at source		365,540,461	395,745,880	343,758,512	312,271,396
Deferred income tax assets, net	19	492,342,586	203,437,743	139,499,375	-
Other non-current assets	20	56,608,008	36,433,473	17,761,640	13,856,842
Total non-current assets		24,146,673,161	22,347,993,235	21,467,098,929	19,656,808,243
Total assets		55,958,554,668	43,878,627,598	36,886,648,994	29,455,565,034

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 and its subsidiaries
Statements of Financial Position (Cont'd)
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Liabilities and equity					
Current liabilities					
Trade accounts payable and other payables	21	3,167,835,158	2,687,393,890	1,740,184,886	1,408,163,931
Short-term borrowings from financial institutions	22	23,433,814,874	13,446,230,471	14,338,230,000	7,733,771,000
Current portion of long-term borrowings					
from financial institutions	22.1	5,397,791,500	451,404,000	4,276,387,500	200,000,000
Current portion of debentures	22.2	-	850,000,000	-	850,000,000
Current portion of finance lease liabilities	22.4	8,333,682	25,044,515	2,466,055	3,865,658
Derivative financial instruments	8	654,919,773	271,563,002	460,845,943	196,211,782
Current income tax liabilities		113,819,683	63,896,095	-	-
Other current liabilities		59,553,051	40,020,840	27,472,890	19,693,269
Total current liabilities		32,836,067,721	17,835,552,813	20,845,587,274	10,411,705,640
Non-current liabilities					
Long-term borrowings from financial institutions	22.1	654,000	3,742,215,000	-	3,740,157,000
Debentures	22.2	2,865,000,000	600,000,000	2,865,000,000	600,000,000
Finance lease liabilities	22.4	5,127,618	10,904,253	4,424,685	4,280,567
Deferred income tax liabilities, net	19	119,339,871	151,818,247	-	33,180,843
Provision for retirement benefit obligations	23	185,232,931	161,703,570	83,946,773	73,882,790
Other non-current liabilities		35,214,923	42,524,980	-	-
Total non-current liabilities		3,210,569,343	4,709,166,050	2,953,371,458	4,451,501,200
Total liabilities		36,046,637,064	22,544,718,863	23,798,958,732	14,863,206,840

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of Financial Position (Cont'd)
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	24				
Authorised share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2015: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Issued and paid-up share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2015: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Premium on share capital	24	8,550,989,821	8,550,989,821	8,550,989,821	8,550,989,821
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	25	(173,134,488)	(173,134,488)	-	-
Asset revaluation surplus, net of accumulated depreciation	25	1,296,859,775	1,427,799,885	552,826,994	654,327,347
Unrealised gains on available-for-sale investments	25	12,755,614	6,832,287	12,234,045	6,479,970
Cumulative currency differences on translation	25	(284,004,450)	(268,546,606)		-
Retained earnings					
Appropriated - legal reserve	26	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated		9,036,069,449	10,287,731,589	2,563,639,402	3,972,561,056
Equity attributable to owners of the parent		19,847,535,721	21,239,672,488	13,087,690,262	14,592,358,194
Non-controlling interests		64,381,883	94,236,247	-	-
Total equity		19,911,917,604	21,333,908,735	13,087,690,262	14,592,358,194
Total liabilities and equity		55,958,554,668	43,878,627,598	36,886,648,994	29,455,565,034

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of Comprehensive Income
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenues from sales of goods and services	27	77,265,520,124	61,291,782,057	38,335,071,028	29,014,781,025
Cost of sales and services		(71,852,023,677)	(57,770,589,129)	(35,676,914,450)	(27,175,826,041)
Gross profit		5,413,496,447	3,521,192,928	2,658,156,578	1,838,954,984
Other income	30	197,507,663	186,321,362	463,115,714	462,236,862
Selling expenses		(3,173,723,974)	(2,125,205,273)	(2,379,986,428)	(1,778,581,066)
Administrative expenses		(2,262,237,599)	(1,588,191,090)	(915,859,293)	(816,111,907)
Gains on exchange rate, net		6,395,407	214,180,676	76,688,823	91,219,722
Other gains (losses), net	31	(985,146,545)	1,095,298,392	(734,519,425)	821,750,803
Operating profit		(803,708,601)	1,303,596,995	(832,404,031)	619,469,398
Share of profit from investments in associates and joint ventures	13.2, 13.3	402,762,216	648,823,974	-	-
Profit (loss) before net finance costs and income tax		(400,946,385)	1,952,420,969	(832,404,031)	619,469,398
Finance income		35,309,641	48,175,799	75,390,451	77,977,067
Finance costs		(707,334,973)	(857,323,014)	(417,347,562)	(360,937,361)
Finance costs, net	32	(672,025,332)	(809,147,215)	(341,957,111)	(282,960,294)
Profit (loss) before income tax		(1,072,971,717)	1,143,273,754	(1,174,361,142)	336,509,104
Income tax	33	283,242,022	(31,517,851)	262,459,952	1,237,358
Profit (loss) for the year		(789,729,695)	1,111,755,903	(911,901,190)	337,746,462
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in deferred tax rates		(112,532,597)	-	(87,977,136)	-
Asset revaluation surplus, net of tax		-	2,276,957	-	2,276,957
Remeasurements of port-employment benefit obligations, net of tax		(963,576)	(25,589,087)	573,990	(18,306,794)
Total items that will not be reclassified to profit or loss		(113,496,173)	(23,312,130)	(87,403,146)	(16,029,837)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Change in fair value of available-for-sale investments, net of tax		6,802,909	(12,031,888)	6,636,403	(11,937,846)
Currency differences on translation		(13,567,291)	174,540,423	-	-
Total items that will be reclassified subsequently to profit or loss		(6,764,382)	162,508,535	6,636,403	(11,937,846)
Other comprehensive income (expense) for the years, net of tax		(120,260,555)	139,196,405	(80,766,743)	(27,967,683)
Total comprehensive income (expense) for the years		(909,990,250)	1,250,952,308	(992,667,933)	309,778,779

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
 Statements of Comprehensive Income (Cont'd)
 For the year ended 31 December 2016

	Note	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Profit (loss) for the years attributable to:					
Owners of the parent		(757,985,659)	1,118,034,881	(911,901,190)	337,746,462
Non-controlling interests		(31,744,036)	(6,278,978)	-	-
Profit (loss) for the years		(789,729,695)	1,111,755,903	(911,901,190)	337,746,462
Total comprehensive income (expense) for the years attributable to:					
Owners of the parent		(880,136,766)	1,260,003,066	(992,667,933)	309,778,779
Non-controlling interests		(29,853,484)	(9,050,758)	-	-
Total comprehensive income (expense) for the years		(909,990,250)	1,250,952,308	(992,667,933)	309,778,779
Earnings (losses) per share					
Basic earnings (losses) per share	34	(0.59)	0.87	(0.71)	0.26

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
 Statements of Changes in Equity
 For the year ended 31 December 2016

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 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 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, 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 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	35	-	-	-	-	-	-	(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 and its subsidiaries

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2016

Consolidated financial statements											
Attributable to owners of the parent											
Other components of equity											
Other comprehensive income											
Note	Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Cumulative currency differences on translation	Retained earnings		Total owners of the parent	Non-controlling interests	Total equity
							Appropriated - legal reserve	Unappropriated			
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2015	1,280,000,000	8,550,989,821	(173,134,488)	1,470,543,779	18,864,175	(445,858,809)	128,000,000	9,662,264,944	20,491,669,422	100,198,868	20,591,868,290
Profit for the year	-	-	-	-	-	-	-	1,118,034,881	1,118,034,881	(6,278,978)	1,111,755,903
Other comprehensive income											
Asset revaluation surplus, net of tax	-	-	-	2,276,957	-	-	-	-	2,276,957	-	2,276,957
Disposal of assets, net of tax	-	-	-	(25,432,581)	-	-	-	25,432,581	-	-	-
Depreciation on assets revaluation, net of tax	-	-	-	(19,588,270)	-	-	-	19,588,270	-	-	-
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	(12,031,888)	-	-	-	(12,031,888)	-	(12,031,888)
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	-	-	-	-	(25,589,087)	(25,589,087)	-	(25,589,087)
Currency differences on translation	-	-	-	-	-	177,312,203	-	-	177,312,203	(2,771,780)	174,540,423
Total other comprehensive income, net of tax	-	-	-	(42,743,894)	(12,031,888)	177,312,203	-	19,431,764	141,968,185	(2,771,780)	139,196,405
Total comprehensive income	-	-	-	(42,743,894)	(12,031,888)	177,312,203	-	1,137,466,645	1,260,003,066	(9,050,758)	1,250,952,308
Transactions with equity											
Dividend payment	35	-	-	-	-	-	-	(512,000,000)	(512,000,000)	-	(512,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	(200)	(200)
Non-controlling interests invested in subsidiaries		-	-	-	-	-	-	-	-	3,088,337	3,088,337
Total transactions with equity		-	-	-	-	-	-	(512,000,000)	(512,000,000)	3,088,137	(508,911,863)
Closing balance as at 31 December 2015	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

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
 Statements of Changes in Equity (Cont'd)
 For the year ended 31 December 2016

	Separate financial statements							Total equity Baht
			Other components of equity		Retained earnings			
			Other comprehensive income		Appropriated	Unappropriated		
	Issued and paid-up share capital	Premium on share capital	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	- legal reserve			
Note	Baht	Baht	Baht	Baht	Baht	Baht	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								
Asset revaluation surplus, net of tax		-	-	-	-	-	-	-
Change in estimated deferred tax rate		-	-	(89,094,783)	(882,328)	-	1,999,976	(87,977,135)
Disposal of assets, net of tax		-	-	(645,593)	-	-	645,593	-
Depreciation on assets revaluation, net of tax		-	-	(11,759,977)	-	-	11,759,977	-
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, 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	35						(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.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
 Statements of Changes in Equity (Cont'd)
 For the year ended 31 December 2016

	Separate financial statements							Total equity Baht	
	Other components of equity						Retained earnings		
	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	Appropriated			
						- legal reserve Baht			Unappropriated Baht
Opening balance as at 1 January 2015	1,280,000,000	8,550,989,821	691,242,473	18,417,816	128,000,000	4,125,929,305	14,794,579,415		
Profit for the year	-	-	-	-	-	337,746,462	337,746,462		
Other comprehensive income									
Asset revaluation surplus, net of tax	-	-	2,276,957	-	-	-	2,276,957		
Disposal of assets, net of tax	-	-	(25,432,582)	-	-	25,432,582	-		
Depreciation on assets revaluation, net of tax	-	-	(13,759,501)	-	-	13,759,501	-		
Change in fair value of available-for-sale investments, net of tax	-	-	-	(11,937,846)	-	-	(11,937,846)		
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	-	-	(18,306,794)	(18,306,794)		
Total other comprehensive income, net of tax	-	-	(36,915,126)	(11,937,846)	-	20,885,289	(27,967,683)		
Total comprehensive income	-	-	(36,915,126)	(11,937,846)	-	358,631,751	309,778,779		
Transactions with equity									
Dividend payment	35	-	-	-	-	(512,000,000)	(512,000,000)		
Total transactions with equity	-	-	-	-	-	(512,000,000)	(512,000,000)		
Closing balance as at 31 December 2015	<u>1,280,000,000</u>	<u>8,550,989,821</u>	<u>654,327,347</u>	<u>6,479,970</u>	<u>128,000,000</u>	<u>3,972,561,056</u>	<u>14,592,358,194</u>		

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of Cash Flows
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before income tax		(1,072,971,717)	1,143,273,754	(1,174,361,142)	336,509,104
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		11,892,763	165,826,333	75,038,818	(92,948,660)
Unrealised (gains) losses on revaluation of derivative financial instruments		555,114,154	(188,233,729)	509,502,206	(190,905,407)
Reversal of allowance for impairment of trade accounts receivable and write-off bad debt		-	(5,476,184)	-	-
(Reversal of) allowance for inventory cost in excess of net realisable value		(453,738,055)	373,838,194	(163,959,310)	167,854,777
Provision for damaged inventories from fire accident	41	41,593,901	-	-	-
Provision for post-employment benefit obligations	23	24,465,947	24,588,801	12,052,621	7,210,190
Depreciation charges	15	1,158,988,391	1,021,709,275	554,238,796	477,239,592
Amortisation charges - rubber and palm plantations	16	690,687	687,428	283,335	371,012
Amortisation charges - intangible assets	17	35,546,291	32,701,770	29,456,934	27,137,109
Write-off income tax refund		131,984,203	-	33,576,786	-
Finance costs	32	707,334,973	857,323,014	417,347,562	360,937,361
Dividend income	30	(24,255,815)	(36,755,100)	(343,419,619)	(386,749,553)
Share of profit from investments in associates and joint ventures	13.2, 13.3	(402,762,216)	(648,823,974)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment, rubber and palm plantations and intangible assets	31	62,118,581	(44,509,277)	922,716	(34,138,669)
Losses on revaluation of investment properties	31	1,887,415	29,193,380	-	-
Changes in operating assets and liabilities:					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		(4,216,128,084)	839,626,435	(1,142,861,316)	(62,482,010)
- Amounts due from futures brokers		68,164,972	(309,636,274)	64,484,580	(1,801,194)
- Inventories		(6,554,191,990)	(4,308,561,608)	(4,361,636,408)	(1,759,644,580)
- Other current assets		35,506,345	(107,915,983)	(26,405,231)	(9,457,475)
- Other non-current assets		(20,174,535)	(2,167,784)	(3,904,798)	(1,138,042)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		464,347,512	128,785,463	324,539,701	(83,378,671)
- Other current liabilities		19,532,211	(4,327,746)	7,779,621	(1,292,687)
Cash used in operating activities		(9,425,054,066)	(1,038,853,812)	(5,187,324,148)	(1,246,677,803)
Interest paid		(716,256,809)	(855,321,753)	(430,645,247)	(357,126,538)
Income tax refunded		105,391,575	-	5,147,789	-
Income tax paid		(176,373,069)	(173,018,627)	(70,211,691)	(62,103,977)
Employee benefits paid	23	(2,311,150)	(7,233,370)	(1,271,150)	(6,543,270)
Net cash used in operating activities		(10,214,603,519)	(2,074,427,562)	(5,684,304,447)	(1,672,451,588)

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from investing activities					
Cash received from long-term loans to a subsidiaries	36.4	-	-	300,000,000	-
Cash paid for long-term loans to subsidiaries	36.4	-	-	(823,600,000)	(540,000,000)
(Increase) decrease in fixed deposits pledged as collateral		21,143,362	1,122,131	13,823,734	(200,871)
Decrease in available-for-sale investments	14	-	58,030	-	57,771
Dividends received		1,357,646	36,755,100	320,521,451	386,749,553
Cash paid for investments in subsidiaries	13.1	-	-	(2,559,480,393)	(1,016,780,000)
Cash received for investments in subsidiaries	13.1	-	-	2,014,055,615	-
Cash paid for investments in joint venture	13.3	(114,616,726)	-	(114,616,726)	-
Cash received from capital decrease of an associate	13.2	30,000,000	-	30,000,000	-
Proceeds from disposal and write-off of property, plant and equipment, rubber and palm plantations and intangible assets		13,526,906	114,134,579	1,412,637	87,418,018
Cash paid for investment property	18	(214,987)	-	-	-
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(2,294,480,551)	(2,616,502,311)	(1,297,611,406)	(1,230,586,425)
Net cash used in investing activities		(2,343,284,350)	(2,464,432,471)	(2,115,495,088)	(2,313,341,954)
Cash flows from financing activities					
Increase in short-term borrowings from financial institutions		9,952,871,355	4,005,405,294	6,604,459,000	3,472,287,000
Proceeds from long-term borrowings	22.1	1,410,000,000	1,230,157,000	540,000,000	980,157,000
Repayments of long-term borrowings	22.1	(205,211,000)	(90,264,000)	(203,807,000)	-
Proceeds from debentures	22.2	2,265,000,000	-	2,265,000,000	-
Repayments of debentures	22.2	(850,000,000)	-	(850,000,000)	-
Proceeds from capital increase from non-controlling interests		(393)	-	-	-
Payments on finance lease liabilities	22.4	(25,394,058)	(31,903,876)	(4,097,234)	(3,914,579)
Dividend paid	35	(512,000,000)	(512,000,000)	(512,000,000)	(512,000,000)
Dividend paid from subsidiaries to non-controlling interests		(487)	(200)	-	-
Proceeds from capital increase from non-controlling interests		-	3,088,337	-	-
Net cash provided by financing activities		12,035,265,417	4,604,482,555	7,839,554,766	3,936,529,421
Net increase (decrease) in cash and cash equivalents		(522,622,452)	65,622,522	39,755,231	(49,264,121)
Cash and cash equivalents at the beginning of the years		2,197,241,259	2,131,618,737	302,242,191	351,506,312
Cash and cash equivalents at the end of the years	7	1,674,618,807	2,197,241,259	341,997,422	302,242,191
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		(2,315,092,677)	(2,590,418,411)	(1,321,232,094)	(1,236,127,788)
Increase in finance lease liabilities	22.4	2,906,590	4,496,003	2,841,749	4,496,003
Increase (decrease) in payable from purchases of assets		17,705,536	(30,579,903)	20,778,939	1,045,360
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(2,294,480,551)	(2,616,502,311)	(1,297,611,406)	(1,230,586,425)

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, STR 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 2017.

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 New financial reporting standards, revised financial reporting standards and interpretations are effective on 1 January 2016. These standards are relevant to the Group.

(a) Financial reporting standard, which may have a significant impact to the Group is as follows:

TAS 41 (revised 2015) Agriculture

TAS 41, 'Agriculture' requires biological assets including agricultural produce, harvested product of the entity's biological assets, to be measured at fair value less cost to sell. The practical guide on TAS 41 issued by the FAP excludes bearer plant from the scope of TAS 41. The guide required bearer plant to be measured at cost less accumulated depreciation and impairment losses, if any, according to TAS 16.

This standard has no material impact to the Group at this stage as related amount is not yet material and the majority of biological assets is still in the early stage.

(b) Financial reporting standards which do not have significant impact to the Group are as follows:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement

(c) Financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 2 (revised 2015)	Share-based payment
TFRS 4 (revised 2015)	Insurance contracts
TFRS 5 (revised 2015)	Non - current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 11 (revised 2015)	Joint arrangements

3 Accounting policies (Cont'd)

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below: (Cont'd)

3.1 New financial reporting standards, revised financial reporting standards and interpretations are effective on 1 January 2016. These standards are relevant to the Group. (Cont'd)

(c) Financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows: (Cont'd)

TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TFRIC 21 (revised 2015)	Levies
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS 29 (revised 2014) Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non - cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine

The management has assessed and considered that the above financial reporting standards and interpretations will not have impact to the Group.

3.2 Revised accounting standards and revised financial reporting standards are effective on 1 January 2017. These standards are relevant to the Group and are not early adopted:

(a) Financial reporting standards, which have significant changes and are relevant to the Group are as follows:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TAS 41 (revised 2016)	Agriculture
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

3 Accounting policies (Cont'd)

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below: (Cont'd)

3.2 Revised accounting standards and revised financial reporting standards are effective on 1 January 2017. These standards are relevant to the Group and are not early adopted: (Cont'd)

(b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2016)	Financial reporting in hyper-inflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government Assistance - No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine

3 Accounting policies (Cont'd)

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below: (Cont'd)

3.2 Revised accounting standards and revised financial reporting standards are effective on 1 January 2017. These standards are relevant to the Group and are not early adopted: (Cont'd)

- (b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows: (Cont'd)

TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

The management has assessed and considered that the above financial reporting standards and interpretations will not have impact to the Group.

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.

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.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

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

3 Accounting policies (Cont'd)

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

(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, 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) 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. 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 an associate 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.

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

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

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

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

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

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

3 Accounting policies (Cont'd)

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

(e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

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

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 Accounting policies (Cont'd)

3.5 Cash and cash equivalents

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

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

3.6 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 administrative expenses.

3.7 Inventories

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

3.8 Investments

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

- (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 and are included in non-current assets, except for maturities within 12 months from the statement of period end date which are classified as current assets.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in market prices or interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from period end date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (d) Investments in non-marketable equity securities are classified as general investments.

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

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

3 Accounting policies (Cont'd)

3.8 Investments (Cont'd)

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.

3.9 Property, plant and equipment

Land and buildings comprise mainly factories and offices and are shown at fair value, based on valuations by external independent valuers 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 land and building are credited to statement of 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 land clearing, land terracing and drainage, palm 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 20 years.

3.11 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 - 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 by the group for rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

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

After initial recognition, investment property is carried at fair value. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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.

3.13 Impairment of assets

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

3 Accounting policies (Cont'd)

3.14 Financial instruments

(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 current 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 applied 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 resultant 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.

3.15 Borrowings

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

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

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

General and specific 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 loss in the period in which they are incurred.

3 Accounting policies (Cont'd)

3.16 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.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group 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 finance 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.

3.17 Current and deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the 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 between the tax bases of assets and liabilities and their carrying amounts in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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 ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3 Accounting policies (Cont'd)

3.18 Employee benefits

(a) Defined contribution plans

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

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

(b) Post-employment benefits

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

Actuarial gains 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.

3.19 Provisions

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

3.20 Share capital

Ordinary shares are classified as equity.

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

3 Accounting policies (Cont'd)

3.21 Revenue recognition

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

3.22 Dividend distribution

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

3.23 Segment reporting

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

4 Critical accounting estimates and judgments

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

4.1 Impairment of non-financial assets

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

4.2 Income taxes and deferred income taxes

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

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.

4.3 Accuracy of estimation from the fire accident at a factory in Indonesia and related consequences

In October 2016, there was a fire broke out at a block rubber factory in Pontianak, Indonesia owned by PT Star Rubber ("PTS"), an indirect subsidiary of the Group). The fire damage covered raw materials, raw material storage, part of production. However, the Group insured for the fire incidents including fixed assets, inventories, and business interruption in full and was still negotiating with the insurer for the claimed amount incurred as disclosed in Note 41. The management estimated outstanding damage and claims from issuers involves significant judgement and the size of the loss and uncertainties relating to the timing of claim recognition and future payments from the insurance companies, and other consequences which might occur to the entities concerned.

4.4 Recognition and disclosure of legal claims and litigation on commercial disputes related to Joint Venture (JV) agreement

The claims and litigation were important given the size and complexity of the claims, related uncertainty in the outcomes of the position at the end as disclosed in Note 42.

The legal claims and litigation under the law suit are under arbitration process and court are disclosed as contingent liabilities in the notes to the consolidated and separate financial statements The Group regularly updates and assesses its legal positions with the use of internal and external legal experts. In addition, the Group estimates and records related accruals at the end of reporting period.

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.

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 3% (2015: 3%) against the US dollars and 6% (2015: 8%) 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	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Impact to profit (loss) after tax in the statement of comprehensive income				
THB against USD				
- Weakened	32,306	45,032	26,251	39,518
- Strengthened	(32,306)	(45,032)	(26,251)	(39,518)
THB against Rupiah				
- Weakened	102,911	111,398	-	-
- Strengthened	(102,911)	(111,398)	-	-
Impact to shareholders' equity in the statement of financial position				
THB against USD				
- Weakened	169,576	146,688	-	-
- Strengthened	(169,576)	(146,688)	-	-
THB against Rupiah				
- Weakened	56,692	120,912	-	-
- Strengthened	(56,692)	(120,912)	-	-

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 increases/decreases by 17% (2015: 25%), with all other variables held constant, post-tax profit (loss) for the years will increase/decrease as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Profit and loss	337,901	1,637,549	200,706	1,135,128

The Group is also exposed to equity securities price risk because of investments held by the Group and classified on the statements of financial position as available-for-sale. Some of the Group's 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 diversifies their portfolios.

The table below summarises the impact of increases/decreases of 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/decreased by 10% (2015: 8%), 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	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Equity - unrealised gains on available-for-sale investments	4,869	3,288	2,419	3,967

(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 increases/decreases by 0.25% (2015: 0.23%), the post-tax profit (loss) for the years will increase/decrease as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Profit and loss	69,381	38,467	43,836	25,043

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 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 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 - receipts	8,173,703	-	-	-	8,173,703
- Physical forward contracts (Buy)	(211,294)	-	-	-	(211,294)
- Physical forward contracts (Sell)	231,061	-	-	-	231,061
At 31 December 2015					
Short-term borrowings					
from financial institutions	(13,479,698)	-	-	-	(13,479,698)
Trade accounts payable	(1,613,875)	-	-	-	(1,613,875)
Accrued expenses	(824,969)	-	-	-	(824,969)
Long-term borrowings					
from financial institutions	(468,446)	(779,018)	(1,654,627)	(2,037,947)	(4,940,038)
Debentures	(882,121)	-	(667,685)	-	(1,549,806)
Finance lease liabilities	(25,874)	(9,835)	(1,803)	-	(37,512)
Derivative financial instruments					
- Foreign exchange swaps	(1,091,756)	-	-	-	(1,091,756)
- Rubber futures (Buy)	(146,057)	-	-	-	(146,057)
- Rubber futures (Sell)	5,393,779	-	-	-	5,393,779
- Forward foreign exchange contracts - receipts	2,141,727	-	-	-	2,141,727
- Physical forward contracts (Buy)	(662,389)	-	-	-	(662,389)
- Physical forward contracts (Sell)	334,057	-	-	-	334,057

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 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
At 31 December 2015					
Short-term borrowings					
from financial institutions	(7,744,898)	-	-	-	(7,744,898)
Trade accounts payable	(887,410)	-	-	-	(887,410)
Accrued expenses	(461,226)	-	-	-	(461,226)
Long-term borrowings					
from financial institutions	(204,360)	(777,499)	(1,653,891)	(2,037,947)	(4,673,697)
Debentures	(882,121)	-	(667,685)	-	(1,549,806)
Finance lease liabilities	(3,866)	(3,086)	(1,803)	-	(8,755)
Derivative financial instruments					
- Foreign exchange swaps	(1,091,756)	-	-	-	(1,091,756)
- Rubber futures (Buy)	(146,057)	-	-	-	(146,057)
- Rubber futures (Sell)	4,384,811	-	-	-	4,384,811
- Forward foreign exchange contracts - receipts	1,715,314	-	-	-	1,715,314

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 and the Company. The Group and the Company monitor capital on the basis of the net debt to total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities as shown in the consolidated statement of financial position less cash and cash equivalents. Total equity is as shown in the statements of financial position both 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 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Total liabilities	36,046,637	22,544,719	23,798,959	14,863,207
<u>Less</u> Cash and cash equivalents	<u>(1,674,619)</u>	<u>(2,197,241)</u>	<u>(341,997)</u>	<u>(302,242)</u>
Net debt	34,372,018	20,347,478	23,456,962	14,560,965
Total equity	19,911,918	21,333,909	13,087,690	14,592,358
Net debt to total equity ratio	1.73	0.95	1.79	0.99

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 liability, 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 2016. See note 15 and note 18 for disclosures of the land, land improvements, buildings, structures and investment properties that are measured at fair value.

	Consolidated financial statements			
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	Total Baht'000
Assets				
Available-for-sale financial assets				
- Equity securities (Note 14)	48,703	-	-	48,703
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	23,054	141,926	-	164,980
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			
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	Total Baht'000
Assets				
Available-for-sale financial assets				
- Equity securities (Note 14)	47,587	-	-	47,587
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	20,156	4	-	20,160
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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Consolidated financial statements			
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	Total Baht'000
Assets				
Available-for-sale financial assets				
- Equity securities (Note 14)	40,199	-	-	40,199
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	275,418	61,319	-	336,737
Total assets	315,617	61,319	-	376,936
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	13,972	257,591	-	271,563
Total liabilities	13,972	257,591	-	271,563

5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

	Separate financial statements			
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	Total Baht'000
Assets				
Available-for-sale financial assets				
- Equity securities (Note 14)	39,291	-	-	39,291
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	264,413	615	-	265,028
Total assets	303,704	615	-	304,319
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives (Note 8)	7,121	189,091	-	196,212
Total liabilities	7,121	189,091	-	196,212

There were no transfers 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 the manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- (2) Engineering business: This segment is engaged in the engineering service including research and development of machinery and production process, and also providing information system service.
- (3) Plantation: This segment is engaged in plantations including rubber, palm and temperate fruits.
- (4) Other Businesses: This segment is engaged in logistics services, research and development relating to machinery and production processes, and IT services. These services are provided mainly to the Group, with some services provided externally.

As at 31 December 2016, the Group operates four business segments in seven main geographical areas (2015: 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 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	(319,075)	(580,850)	422,735	(99,086)	(10,974)	(1,366)	(19,070)	159,479	(130,797)	53,969	(525,035)
Intersegmental balances											(264,695)
Total loss for the year											(789,730)
Total assets	44,774,453	7,028,403	5,832,076	1,192,068	507,563	30,848	118,656	2,386,886	6,037,853	4,047,556	71,956,362
Intersegmental balances											(15,997,807)
Total assets											55,958,555

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6 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2015:

	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	40,722,549	8,361,978	19,210,449	2,290,498	1,514,588	-	-	1,293,056	181	1,673,889	75,067,188
Inter-segment revenues	(5,252,546)	(5,707,476)	(1,640,590)	(16,778)	-	-	-	(400,149)	-	(757,867)	(13,775,406)
Revenues from external customers	35,470,003	2,654,502	17,569,859	2,273,720	1,514,588	-	-	892,907	181	916,022	61,291,782
Depreciation and amortisation	(755,903)	(215,503)	(11,287)	(2,103)	(2,850)	-	(56)	(17,283)	(18,403)	(31,710)	(1,055,098)
Finance income	40,582	4,872	94	102	1,488	48	-	645	99	246	48,176
Finance costs	(402,766)	(406,438)	(11,293)	(32,449)	-	-	-	(1,650)	-	(2,727)	(857,323)
Share of profit from investments in associates and joint ventures	648,824	-	-	-	-	-	-	-	-	-	648,824
Profit (loss) before income tax	1,146,808	(205,850)	495,667	(42,587)	(13,520)	(521)	(56)	229,437	(109,772)	48,103	1,547,709
Income tax	6,734	44,715	(40,986)	17,468	(1,474)	-	-	(45,532)	33	(12,476)	(31,518)
Profit (loss) for the year	1,153,542	(161,135)	454,681	(25,119)	(14,994)	(521)	(56)	183,905	(109,739)	35,627	1,516,191
Intersegmental balances											(404,435)
Total profit for the year											1,111,756
Total assets	36,114,612	5,122,300	5,203,143	1,157,439	1,152,299	32,007	85,877	1,314,661	5,652,240	2,005,987	57,840,565
Intersegmental balances											(13,961,937)
Total assets											43,878,628

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 by geography as follows:

	Consolidated financial statements	
	2016	2015
	Baht'000	Baht'000
Thailand	15,807,820	14,662,042
Indonesia	2,003,222	2,074,725
Singapore	160,012	165,718
USA	2,588	4,601
China	23,040	10,182
Myanmar	31,371	10,506
Vietnam	209	213
Total	18,028,262	16,927,987

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	60,071	28,260	29,587	8,415
Deposits held at call with banks	1,614,548	2,168,981	312,410	293,827
Total cash and cash equivalents	1,674,619	2,197,241	341,997	302,242

The effective interest rates on deposits held at call with banks were between 0.1% and 3.5% per annum (2015: 0.1% and 7.5% per annum).

8 Derivative financial instruments

	Consolidated financial statements			
	2016		2015	
	Assets Baht'000	Liabilities Baht'000	Assets Baht'000	Liabilities Baht'000
Foreign exchange swaps	-	(120,311)	-	(183,079)
Forward foreign exchange contracts	60,359	(188,190)	615	(7,226)
Rubber futures	23,054	(280,758)	275,418	(13,972)
Physical forward contracts	81,567	(65,661)	60,704	(67,286)
Total derivative financial instruments	164,980	(654,920)	336,737	(271,563)

	Separate financial statements			
	2016		2015	
	Assets Baht'000	Liabilities Baht'000	Assets Baht'000	Liabilities Baht'000
Foreign exchange swaps	-	(120,311)	-	(183,079)
Forward foreign exchange contracts	4	(131,150)	615	(6,012)
Rubber futures	20,156	(209,385)	264,413	(7,121)
Total derivative financial instruments	20,160	(460,846)	265,028	(196,212)

8 Derivative financial instruments (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Notional amounts				
Foreign exchange swaps	1,009,282	1,091,756	1,009,282	1,091,756
Forward foreign exchange contracts	8,173,703	2,141,727	5,340,795	1,715,314
Rubber futures	1,587,227	5,539,836	1,205,527	4,530,868
Physical forward contracts	442,356	996,446	-	-

9 Trade accounts receivable and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Trade accounts receivable				
- other companies	7,643,206	3,408,931	2,976,587	1,240,213
<u>Less</u> Allowance for impairment of trade accounts receivable	(42,359)	(132,478)	(27,636)	(68,527)
Total trade accounts receivable				
- other companies, net	7,600,847	3,276,453	2,948,951	1,171,686
Trade accounts receivable				
- related companies (Note 36.3)	98,594	94,302	333,977	1,040,987
Total trade accounts receivable, net	7,699,441	3,370,755	3,282,928	2,212,673
Advances for inventories	129,536	219,528	65,395	22,590
Prepaid expenses	155,640	173,081	30,771	38,484
Accrued income and other receivables	108,639	90,866	146,976	86,564
Total trade accounts receivable and other receivables, net	<u>8,093,256</u>	<u>3,854,230</u>	<u>3,526,070</u>	<u>2,360,311</u>

In 2016, the Group has recognised bad debt and reverse allowance for impairment in consolidated financial statements amounting to Baht 82 million (2015: Nil) and Separate financial statements amounting to Baht 35 million (2015: Nil).

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Within credit terms	6,886,141	2,960,765	2,493,897	996,121
Overdue 1 - 30 days	637,701	257,675	421,462	156,726
Overdue 31 - 60 days	31,411	34,046	18,560	13,310
Overdue 61 - 90 days	27,824	23,144	989	1,259
Overdue 91 - 120 days	2,566	1,069	-	926
Overdue 121 - 365 days	12,284	5,873	7,453	3,147
More than 365 days	45,279	126,359	34,226	68,724
	7,643,206	3,408,931	2,976,587	1,240,213
<u>Less</u> Allowance for impairment of trade accounts receivable	(42,359)	(132,478)	(27,636)	(68,527)
Total trade accounts receivable other companies, net	<u>7,600,847</u>	<u>3,276,453</u>	<u>2,948,951</u>	<u>1,171,686</u>

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

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Within credit terms	96,613	94,302	318,735	1,034,596
Overdue 1 - 30 days	1,981	-	8,346	9
Overdue 31 - 60 days	-	-	6,711	-
Overdue 61 - 90 days	-	-	-	1,499
Overdue 91 - 120 days	-	-	-	685
Overdue 121 - 365 days	-	-	185	4,198
More than 365 days	-	-	-	-
Total trade accounts receivable - related companies	98,594	94,302	333,977	1,040,987

As at 31 December 2016 and 2015, accrued income and other receivables are within credit terms.

10 Inventories, net

	Consolidated financial statements					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Finished goods	4,749,865	6,380,921	(617)	(336,205)	4,749,248	6,044,716
Work-in-progress	3,926,578	2,867,255	(527)	(131,346)	3,926,051	2,735,909
Raw materials, packaging: and chemicals	12,189,730	5,080,822	*(46,395)	(33,726)	12,143,335	5,047,096
Spare parts and supplies	112,369	132,030	-	-	112,369	132,030
Total	20,978,542	14,461,028	(47,539)	(501,277)	20,931,003	13,959,751

*As at 31 December 2016, the Group set up and allowance for damaged inventories from fire accident in PT Star Rubber approximately Baht 42 million (Rupiah 15,552 million) (Note 41).

10 Inventories, net (Cont'd)

	Separate financial statements					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2016	2015	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	2,058,843	1,886,758	-	(104,642)	2,058,843	1,782,116
Work-in-progress	2,470,203	1,325,781	-	(63,213)	2,470,203	1,262,568
Raw materials, vessels and chemicals	6,285,089	3,244,397	(3,895)	-	6,281,194	3,244,397
Spare parts and supplies	50,499	46,062	-	-	50,499	46,062
Total	10,864,634	6,502,998	(3,895)	(167,855)	10,860,739	6,335,143

During the year 2016, the cost of inventories for the consolidated financial statements was recognised as costs of sales and services amounting to Baht 66,904 million (2015: Baht 52,719 million) and for the separate financial statements amounting to Baht 33,512 million (2015: Baht 25,032 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2016, the Group provided for an allowance for inventory cost in excess of net realisable value for the Consolidated financial statements amounting to Baht 48 million (2015: Baht 501 million) and for the Separate financial statements amounting to Baht 4 million (2015: Baht 168 million).

Additional information

Information of inventory balance, which only include ribbed smoked sheets, concentrated latex and block rubber, of the Group and the Company is follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Inventories at net realizable value (NRV)**	23,216,141	13,382,571	11,617,042	6,309,527
Inventories at lower of cost or net realisable value (NRV) - as measured and included in the financial statements	20,306,400	13,234,295	10,608,618	6,206,006
Difference	2,909,741	148,276	1,008,424	103,521

** For reporting purposes, inventories are stated at the lower of cost or net realisable value. But for management purposes, the Group monitors its inventories by considering the net realisable value (NRV), which is the estimated selling price in the ordinary course of business less the necessary costs of completion and selling expenses. The use of different valuation methods for these two purposes resulted in difference at the reporting date.

Under Thai Financial Reporting Standards, such difference is not allowed to be recognised in the profit and loss until the inventories are actually sold. The amount of the difference changes over time depending on the actual price at the time of sale.

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Value added tax refundable	219,954	207,862	64,930	66,814
Prepaid withholding tax	23,378	154,358	-	-
Value added tax suspend	70,770	118,368	47,791	19,501
Total other current assets	314,102	480,588	112,721	86,315

12 Fixed deposits pledged as collateral

As at 31 December 2016, the Group had fixed deposits pledged as collateral amounting to Baht 12 million (2015: Baht 33 million). For the year ended 31 December 2016, the fixed deposits earned average interest rate of 0.1% to 1.4% per annum (2015: 0.1% to 1.4% per annum). And the Company had no fixed deposits which is pledged as collateral (2015: Baht 14 million) for the year ended 31 December 2015, the fixed deposits earned average interest rate of 1.15% to 1.20% 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 joint ventures

13.1 Subsidiaries

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Subsidiaries	-	-	11,246,845	10,701,421

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

13.1 Subsidiaries (Cont'd)

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

	Consolidated financial statements			
	Activities	Countries of incorporation	% Ownership interest	
			2016	2015
Subsidiaries				
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of STR block rubber Products	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Rubber and palm plantation	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
Indirect subsidiaries				
Sri Trang International Pte Ltd. (Held by Startex Rubber Co., Ltd.)*	Distribution of rubber products	Singapore	100.00	100.00
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	100.00	100.00
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of STR block rubber products	Indonesia	99.00	99.00
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	100.00	100.00
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of STR block rubber Products	Myanmar	59.00	59.00

*In October 2016, Sri Trang International Pte Ltd. changed its status from subsidiary to indirect subsidiary.

Changes of the investments in subsidiaries can be summarised as follows:

	Relationships	Currencies	2016		2015	
			Amount	(Equivalent) Baht million	Amount	(Equivalent) Baht million
Sri Trang Rubber & Plantation Co., Ltd.	A subsidiary	Baht million	-	534	-	711
Startex Rubber Co., Ltd.	A subsidiary	Baht million	-	2,025	-	-
Sri Trang International Pte Ltd.	An overseas subsidiary	USD million	(61)	(2,014)	9	306
Total				545		1,017

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

13.2 Associates

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	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Associates	1,489,920	1,357,762	619,178	649,178

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

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Associates	178,851	153,011	-	-

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

Name	Activities	Countries of incorporation	Baht'000				% Ownership interest
			Assets	Liabilities	Revenues	Profits (losses)	
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
2015							
Direct associates							
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	749,673	76,372	647,806	149,382	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	675,331	333,727	1,792,780	21,581	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	98,608	58,599	2,797	(3,317)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	389,479	100,520	236,918	1,709	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company selling medical gloves	Singapore	70,204	4,275	2,169	(23,945)	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	37,330	11,435	65,085	7,130	41.43

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

13.2 Associates (Cont'd)

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

The decrease in investments in associates can be summarised as follows:

		Consolidated financial statements	
		2016	2015
Relationship		Baht million	Baht million
Pattana Agro Futures Co., Ltd.*	An associate	(30)	-

* Pattana Agro Futures Co., Ltd. ("PAF") decreased its share capital from Baht 100 million to Baht 25 million by decreasing number of shares. The Company holds the investment of PAF at the same percentage as previous year for 40%. The Company received Baht 30 million from decreasing of PAF's share capital in September 2016.

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	For the year ended 31 December	
	2016 Baht'000	2015 Baht'000
Aggregate carrying amount of individually immaterial associates	1,489,920	1,357,762
Aggregate amounts of the Group's share of: Profit/(loss) from continuing activities	178,851	153,011
Total comprehensive income	178,851	153,011

13.3 Interest in joint ventures

Investments accounted for using equity method

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
As at 31 December				
Joint ventures	3,699,158	3,378,970	197,717	83,100

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
For the years ended 31 December				
Joint ventures	223,911	495,813	-	-

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

13.3 Interest in joint ventures (Cont'd)

The jointly controlled entities are as follows:

Name	Activity	Country of incorporation	% Ownership interest
2016			
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	42.51
Siam Sempermed Corp. Ltd.	Manufacture of medical gloves	Thailand	40.23
2015			
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	33.50
Siam Sempermed Corp. Ltd.	Manufacture of medical gloves	Thailand	40.23

On 22 January 1989, Sri Trang Agro-Industry Public Company Limited, at that time Sri Trang Agro-Industry Company Limited ("STA"), together with Rubberland Products Company Limited ("Rubberland") and four Thai individuals entered into a joint venture agreement ("JVA") with Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") in order to set up and manage a company called Siam Sempermed Corp., Ltd. ("SSC"). Semperit held 50% of the shares in SSC, and the other 50% was held between STA, Rubberland and the other four individual Thai shareholders. Later, Sri Trang Holdings Company Limited and another Thai individual respectively joined SSC to share in the 50% stake held by STA, Rubberland, and original four individual Thai shareholders (the Thai shareholders and non-listed entities in addition to STA are collectively called the "Thai Shareholders"). The proportion of shares held by Semperit on one side, STA together with Thai Shareholders remains 50:50 up until the present day.

As the shareholders collectively have ultimate decision making power with regards to SSC operations; neither Semperit nor STA (together with the Thai Shareholders) alone are able to exercise the majority vote of 51% needed to pass shareholder resolutions, and consequently have control over SSC.

In June 2014, the Thai Shareholders formalised a pre-existing arrangement by entering into a written agreement ("Agreement") whereby the Thai Shareholders explicitly agreed to act in concert with STA regarding their investment in SSC as they have done from the inception. As a result, the accounting treatment in both the separate financial statements of STA, and the consolidated financial statements of STA and its subsidiaries for its investment in SSC has been re-classified from "Investment in Associate" to "Interest in Joint Venture" starting from the date that the Agreement was signed.

The increase in investments in joint venture can be summarised as follows:

Consolidated financial statements			
		2016	2015
Relationship		Baht million	Baht million
Thaitech Rubber Corp., Ltd.*	A joint venture	115	-

*On 1 April 2016, the Company acquired 9.005% of ordinary shares of Thaitech Rubber Corp., Ltd. ("TRC"), totaling Baht 112 million. Consequently, investment in the joint venture increased from Baht 20 million to Baht 132 million and the Company's ownership interest increased from 33.50% to 42.51%.

On 14 September 2016, the Company paid additional Baht 3 million from 132 million to Baht 135 million due to purchase price adjustment. The Company holds the investment of TRC at the same percentage as similar to the second quarter of 2016.

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

13.3 Interest in joint ventures (Cont'd)

Summarised financial information for joint ventures

Set out below are the summarised financial information for Siam Sempermed Corp. Ltd. which is accounted for using the equity method.

(a) Summarised statement of financial position

	As at 31 December	
	2016 Baht'000	2015 Baht'000
Current assets		
Cash and cash equivalents	3,836,215	3,158,944
Other current assets (excluding cash)	2,640,089	2,471,704
Total current assets	6,476,304	5,630,648
Non-current assets	2,737,956	3,026,059
	9,214,260	8,656,707
Current liabilities		
Other current liabilities (including trade payables)	808,621	849,464
Total current liabilities	808,621	849,464
Non-current liabilities		
Other liabilities	75,340	72,417
Total non-current liabilities	75,340	72,417
	883,961	921,881
Net assets	8,330,299	7,734,826

(b) Summarised statement of comprehensive income

	For the year ended 31 December	
	2016 Baht'000	2015 Baht'000
Revenue	9,242,262	10,413,251
Depreciation and amortisation	(571,957)	(558,556)
Interest income	53,646	32,196
Profit before income tax	739,724	1,449,885
Income tax	(144,251)	(195,283)
Total comprehensive income	595,473	1,254,602

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

13.3 Interest in joint ventures (Cont'd)

The information above reflects the amounts presented in the financial statements of the joint venture adjusted for differences in accounting policies between the Group and the joint venture (and not the Group's share of those amounts).

(c) Reconciliation of summarised financial information

	For the year ended 31 December	
	2016 Baht'000	2015 Baht'000
Opening net assets 1 January	7,734,826	6,480,224
Total comprehensive income for the year	595,473	1,254,602
Closing net assets 31 December	<u>8,330,299</u>	<u>7,734,826</u>
Interest in a joint venture before adjustment (40.23%)	3,351,279	3,111,721
Adjustment for difference in accounting policy	<u>(145,612)</u>	<u>(149,653)</u>
Interest in a joint venture (40.23%)	<u>3,205,667</u>	<u>2,962,068</u>
Carrying value	<u><u>3,205,667</u></u>	<u><u>2,962,068</u></u>

Individually immaterial a joint venture

In addition to the interests in a joint venture disclosed above, the Group also has interests in an individually immaterial a joint venture that is accounted for using the equity method.

	For the year ended 31 December	
	2016 Baht'000	2015 Baht'000
Aggregate carrying amount of individually immaterial a joint venture		
Aggregate amounts of the Group's share of:		
Loss before income tax	(146,256)	(61,955)
Income tax	<u>9,135</u>	<u>(2,343)</u>
Total comprehensive loss for the years	<u><u>(137,121)</u></u>	<u><u>(64,298)</u></u>

14 Long-term investments

The movements in long-term investments for the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Opening net book amounts	50,626	63,672	49,718	62,666
Disposals	-	(58)	-	(58)
Changes in fair values of available-for-sale Investments (Note 25)	8,504	(12,988)	8,296	(12,890)
Ending net book amounts	59,130	50,626	58,014	49,718

Long-term investments are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
At 31 December				
Available-for-sale investments	48,703	40,199	47,587	39,291
General investments	10,427	10,427	10,427	10,427
Total long-term investments	59,130	50,626	58,014	49,718

Available-for-sale investments

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Available-for-sale investments at cost	32,758	32,758	32,294	32,294
Cumulative changes in fair value	15,945	7,441	15,293	6,997
Total available-for-sale investments at fair value	48,703	40,199	47,587	39,291

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Cumulative changes in fair value	15,945	7,441	15,293	6,997
Effect on deferred income tax	(3,189)	(609)	(3,059)	(517)
Cumulative net gains from changes in fair value, net of tax (Note 25)	12,756	6,832	12,234	6,480

General investments

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
General investments at cost	10,427	10,427	10,427	10,427

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15 Property, plant and equipment, net

	Baht'000						Total
	Consolidated financial statements						
	Revaluation basis		Cost basis				
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
At 1 January 2015							
Cost	5,703,770	3,422,209	4,867,492	818,019	401,059	1,682,482	16,895,031
<u>Add</u> Surplus on asset revaluation	1,266,222	603,025	-	-	-	-	1,869,247
<u>Less</u> Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
<u>Less</u> Accumulated depreciation	(239,949)	(685,798)	(2,517,617)	(510,137)	(243,434)	-	(4,196,935)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>6,582,657</u>	<u>3,282,054</u>	<u>2,342,334</u>	<u>307,882</u>	<u>157,625</u>	<u>1,682,482</u>	<u>14,355,034</u>
For the year ended 31 December 2015							
Opening net book value	6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482	14,355,034
Additions	88,640	34,524	125,802	32,534	39,730	1,669,468	1,990,698
Transfers in (out)	303,606	995,471	776,437	37,402	36,738	(2,149,654)	-
Disposals and write-offs, net	(49,109)	(2,762)	(9,910)	(5,455)	(291)	(1,202)	(68,729)
Asset revaluation surplus	2,459	-	-	-	-	-	2,459
Depreciation charges (Note 28)	(80,264)	(220,712)	(578,517)	(85,565)	(56,651)	-	(1,021,709)
Depreciation capitalised to assets	-	(51,366)	(1,167)	-	-	-	(52,533)
Currency differences on translation, net	(152)	(2,763)	(3,801)	767	658	(14,439)	(19,730)
Closing 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>
At 31 December 2015							
Cost	6,065,495	4,429,354	5,745,883	858,641	476,214	1,186,655	18,762,242
<u>Add</u> Surplus on asset revaluation	1,241,219	603,024	-	-	-	-	1,844,243
<u>Less</u> Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
<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>

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

Baht'000

	Consolidated financial statements						Total
	Revaluation basis		Cost basis			Assets under construction and installation	
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment		
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 28)	(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	6,625,543	4,865,854	6,187,249	911,553	589,116	1,206,187	20,385,502
<u>Add</u> Surplus on asset revaluation	1,241,202	602,159	-	-	-	-	1,843,361
<u>Less</u> Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
<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
	Separate financial statements						
	Revaluation basis		Cost basis				
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
At 1 January 2015							
Cost	1,757,456	1,344,442	2,328,077	208,487	264,223	1,002,089	6,904,774
<u>Add</u> Surplus on asset revaluation	467,509	398,546	-	-	-	-	866,055
<u>Less</u> Cumulative losses from asset revaluation	(55,142)	(43,999)	-	-	-	-	(99,141)
<u>Less</u> Accumulated depreciation	(117,926)	(247,007)	(1,159,891)	(144,331)	(149,626)	-	(1,818,781)
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	<u>2,051,897</u>	<u>1,451,982</u>	<u>1,160,645</u>	<u>64,156</u>	<u>114,597</u>	<u>1,002,089</u>	<u>5,845,366</u>
For the year ended 31 December 2015							
Opening net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	1,002,089	5,845,366
Additions	23,366	2,865	66,356	9,329	21,334	783,365	906,615
Transfers in (out)	225,240	278,993	405,976	20,884	19,507	(950,600)	-
Disposals and write-offs, net	(49,079)	(1,610)	(1,642)	-	(72)	-	(52,403)
Asset revaluation surplus	2,459	-	-	-	-	-	2,459
Depreciation charges (Note 28)	(51,710)	(89,280)	(275,502)	(22,676)	(38,072)	-	(477,240)
Closing 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>
At 31 December 2015							
Cost	1,975,750	1,609,983	2,795,365	237,373	304,877	834,854	7,758,202
<u>Add</u> Surplus on asset revaluation	442,506	398,545	-	-	-	-	841,051
<u>Less</u> Cumulative losses from asset revaluation	(55,142)	(43,998)	-	-	-	-	(99,140)
<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>

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

	Baht'000						Total
	Separate financial statements						
	Revaluation basis		Cost basis			Assets under construction and installation	
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment		
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 28)	(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	2,237,090	1,896,450	3,260,045	262,959	347,297	836,009	8,839,850
<u>Add</u> Surplus on asset revaluation	442,506	397,739	-	-	-	-	840,245
<u>Less</u> Cumulative losses from asset revaluation	(55,142)	(43,998)	-	-	-	-	(99,140)
<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>

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

The Group's land, land improvements, buildings and structures thereon were last revalued in the fourth quarter of 2012 by independent valuers using the market approach and the depreciated replacement cost. The asset revaluation surplus net of applicable deferred income taxes was credited to 'other component of equity' (Note 25). The Group's land, 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	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Asset revaluation surplus	1,843,361	1,844,243	840,245	841,051
<u>Less</u> Accumulated depreciation on asset revaluation surplus	(213,420)	(192,175)	(149,211)	(134,511)
<u>Less</u> Deferred income tax	(333,081)	(224,268)	(138,207)	(52,213)
Asset revaluation surplus, net of accumulated depreciation and deferred income taxes	<u>1,296,860</u>	<u>1,427,800</u>	<u>552,827</u>	<u>654,327</u>

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Cost	21,224,124	19,637,642	9,343,935	8,262,286
<u>Less</u> Accumulated depreciation	(6,986,107)	(6,087,974)	(3,282,188)	(2,789,503)
<u>Less</u> Allowance for impairment	(6,057)	(6,224)	(6,057)	(6,224)
Net book value	<u>14,231,960</u>	<u>13,543,444</u>	<u>6,055,690</u>	<u>5,466,559</u>

Consolidated financial statements

The Group's depreciation expense of Baht 1,020 million (2015: Baht 907 million) was charged in costs of sales and services and of Baht 139 million (2015: Baht 115 million) in administrative expenses.

As at 31 December 2016, certain land, land improvements, buildings and structures thereon, and machineries and equipment of some subsidiaries with the total net book value amounting to Baht 677 million (2015: Baht 1,342 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 22.

Separate financial statements

The Company's depreciation expense of Baht 491 million (2015: Baht 421 million) was charged in "costs of sales and services" and of Baht 63 million (2015: Baht 56 million) in "administrative expenses".

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Cost of assets acquired under finance leases	111,161	199,967	19,962	62,880
<u>Less</u> Accumulated depreciation	(61,277)	(112,400)	(9,770)	(52,736)
Net book value	<u>49,884</u>	<u>87,567</u>	<u>10,192</u>	<u>10,144</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.

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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 2015					
Cost	8,451	890,975	11,242	-	910,668
<u>Less</u> Accumulated amortisation	(3,890)	-	(5,531)	-	(9,421)
Net book value	<u>4,561</u>	<u>890,975</u>	<u>5,711</u>	<u>-</u>	<u>901,247</u>
For the year ended 31 December 2015					
Opening net book value	4,561	890,975	5,711	-	901,247
Additions	-	269,036	-	-	269,036
Transfers in (out)	3,778	(4,726)	-	948	-
Disposals and write-offs, net	(13)	-	(876)	-	(889)
Amortisation charges (Note 28)	(132)	-	(555)	-	(687)
Depreciation capitalised to assets	(1,579)	54,141	-	(29)	52,533
Closing net book value	<u>6,615</u>	<u>1,209,426</u>	<u>4,280</u>	<u>919</u>	<u>1,221,240</u>
At 31 December 2015					
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 28)	(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>

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

	Baht'000		
	Separate financial statements		
	Rubber Mature	Palm Mature	Total
At 1 January 2015			
Cost	3,584	5,703	9,287
<u>Less</u> Accumulated amortisation	(1,824)	(3,382)	(5,206)
Net book value	<u>1,760</u>	<u>2,321</u>	<u>4,081</u>
For the year ended 31 December 2015			
Opening net book value	1,760	2,321	4,081
Disposals and write-offs, net	-	(876)	(876)
Amortisation charges (Note 28)	(91)	(280)	(371)
Closing net book value	<u>1,669</u>	<u>1,165</u>	<u>2,834</u>
At 31 December 2015			
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>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 28)	(90)	(193)	(283)
Closing net book value	<u>1,579</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>972</u>	<u>2,551</u>

17 Intangible assets, net

	Computer software	
	Consolidated financial statements Baht'000	Separate financial statements Baht'000
At 1 January 2015		
Cost	101,036	52,370
<u>Less</u> Accumulated amortisation charges	(69,396)	(40,059)
Net book value	<u>31,640</u>	<u>12,311</u>
For the year ended 31 December 2015		
Opening net book value	31,640	12,311
Additions	330,684	329,512
Write-offs, net	(9)	-
Amortisation charges (Note 28)	(32,702)	(27,137)
Currency differences on translation, net	699	-
Closing net book value	<u>330,312</u>	<u>314,686</u>
At 31 December 2015		
Cost	432,048	381,831
<u>Less</u> Accumulated amortisation charges	(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 28)	(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 charges	(132,064)	(96,602)
Net book value	<u>480,805</u>	<u>469,981</u>

18 Investment properties

The movements in the investment properties are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Opening net book amount	154,511	170,255	27,770	27,770
Additions	215	-	-	-
Losses from fair value estimation of investment properties	(1,887)	(29,193)	-	-
Currency differences on translation, net	(907)	13,449	-	-
Ending net book amount	<u>151,932</u>	<u>154,511</u>	<u>27,770</u>	<u>27,770</u>

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

The land not used in operations was revalued by an independent valuer 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.

19 Deferred income tax

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Deferred income tax assets:				
Deferred income tax assets to be recovered within 12 months	169,852	96,985	92,375	26,980
Deferred income tax assets to be recovered after more than 12 months	547,410	211,492	195,421	13,263
	<u>717,262</u>	<u>308,477</u>	<u>287,796</u>	<u>40,243</u>
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled within 12 months	4,032	19,585	4,032	19,586
Deferred income tax liabilities to be settled after more than 12 months	340,227	237,272	144,264	53,838
	<u>344,259</u>	<u>256,857</u>	<u>148,296</u>	<u>73,424</u>
Deferred income tax - net	<u>373,003</u>	<u>51,620</u>	<u>139,500</u>	<u>(33,181)</u>

19 Deferred income tax (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	51,620	(25,955)	(33,181)	(36,650)
Charged/credited to profit or loss	432,587	69,621	262,460	1,237
Charged/credited to other comprehensive income	(113,822)	4,307	(89,779)	2,232
Cumulative currency differences on translation	2,618	3,647	-	-
Ending net book amounts	<u>373,003</u>	<u>51,620</u>	<u>139,500</u>	<u>(33,181)</u>

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19 Deferred income tax (Cont'd)

	Consolidated financial statements								
	1 January 2015 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 2015 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 income tax assets									
Tax losses carried forward	110,694	54,614	-	(559)	164,749	299,856	-	1,502	466,107
Unrealised gains (losses) on derivative financial instruments	17,705	(18,237)	-	3,477	2,945	108,720	-	(867)	110,798
Allowance for inventory cost in excess of net realisable value	24,069	41,206	-	(2,118)	63,157	(44,671)	-	1,705	20,191
Cumulative loss from asset revaluation	25,020	(97)	-	(132)	24,791	17,581	-	187	42,559
Provision for retirement benefit obligations	14,950	2,623	3,532	830	21,935	14,388	2,075	299	38,697
Others	36,845	(7,883)	-	1,938	30,900	8,001	-	9	38,910
	<u>229,283</u>	<u>72,226</u>	<u>3,532</u>	<u>3,436</u>	<u>308,477</u>	<u>403,875</u>	<u>2,075</u>	<u>2,835</u>	<u>717,262</u>
Deferred income tax liabilities									
Asset revaluation surplus	228,161	(4,075)	182	-	224,268	(4,504)	113,317	-	333,081
Fair value estimation of investment properties	1,108	-	-	-	1,108	1,891	-	-	2,999
Unrealised gains (losses) on derivative financial instruments	2,493	17,092	-	-	19,585	(15,553)	-	-	4,032
Adjustment of inventory from fair value to the lower of cost or net realisable value	20,505	(10,222)	-	(248)	10,035	(10,123)	-	201	113
Others	2,971	(191)	(956)	37	1,861	(423)	2,580	16	4,034
	<u>255,238</u>	<u>2,604</u>	<u>(774)</u>	<u>(211)</u>	<u>256,857</u>	<u>(28,712)</u>	<u>115,897</u>	<u>217</u>	<u>344,259</u>
Deferred income tax assets (liabilities), net	<u>(25,955)</u>	<u>69,622</u>	<u>4,306</u>	<u>3,647</u>	<u>51,620</u>	<u>432,587</u>	<u>(113,822)</u>	<u>2,618</u>	<u>373,003</u>

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19 Deferred income tax (Cont'd)

	Separate financial statements						
	1 January 2015 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2015 Baht'000	Recorded to profit or loss Baht'000	Recorded to other comprehensive income Baht'000	31 December 2016 Baht'000
Deferred income tax assets							
Tax losses carried forward	-	-	-	-	157,546	-	157,546
Unrealised gains (losses) on derivative financial instruments	11,514	2,985	-	14,499	77,669	-	92,168
Allowance for inventory cost in excess of net realisable value	214	12,266	-	12,480	(12,274)	-	206
Cumulative loss from asset revaluation	7,885	(97)	-	7,788	13,253	-	21,041
Provision for retirement benefit obligations	3,949	49	1,461	5,459	9,473	1,857	16,789
Others	17	-	-	17	29	-	46
	<u>23,579</u>	<u>15,203</u>	<u>1,461</u>	<u>40,243</u>	<u>245,696</u>	<u>1,857</u>	<u>287,796</u>
Deferred income tax liabilities							
Asset revaluation surplus	55,159	(3,127)	181	52,213	(3,101)	89,095	138,207
Fair value estimation of investment properties	1,108	-	-	1,108	1,891	-	2,999
Unrealised gains (losses) on derivative financial instruments	2,493	17,093	-	19,586	(15,554)	-	4,032
Others	1,469	-	(952)	517	-	2,541	3,058
	<u>60,229</u>	<u>13,966</u>	<u>(771)</u>	<u>73,424</u>	<u>(16,764)</u>	<u>91,636</u>	<u>148,296</u>
Deferred income tax assets (liabilities), net	<u>(36,650)</u>	<u>1,237</u>	<u>2,232</u>	<u>(33,181)</u>	<u>262,460</u>	<u>(89,779)</u>	<u>139,500</u>

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20 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Refundable deposits	30,604	21,643	12,683	10,298
Others	26,004	14,790	5,079	3,559
Total other non-current assets	56,608	36,433	17,762	13,857

21 Trade accounts payable and other payables

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Trade accounts payable				
- other companies	974,197	1,185,139	430,670	607,954
Trade accounts payable				
- related companies (Note 36.3)	633,460	399,597	522,822	257,714
Accrued expenses	800,857	755,796	333,387	381,628
Deferred income	339,054	74,829	248,263	7
Deposits and retentions received from customers	107,213	132,017	16,976	22,227
Other accounts payable				
- other companies	307,052	98,297	124,724	49,421
Other accounts payable				
- related companies (Note 36.3)	5,677	4,397	63,158	51,919
Other	325	37,322	185	37,294
Total trade accounts payable and other payables	3,167,835	2,687,394	1,740,185	1,408,164

22 Borrowings

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Current				
Borrowings for packing credit	-	201,301	-	201,301
Short-term borrowings from financial institutions	23,086,867	13,006,556	14,338,230	7,532,470
Bills payable	346,948	238,373	-	-
Total short-term borrowings from financial institutions	23,433,815	13,446,230	14,338,230	7,733,771
Current portion of long-term borrowings from financial institutions	5,397,792	451,404	4,276,388	200,000
Current portion of debentures	-	850,000	-	850,000
Current portion of finance lease liabilities	8,334	25,045	2,466	3,866
Total current borrowings	28,839,941	14,772,679	18,617,084	8,787,637
Non-current				
Long-term borrowings from financial institutions	654	3,742,215	-	3,740,157
Debentures	2,865,000	600,000	2,865,000	600,000
Finance lease liabilities	5,127	10,904	4,425	4,281
Total non-current borrowings	2,870,781	4,353,119	2,869,425	4,344,438
Total borrowings	31,710,722	19,125,798	21,486,509	13,132,075

22 Borrowings (Cont'd)

As at 31 December 2016, the balance of overdrafts, borrowings for packing credit, short-term borrowings and long-term borrowings balance of Baht 774 million were guaranteed by land, 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 (2015: Baht 7 million). According to a condition of the borrowings agreements, the Company and its subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiaries must comply with other conditions and restrictions stated in the borrowings agreements.

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

	Percentage			
	Consolidated financial statements*		Separate financial statements	
	2016	2015	2016	2015
Short-term borrowings from financial institutions	1.39-11.87	1.19-11.87	1.50-2.30	1.50-2.34
Long-term borrowings from financial institutions	2.56-4.78	2.56-4.53	2.56-4.28	2.56-5.03
Debentures	2.55-4.50	4.10-4.70	2.55-4.50	4.10-4.70

The fair value of borrowings interest rate equal effective interest rate, as the impact of effective interest rate is not significant.

22.1 Long-term borrowings from financial institutions

(a) Consolidated financial statements

- Anvar Parawood Co., Ltd.

The first agreement At 31 December 2016, balance of Baht 2 million (2015: Baht 3 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.

- Premier System Engineering Co., Ltd.

The first agreement At 31 December 2016, balance of Baht 1,120 million (2015: Baht 250 million), granted by a bank in 2015, was payable at the end of the construction period or within two years from first drawn down. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

22 Borrowings (Cont'd)

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

(b) Separate financial statements

<u>The first agreement</u>	At 31 December 2016, balance of Baht 3,196 million (2015: Baht 3,396 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 2016, balance of Baht 540 million (2015: 544), granted by a bank in 2015 was payable in full by the end of September 2017. This borrowing bears a monthly interest at the rate of a fixed percentage per annum.
<u>The third agreement</u>	At 31 December 2016, balance of Baht 540 million (2015: Nil), 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.

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. However, the Group's management is in the progress to request the waiver documents with the financial statement institutions.

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	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance	4,193,619	3,053,726	3,940,157	2,960,000
Additions of long-term borrowings from financial institutions	1,410,000	1,230,157	540,000	980,157
Repayments of long-term borrowings from financial institutions	(205,211)	(90,264)	(203,807)	-
Cumulative currency differences on translation	38	-	38	-
Closing balance	<u>5,398,446</u>	<u>4,193,619</u>	<u>4,276,388</u>	<u>3,940,157</u>

22 Borrowings (Cont'd)

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

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

	Consolidated financial statement			
	Carrying value		Fair value	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Long-term borrowings	5,398,446	4,193,619	5,661,750	4,448,259

	Separate financial statements			
	Carrying value		Fair value	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Long-term borrowings	4,276,388	3,940,157	4,508,894	4,180,431

The fair value 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 A of 2.03% (2015: 2.02%) and are within level 2 of the fair value hierarchy.

22.2 Debentures

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

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

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

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

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

22 Borrowings (Cont'd)

22.2 Debentures (Cont'd)

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

	Consolidated and separate financial statements	
	2016	2015
	Baht'000	Baht'000
Opening balance	1,450,000	1,450,000
Issued during the year	2,265,000	-
Redemption during the year	(850,000)	-
Ending balance	<u>2,865,000</u>	<u>1,450,000</u>

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

	Interest rate (%)	Par value (Baht)	31 December 2015 (shares)	Sold out (due) during the year (shares)	31 December 2016 (shares)	Term of interest payment	Due for redemption
STA16DA	4.70 p.a.	1,000	550,000	(550,000)	-	1 June and 1 December every year	1 December 2016
STA162A	4.10 p.a.	1,000	300,000	(300,000)	-	13 February and 13 August every year	13 February 2016
STA182A	4.50 p.a.	1,000	600,000	-	600,000	13 February and 13 August every year	13 February 2018
STA19DA	2.55 p.a.	1,000	-	810,000	810,000	18 May and 18 November every year	18 May 2019
STA21DA	3.10 p.a.	1,000	-	1,455,000	1,455,000	18 May and 18 November every year	18 May 2021
			<u>1,450,000</u>	<u>1,415,000</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	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Debentures	<u>2,865,000</u>	<u>1,450,000</u>	<u>2,868,420</u>	<u>1,471,178</u>

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

22 Borrowings (Cont'd)

22.3 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	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Short-term borrowings				
- at floating rates	23,433,815	13,446,230	14,338,230	7,733,771
	<u>23,433,815</u>	<u>13,446,230</u>	<u>14,338,230</u>	<u>7,733,771</u>
Long-term borrowings				
- at fixed rates	1,080,038	543,807	1,080,038	543,807
- at floating rates	4,318,408	3,649,812	3,196,350	3,396,350
	<u>5,398,446</u>	<u>4,193,619</u>	<u>4,276,388</u>	<u>3,940,157</u>
Debentures				
- at fixed rates	<u>2,865,000</u>	<u>1,450,000</u>	<u>2,865,000</u>	<u>1,450,000</u>
Total borrowings				
- at fixed rates	3,945,038	1,993,807	3,945,038	1,993,807
- at floating rates	<u>27,752,223</u>	<u>17,096,042</u>	<u>17,534,580</u>	<u>11,130,121</u>
	<u>31,697,261</u>	<u>19,089,849</u>	<u>21,479,618</u>	<u>13,123,928</u>

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

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Not later than 1 year	28,831,607	14,747,634	18,614,618	8,783,771
Later than 1 year but not later than 3 years	1,410,654	1,645,865	1,410,000	1,643,807
Later than 3 years but not later than 5 years	1,455,000	1,100,000	1,455,000	1,100,000
Later than 5 years	-	1,596,350	-	1,596,350
Total borrowings from financial institutions and debentures	<u>31,697,261</u>	<u>19,089,849</u>	<u>21,479,618</u>	<u>13,123,928</u>

22 Borrowings (Cont'd)

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

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
USD	4,233,773	2,001,145	1,080,038	543,807
Rupiah	1,881,150	1,425,321	-	-
THB	25,582,338	15,663,383	20,399,580	12,580,121
Total borrowings from financial institutions and debentures	31,697,261	19,089,849	21,479,618	13,123,928

22.4 Finance lease liabilities

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Not later than 1 year	3,437	25,874	2,728	3,866
Later than 1 year but not later than 5 years	10,678	11,638	4,709	4,889
	14,115	37,512	7,437	8,755
<u>Less</u> Future finance charges on finance leases	(654)	(1,563)	(546)	(608)
Present values of finance lease liabilities	13,461	35,949	6,891	8,147
Finance lease liabilities				
- Current	8,334	25,045	2,466	3,866
- Non-current	5,127	10,904	4,425	4,281
	13,461	35,949	6,891	8,147

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Not later than 1 year	8,334	25,045	2,466	3,866
Later than 1 year but not later than 5 years	5,127	10,904	4,425	4,281
	13,461	35,949	6,891	8,147

22 Borrowings (Cont'd)

22.4 Finance lease liabilities (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Opening balance	35,949	63,357	8,146	7,565
Additions of finance lease liabilities from financial institutions	2,906	4,496	2,842	4,496
Repayments of finance lease liabilities from financial institutions	(25,394)	(31,904)	(4,097)	(3,914)
Closing balance	13,461	35,949	6,891	8,147

22.5 Borrowing facilities

The Group and the Company have the following undrawn committed borrowing facilities:

	Consolidated financial statements					
	2016			2015		
	Baht'000	USD'000	Rupiah million	Baht'000	USD'000	Rupiah million
Floating rate						
- Expiring within one year	15,322,230	203,769	10,000	24,182,589	301,083	10,000

	Separate financial statements	
	2016 Baht'000	2015 Baht'000
Floating rate		
- Expiring within one year	8,360,930	14,990,389

The facilities expiring within one year are annual facilities subject to reviews at various dates during the year. The other facilities have been arranged to help finance the proposed expansion of activities for the Group and the Company.

23 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	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligation	185,233	161,704	83,947	73,883

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	161,704	115,226	73,883	53,448
Current service costs	18,746	19,773	9,947	5,501
Interest costs	5,720	4,816	2,105	1,709
Employee benefits paid	(2,311)	(7,233)	(1,271)	(6,543)
Remeasurements of post-employment benefit obligations	1,374	29,122	(717)	19,768
At 31 December	185,233	161,704	83,947	73,883

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	18,746	19,773	9,947	5,501
Interest costs	5,720	4,816	2,105	1,709
Total	24,466	24,589	12,052	7,210

Remeasurements of post-employment benefit obligations recognised in the other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Remeasurements of post-employment benefit obligations in the year	(1,374)	(29,122)	718	(19,768)
Cumulative remeasurements of post-employment benefit obligations	10,707	12,082	(15,143)	(15,861)

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

The principal actuarial assumptions used were as follows:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.0	2.9	3.0	2.9
Inflation rate	2.5	3.0	2.5	3.0
Future salary increases (monthly staff)	5.0	5.0	5.0	5.0
Future salary increases (daily staff)	3.0	3.0	3.0	3.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	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%

	2015		
	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 11%	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 2016:

	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	32,060	5,066	22,848	641,204	701,178

	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	17,515	3,391	12,557	233,800	267,263

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24 Share capital and share premium

Consolidated and Separate financial statements						
	Par value (Baht per share)	Number of registered shares (Shares)	Issued and paid-up shares (Shares)	Ordinary shares (Baht'000)	Share premium (Baht'000)	Total (Baht'000)
At 1 January 2015	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2015	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
At 1 January 2016	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2016	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990

As at 31 December 2016, the total authorised number of ordinary shares was 1,280,000,000 shares (2015: 1,280,000,000 shares) with a par value of Baht 1 per share (2015: Baht 1 per share). 1,280,000,000 shares were issued and fully paid-up (2015: 1,280,000,000 shares).

25 Other component of equity

Other component of equity can be analysed as follows:

Consolidated financial statements					
	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht'000	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 2016					
At 1 January 2016	(173,134)	1,427,800	6,832	(268,547)	992,951
Depreciation transfer on assets revaluation, before tax	-	(21,244)	-	-	(21,244)
Depreciation transfer on assets revaluation, tax	-	4,327	-	-	4,327
Disposal of assets, before tax	-	(883)	-	-	(883)
Disposal 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	(173,134)	1,296,860	12,756	(284,005)	852,477
For the year ended 31 December 2015					
At 1 January 2015	(173,134)	1,470,544	18,864	(445,859)	870,415
Asset revaluation surplus, before tax	-	2,459	-	-	2,459
Asset revaluation surplus, tax	-	(182)	-	-	(182)
Disposal of assets, before tax	-	(27,462)	-	-	(27,462)
Disposal of assets, tax	-	2,030	-	-	2,030
Depreciation transfer on assets revaluation, before tax	-	(21,634)	-	-	(21,634)
Depreciation transfer on assets revaluation, tax	-	2,045	-	-	2,045
Change in fair value of available-for-sale investments, before tax (Note 14)	-	-	(12,988)	-	(12,988)
Change in fair value of available-for-sale investments, tax	-	-	956	-	956
Currency differences on translation	-	-	-	177,312	177,312
At 31 December 2015	(173,134)	1,427,800	6,832	(268,547)	992,951

25 Other component 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 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
Disposal of assets, before tax	(807)	-	(807)
Disposal 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>
For the year ended 31 December 2015			
At 1 January 2015	691,242	18,418	709,660
Asset revaluation surplus, before tax	2,459	-	2,459
Asset revaluation surplus, tax	(182)	-	(182)
Disposal of assets, before tax	(27,462)	-	(27,462)
Disposal of assets, tax	2,029	-	2,029
Depreciation transfer on assets revaluation, before tax	(14,857)	-	(14,857)
Depreciation transfer on assets revaluation, tax	1,098	-	1,098
Change in fair value of available-for-sale investments, before tax (Note 14)	-	(12,890)	(12,890)
Change in fair value of available-for-sale investments, tax	-	952	952
At 31 December 2015	<u>654,327</u>	<u>6,480</u>	<u>660,807</u>

26 Legal reserve

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 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.

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27 Revenues from sales of goods and services

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Revenues from sales of goods	77,265,486	61,278,526	38,335,071	29,004,269
Service income	34	13,256	-	10,512
Total revenues from sales of goods and services	<u>77,265,520</u>	<u>61,291,782</u>	<u>38,335,071</u>	<u>29,014,781</u>

28 Expense by nature

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

For the years ended 31 December	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Changes in finished goods and work-in-process		513,071	(3,550,327)	(1,316,507)	(1,064,471)
Raw materials and consumables used		48,472,831	40,327,516	27,892,352	21,173,884
(Reversal of) allowance for inventory cost in excess of net realisable value		(480,903)	373,838	(163,959)	167,855
Employee costs and key management benefits	29	2,395,124	1,923,935	918,079	748,663
Depreciation charges	15	1,158,988	1,021,709	554,239	477,240
Amortisation charges - plantations	16	691	687	283	371
Amortisation charges - intangible assets	17	35,546	32,702	29,457	27,137
Transportation and distribution expense		1,588,627	1,177,724	809,261	730,458
Energy expense		1,120,404	1,019,700	589,405	515,420
Cess expense		1,162,790	815,226	778,449	550,332

Additional information

The cess expense is a fee charged to exporters of natural rubber products to be deposited into the rubber replanting aid fund managed by the Office of the Rubber Replanting Aid Fund (ORRAF) in Thailand for the purpose of replanting support such fee is calculated based on exported quantity at the price on export dates multiplied by fixed rate as agreed.

29 Employee costs and key management benefits

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Wages and salaries	2,085,524	1,694,539	819,722	660,937
Social security costs	67,050	51,179	22,341	20,506
Provident Fund	22,588	19,887	10,013	9,066
Post-employment benefit expenses	24,466	24,589	12,053	7,210
Other employment benefits	195,496	133,741	53,950	50,944
Total employee costs and key management benefits	<u>2,395,124</u>	<u>1,923,935</u>	<u>918,079</u>	<u>748,663</u>

30 Other income

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Income from insurance claim	28,957	2,116	16,197	2,116
Storage income	34,836	32,684	8,102	5,181
Dividend income	24,256	36,755	343,420	386,750
Rental income	39,034	22,591	8,837	7,235
Income from sales of scraps	6,874	3,573	2,765	730
Office service income	17,152	13,678	27,218	19,665
Income from seizure of deposits	-	15,446	-	2,990
Others	46,399	59,478	56,577	37,570
Total other income	<u>197,508</u>	<u>186,321</u>	<u>463,116</u>	<u>462,237</u>

31 Other gains (losses), net

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Gains (losses) from rubber derivative financial instruments	(921,141)	1,079,982	(733,596)	787,612
Gains (losses) from disposal and write-off fixed assets	(62,119)	44,509	(923)	34,139
Losses from fair value estimation of investment properties	(1,887)	(29,193)	-	-
Total other gains (losses), net	<u>(985,147)</u>	<u>1,095,298</u>	<u>(734,519)</u>	<u>821,751</u>

32 Finance costs, net

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Finance income				
Interest income from debentures	29,632	39,334	29,632	39,333
Interest income from bank deposits	5,678	8,842	776	958
Interest income from related parties	-	-	44,982	37,686
Total finance income	35,310	48,176	75,390	77,977
Finance costs				
Interest expense on bank borrowings	(732,672)	(588,221)	(417,347)	(360,937)
Interest expense on finance leases	(752)	(221)	-	-
Net foreign exchange gains (losses) on financing activities	26,089	(268,881)	-	-
Total finance costs	(707,335)	(857,323)	(417,347)	(360,937)
Total finance costs, net	(672,025)	(809,147)	(341,957)	(282,960)

33 Income tax

The weighted average tax rate for the consolidated financial statements for the year ended 31 December 2016 was 26.40% (2015: 2.80%). The decrease was 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 2016 was 22.30% (2015: 0.40%).

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Current income tax:				
Current income tax on profit of the years	149,345	101,139	-	-
Deferred income tax:				
Origination and reversal of temporary differences	(432,587)	(69,621)	(262,460)	(1,237)
Total income tax	(283,242)	31,518	(262,460)	(1,237)

33 Income tax (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Profit before income tax	(1,072,972)	1,143,274	(1,174,361)	336,509
Tax calculated at domestic tax rates applicable to profits in the respective countries	(215,051)	132,229	(234,872)	24,868
Share of tax on profits of associates and joint ventures	(80,552)	(47,948)	-	-
Tax effect of:				
- Income not subject to tax	(79,201)	17,318	(75,488)	14,669
- Expenses not deductible for tax purpose	65,565	(19,852)	(22,796)	1,199
- Double deductible expenses	(97,821)	(19,053)	(57,910)	(15,367)
- Tax losses of the current year for which no deferred income tax asset was recognised	32,199	5,953	-	-
- Write-off deferred tax asset which was previously recognised	36,404	-	-	-
- Tax at concessionary rate of 10% see note (a)	(55,095)	(27,927)	-	-
- Utilisation of previously unrecognised tax losses	118,380	17,159	129,806	-
- Others	(8,070)	(26,361)	(1,200)	(26,606)
Total income tax	<u>(283,242)</u>	<u>31,518</u>	<u>(262,460)</u>	<u>(1,237)</u>

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.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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33 Income tax (Cont'd)

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

	Consolidated financial statements					
	2016			2015		
	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	-	-	-	2,459	(182)	2,277
Change in tax rate used in deferred tax recognition	-	(112,533)	(112,533)	-	-	-
Change in fair value of available-for-sale investments	8,504	(1,701)	6,803	(12,988)	956	(12,032)
Remeasurements of post- employment benefit obligations	(1,375)	411	(964)	(29,122)	3,533	(25,589)
Cumulative currency differences on translation	(16,186)	2,619	(13,567)	170,894	3,646	174,540
Total income tax charges to other comprehensive income	<u>(9,057)</u>	<u>(111,204)</u>	<u>(120,261)</u>	<u>131,243</u>	<u>7,953</u>	<u>139,196</u>
	Separate financial statements					
	2016			2015		
	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	-	-	-	2,458	(181)	2,277
Change in tax rate used in deferred tax recognition	-	(87,977)	(87,977)	-	-	-
Change in fair value of available-for-sale investments	8,296	(1,659)	6,637	(12,891)	952	(11,938)
Remeasurements of post-employment benefit obligations	717	(143)	574	(19,767)	1,461	(18,307)
Total income tax charges to other comprehensive income	<u>9,013</u>	<u>(89,779)</u>	<u>(80,766)</u>	<u>(30,200)</u>	<u>2,232</u>	<u>(27,968)</u>

34 Earnings (losses) per share

Basic earnings 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	
	2016	2015	2016	2015
Net profit (losses) attributable to owners of the parent (Baht'000)	(757,986)	1,118,035	(911,901)	337,746
Weighted average number of ordinary shares in issue (Shares'000)	1,280,000	1,280,000	1,280,000	1,280,000
Basic earnings (losses) per share (Baht per share)	(0.59)	0.87	(0.71)	0.26

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

35 Dividends

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.

At the Annual General Meeting of Shareholders held on 29 April 2015, it was resolved that dividend be paid to shareholders in respect of 2014 operating results at Baht 0.40 per share, totaling of Baht 512 million. The dividend was paid in May 2015 to the shareholders.

36 Related party transaction

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:

36.1 Revenue from sales and services and other incomes

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Revenues from sales to:				
Subsidiaries	-	-	3,418,152	3,161,655
An associate	32,046	28,254	-	-
A joint venture	2,805,546	3,116,608	1,046,186	1,062,007
	<u>2,837,592</u>	<u>3,144,862</u>	<u>4,464,338</u>	<u>4,223,662</u>
Service income from:				
Subsidiaries	-	-	60,018	28,078
An associate	21,653	19,037	4,663	1,075
Joint ventures	289,956	289,858	28,882	23,507
	<u>311,609</u>	<u>308,895</u>	<u>93,563</u>	<u>52,660</u>
Dividend income:				
Subsidiaries	-	-	319,166	350,000
Rental income:				
Subsidiaries	-	-	1,023	923
An associate	400	-	-	-
A joint venture	33,853	12,042	7,680	648
	<u>34,253</u>	<u>12,042</u>	<u>8,703</u>	<u>1,571</u>
Interest income:				
Subsidiaries	-	-	44,983	37,686

36 Related party transactions (Cont'd)

36.2 Purchases of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Purchases of goods from:				
Subsidiaries	-	-	1,499,732	1,444,779
An associate	68	60	-	-
Joint ventures	5,920,739	5,770,476	1,030,535	1,017,148
	<u>5,920,807</u>	<u>5,770,536</u>	<u>2,530,267</u>	<u>2,461,927</u>
Service expenses from:				
Subsidiaries	-	-	1,192,174	957,623
Associates	-	774	-	775
A Joint venture	485	536	7	42
	<u>485</u>	<u>1,310</u>	<u>1,192,181</u>	<u>958,440</u>
Rental expense:				
A subsidiary	-	-	1,229	1,229

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Trade accounts receivable: (Note 9)				
Subsidiaries	-	-	326,207	1,040,056
An associate	7,759	3,521	809	49
Joint ventures	90,835	90,781	6,961	882
	<u>98,594</u>	<u>94,302</u>	<u>333,977</u>	<u>1,040,987</u>
Amounts due from futures broker:				
An associate	<u>22,981</u>	<u>87,465</u>	<u>22,981</u>	<u>87,465</u>
Other receivables:				
Subsidiaries	-	-	81,018	21,139
An associate	311	607	-	12
A joint venture	3,610	10,356	-	94
	<u>3,921</u>	<u>10,963</u>	<u>81,018</u>	<u>21,245</u>
Trade accounts payable: (Note 21)				
Subsidiaries	-	-	405,466	163,390
An associate	24	4	-	-
Joint ventures	633,436	399,593	117,356	94,324
	<u>633,460</u>	<u>399,597</u>	<u>522,822</u>	<u>257,714</u>

36 Related party transactions (Cont'd)

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Other payables:				
Subsidiaries	-	-	63,141	51,911
An associate	-	69	-	-
Joint ventures	5,677	4,328	17	8
	<u>5,677</u>	<u>4,397</u>	<u>63,158</u>	<u>51,919</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 2016, there is no allowance for impairment against receivables from related parties (2015: 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.

36.4 Outstanding balances arising from long-term borrowings to subsidiaries

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Accrued interest income:				
Subsidiaries	-	-	10,389	13,180
Long-term borrowings to:				
Subsidiaries	-	-	2,074,203	1,625,605

Long-term borrowings to subsidiaries can be summarised as below:

		Separate financial statements			
		Principle		Interest rates %	Borrowings periods
Relationship		USD million	(Equivalent) Baht million		
PT Sri Trang Lingga Indonesia	A subsidiary	5	180	3.33	5 years
PT Sri Trang Lingga Indonesia	A subsidiary	15	535	2.65	2 years
PT Sri Trang Lingga Indonesia	A subsidiary	15	535	4.20	3 years
PT Star Rubber	An indirect subsidiary	15	539	3.33	5 years
PT Star Rubber	An indirect subsidiary	8	285	2.65	2 years

36 Related party transactions (Cont'd)

36.4 Outstanding balances arising from long-term borrowings to subsidiaries (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	-	-	1,625,605	992,656
Increase	-	-	823,600	540,000
Decrease	-	-	(300,000)	-
Unrealised gain (loss) on exchange rate	-	-	(75,002)	92,949
Total	-	-	2,074,203	1,625,605

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

	Consolidated financial statement			
	Carrying value		Fair value	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Long-term borrowings to subsidiaries	2,074,203	1,625,605	2,105,348	1,651,002

The fair values of the long-term borrowings to subsidiaries are based on discounted cash flows using a discount rate based upon the coupon bond rate plus additional private borrowing rate level A of 2.03% (2015: 2.02%) and are within level 2 of the fair value hierarchy.

36.5 Key management compensation

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

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries and other short-term employee benefits	310,769	248,897	45,001	51,789
Post-employment benefits	3,329	3,321	1,135	1,318
Total	314,098	252,218	46,136	53,107

37 Financial instruments by category

	Consolidated financial statements			
	2016			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale 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	-	-	59,130	59,130
Total	10,020,301	164,980	59,130	10,244,411

	Consolidated financial statements		
	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 debenture	-	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	-	5,127	5,127
Total	654,920	33,318,379	33,973,299

37 Financial instruments by category (Cont'd)

	Consolidated financial statements			
	2015			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale Baht'000	Total Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	2,197,241	-	-	2,197,241
Derivative financial instruments	-	336,737	-	336,737
Trade accounts receivable, net	3,370,755	-	-	3,370,755
Amounts due from futures brokers	702,086	-	-	702,086
Fixed deposits pledged as collateral	33,464	-	-	33,464
Long-term investments	-	-	50,626	50,626
Total	<u>6,303,546</u>	<u>336,737</u>	<u>50,626</u>	<u>6,690,909</u>

	Consolidated financial statements		
	2015		
	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	-	1,613,875	1,613,875
Short-term borrowings from financial institutions	-	13,446,230	13,446,230
Current portion of long-term borrowings	-	451,404	451,404
Current portion of debenture	-	850,000	850,000
Current portion of finance lease liabilities	-	25,045	25,045
Derivative financial instruments	271,563	-	271,563
Long-term borrowings from financial institutions	-	3,742,215	3,742,215
Debentures	-	600,000	600,000
Finance lease liabilities	-	10,904	10,904
Total	<u>271,563</u>	<u>20,739,673</u>	<u>21,011,236</u>

37 Financial instruments by category (Cont'd)

	Separate financial statements			
	31 December 2016			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale 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	-	-	58,014	58,014
Total	5,722,109	20,160	58,014	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

37 Financial instruments by category (Cont'd)

	Separate financial statements			
	31 December 2015			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale Baht'000	Total Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	302,242	-	-	302,242
Derivative financial instruments	-	265,028	-	265,028
Trade accounts receivable, net	2,212,673	-	-	2,212,673
Amounts due from futures brokers	87,465	-	-	87,465
Current portion of long-term borrowings to subsidiaries	362,252	-	-	362,252
Long-term borrowings to subsidiaries	1,263,353	-	-	1,263,353
Fixed deposits pledged as collateral	13,824	-	-	13,824
Long-term investments	-	-	49,718	49,718
Total	4,241,809	265,028	49,718	4,556,555

	Separate financial statements		
	31 December 2015		
	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	-	887,410	887,410
Short-term borrowings from financial institutions	-	7,733,771	7,733,771
Current portion of long-term borrowings from financial institutions	-	200,000	200,000
Current portion of debenture	-	850,000	850,000
Current portion of finance lease liabilities	-	3,866	3,866
Derivative financial instruments	196,212	-	196,212
Long-term borrowings from financial institutions	-	3,740,157	3,740,157
Debentures	-	600,000	600,000
Finance lease liabilities	-	4,281	4,281
Total	196,212	14,019,485	14,215,697

38 Credit quality of financial assets

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

- 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	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Deposits held at call with banks				
Aa1	378,173	116,465	-	-
Aa2	220,130	244,157	-	458
Aa3	231,304	22,551	183,268	-
A1	154,125	125,841	52	201
Baa1	307,720	526,471	113,675	241,871
Baa2	14,128	63,738	6,649	41,574
Baa3	285,237	994,408	8,716	9,723
No rating	23,731	75,350	50	-
Total deposits held at call with banks	<u>1,614,548</u>	<u>2,168,981</u>	<u>312,410</u>	<u>293,827</u>
Trade accounts receivable				
Counterparties without external credit rating				
Group 1	144,135	120,800	69,101	54,177
Group 2	7,450,385	3,071,276	3,213,827	1,118,440
Group 3	104,921	178,679	-	-
Total unimpaired trade accounts receivable	<u>7,699,441</u>	<u>3,370,755</u>	<u>3,282,928</u>	<u>1,172,617</u>
Derivative financial instruments				
Counterparties with external credit rating				
Aa2	51,561	-	-	-
A3	8,794	-	-	-
Baa1	4	615	4	615
Counterparties without external credit rating				
Group 2	104,621	336,122	20,156	264,413
Total derivative financial instruments	<u>164,980</u>	<u>336,737</u>	<u>20,160</u>	<u>265,028</u>

38 Credit quality of financial assets (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Fixed deposits pledged as collateral				
Baa1	2,114	22,637	-	13,824
Baa2	10,206	10,827	-	-
Total fixed deposits pledged as collateral	12,320	33,464	-	13,824

39 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, STR block rubber and Skim Crepe, which included among others, as follows:

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

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

Sales classified as promoted and non-promoted rubber business only for Thai entities¹ for the years ended 31 December 2016 and 2015 of the Group are summarised as follows:

	2016			2015		
	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	25,101,632	48,799,915	73,901,547	17,051,800	43,808,564	60,860,364
Domestic sales and service income, net	4,561,692	13,514,061	18,075,753	3,976,167	10,230,657	14,206,824
Total	29,663,324	62,313,976	91,977,300	21,027,967	54,039,221	75,067,188
Intersegmental balances			(14,711,780)			(13,775,406)
Total			77,265,520			61,291,782

40 Contingent liabilities and commitments

40.1 Sales and purchases commitments

The Group and the Company are committed to certain sales and purchases. Some of the contractual prices are fixed and 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
	2016	2016
	Baht'000	Baht'000
Purchases from:		
A joint venture	457,860	-
Third parties	2,960,282	-
	3,418,142	-
Sales to:		
A joint venture	187,320	144,760
Third parties	36,272,443	23,614,312
	36,459,763	23,759,072

40.2 Capital commitments

The Group and the Company have capital commitments as follows:

	Consolidated financial statements	Separate financial statements
	2016	2016
	Baht'000	Baht'000
Capital commitments - purchase of fixed assets	703,029	215,786

40.3 Commitments to guarantee borrowings

40.3.1 The Group and the Company have commitments to guarantee the borrowings as follows:

			31 December 2016	
	Relationships	Currencies	Amount	(Equivalent) Baht million
Sri Trang USA, Inc.	An overseas subsidiary	USD million	28	997
PT Sri Trang Lingga Indonesia	An overseas subsidiary	USD million Rupiah billion	38 462	1,350 1,238
PT Star Rubber	An overseas subsidiary	USD million Rupiah billion	12 240	425 643

40.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agencies mainly for electricity usage totaling Baht 85 million and has pledged its fixed deposits of Baht 1 million as collateral for these bank guarantees.

40 Contingent liabilities and commitments (Cont'd)

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

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

	Consolidated financial statements	Separate financial statements
	2016	2016
	Baht'000	Baht'000
Not later than 1 year	142,329	77,776
Later than 1 year but not later than 5 years	160,480	91,478
Later than 5 years	384	-
Total	303,193	169,254

41 Progress of fire event at a factory of PT Star Rubber in Indonesia and related insurance claim

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).

However, the Group insured for the incident including inventories, fixed assets and business interruption in full and was still negotiating with the insurer for the claimed amount incurred with the insurers.

In addition, it is expected that this affected factory from such fire will continue to be closed down until at least first half of 2018.

42 Significant legal proceedings

Commercial dispute relating to the Joint Venture Agreement

On 5 September 2014, Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") filed two requests for arbitration proceedings in Switzerland to the ICC International Court of Arbitration against the Company, Rubberland Products Co., Ltd. ("Rubberland") (a subsidiary) and other Thai shareholders of Siam Sempermed Corp., Ltd. ("SSC") (a joint venture).

In the first case, Semperit alleged that the Company, Rubberland and other Thai shareholders of SSC had breached the Joint Venture Agreement and other related agreements. Semperit claimed for damages of approximately Baht 4,172 million plus interest and reserved the right to claim additional damages. In addition, Semperit requested the arbitral tribunals to issue orders demanding that the Company and Rubberland (and other shareholders of SSC) undertake or refrain from undertaking certain acts with respect to SSC.

The arbitral tribunal rendered a partial award on 24 March 2016, declaring that the arbitral tribunal in Switzerland has the jurisdiction to adjudicate the disputes brought by Semperit in this case and ordering the Company, Rubberland and other shareholders of SSC to cause SSC to grant access to certain commercial information of SSC to Semperit. However, the arbitral tribunal in Switzerland has not rendered an award on the issue of whether the Company and Rubberland are obligated to pay for damages as claimed by Semperit.

Semperit has filed a motion to request the enforcement of the partial award to the Court of Justice in Thailand. The Company and Rubberland are pursuing to oppose the said motion. The legal advisor of the Company is of the view that enforcement of the partial award in Thailand would be contrary to public order and the good morals of the people and would be in violation of the Arbitration Act B.E. 2545.

Apart from this, from the interpretation of the terms of the Joint Venture Agreement and other related agreements, and from strict application of Thai law, as well as the opinion from the legal advisor, the management of the Company believes that the Company and Rubberland do not have any obligation to pay damages as claimed by Semperit because they did not breach the Joint Venture Agreement and other related agreements with Semperit. Therefore, the outcome of these disputes should not have any material adverse effect on the business operation or the financial position of the Company and Rubberland.

In the second case, Semperit alleged that the Company and Rubberland breached the terms of the Joint Venture Agreement. On 6 May 2016, the Company and Rubberland came to be aware of the award of the second case from the arbitral tribunal in Switzerland. The Tribunal declared that resolutions of SSC's board of directors meetings (passed in violation of SSC's Articles of Association) are deemed enforceable and legally binding. The Company and Rubberland are ordered to amend SSC's Articles of Association to be consistent with the Joint Venture Agreement executed with Semperit as well as to compensate Semperit for the arbitration fees and other costs relating to the case in the total amount of approximately Baht 100 million plus 5 percent interest per annum. Semperit filed a motion to request the enforcement of the award of the arbitral tribunal in Switzerland to the Courts of Justice in Thailand and in Singapore. Such motion for the enforcement of the award is the process by law and is in the early stages. The legal advisor of the Company is of the view that the arbitral award should not be enforceable against the Company and Rubberland in Thailand since, among others, the award deals with matters beyond the Tribunal's jurisdiction, is in breach of rules of natural justice and/or is contradictory to public order and good morals of the people, and its enforcement would violate the Arbitration Act B.E. 2545. Therefore, the management of the Company believe that the verdict of the second dispute should not have material adverse effect on the business operations or to the financial position of the Company and Rubberland.

The aforementioned disputes arose because, among others, the parties to the Joint Venture Agreement did not agree on the business plan to maintain and enhance the business competitiveness of SSC. In this regard, the Company and Semperit had entered into several negotiations in order to solve the conflicts among the parties for the maximum benefit of SSC but these efforts had proved to be unsuccessful. The management of the Company has set aside accrued expenses in the financial statements with respect to defending the disputes for the arbitral proceedings in Switzerland.

In addition to the aforementioned requests for arbitration proceedings against the Company and Rubberland as well as other Thai shareholders as the first case and the second case above, Semperit filed another arbitration case against SSC as the third case. Semperit alleged that SSC breached the Joint Venture Agreement and other commercial agreements entered into between SSC and Semperit and claimed for damages. Until now, Semperit has claimed for damages of approximately Baht 2,049 million, plus interest and reserved the right to claim additional damages.

42 Significant legal proceedings (Cont'd)

Commercial dispute relating to the Joint Venture Agreement (Cont'd)

On 2 June 2016, the arbitral tribunal rendered a partial award in the third case, declaring that the arbitral tribunal in Switzerland has the jurisdiction to adjudicate the disputes brought by Semperit in this case and ordering SSC to grant Semperit access to the factory and its premises, including access to certain trade information of SSC. However, the arbitral tribunal in Switzerland has not rendered an award on the issue of whether SSC is obligated to pay damages as claimed by Semperit.

Semperit has filed a motion to request the enforcement of the partial award to a Court of Justice in Thailand. SSC is in the process of opposing such motion to request the enforcement of the partial award. The legal advisor of the Company is of the view that enforcement of the partial award in Thailand would be contrary to public order and the good morals of the people and would be in violation of the Arbitration Act B.E. 2545.

Apart from this, from the interpretation of the terms of the Joint Venture Agreement and other related agreements, and from strict application of Thai law, as well as the opinion from the legal advisor, the management of the Company believes that SSC has reasonable grounds to argue that SSC is not obligated to pay damages as Semperit claimed. Therefore, the outcome of the dispute should not have any material adverse effect on the business operation or the financial position of the Company.

In addition, one of the disputed matters referred to arbitration against the Company and SSC above is Semperit's allegation that the Company and SSC had breached the agreement for non-competition in Europe, the area in which Semperit claims to have exclusive rights to distribute rubber gloves manufactured by SSC. Semperit requested that the arbitral tribunal prohibit the Company and SSC from distributing rubber gloves manufactured by SSC in countries in Europe. In this regard, the Cartel Court in the Republic of Austria, the country in which Semperit's headquarters is located, adjudicated that the non-competition agreement violates the competition law applicable in the Republic of Austria and the European Union and issued an order that Semperit will no longer be able to rely on such non-competition agreement. At present, Semperit has lodged an appeal against the decision of the Cartel Court. The case is currently pending before the Austrian Supreme Court.

Early in January 2017, the Company and Rubberland were served with a request for new arbitration proceedings in Switzerland. Semperit filed the request to the ICC International Court of Arbitration against the Company, Rubberland, and certain parties to the Joint Venture Agreement and other related agreements. Semperit alleged that the Company, Rubberland, and other parties had breached the Joint Venture Agreement and other related agreements, and requested the arbitral tribunal to issue an order for the Company, Rubberland, and other parties to refrain from undertaking any act constituting a breach of the agreements and initially claimed for damages of approximately Baht 19 million. The management of the Company believes that the Company and Rubberland do not have any obligation to pay damages as claimed by Semperit because they did not breach the Joint Venture Agreement and other related agreements with Semperit.

43 Events after the reporting period

43.1 The demerger transaction with Semperit

Reference is made to the fact that Board of Directors Meeting No. 1/2017 which was convened on 18 January 2017 has resolved to approve the Company's entering into the Umbrella Agreement and the agreements for the sale and purchase of shares relating to the Company with Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") for the demerger of all associates and joint venture entities ("Demerger") in Thailand and other countries. The details are as follow;

- (1) Approved the acquisition of 10,000 shares of Siam Sempermed Co., Ltd. ("SSC"), equivalent to 50 percent of the total issued and sold shares of SSC, which was incorporated in Thailand at the price of USD 180 million (or approximately Baht 6,450 million) from Semperit which is the current shareholder of SSC.

43 Events after the reporting period (Cont'd)

43.1 The demerger transaction with Semperit (Cont'd)

- (2) Approved the disposals of the investments in various associate and joint venture companies to Semperit. The details are as follow;
 - (2.1) Approved the disposal of the investment in Semperflex Shanghai Ltd. ("SSH") which was incorporated in China equivalent to 50 percent of the total capital of SSH at the price of USD 8 million (or approximately Baht 287 million).
 - (2.2) Approved the disposal of the investment in Shanghai Semperit Rubber & Plastic Products Co., Ltd. which was incorporated in China equivalent to 10 percent of the total capital of SRP at the price of USD 4 million (or approximately Baht 143 million).
 - (2.3) Approved the disposal of 1,000 shares of Sempermed USA, Inc. ("SUSA") which was incorporated in the United States of America equivalent to 25 percent of the total capital of SUSA at the price of USD 6.5 million (or approximately Baht 233 million).
 - (2.4) Approved the disposal shares of Sempermed Singapore Pte. Ltd. ("SESI") which was incorporated in Singapore equivalent to 50 percent of the total issued and sold shares of SESI at the price of USD 1 million (or approximately Baht 36 million)
 - (2.5) Approved the disposal of all 1,615,000 shares of Semperflex Asia Corporation Ltd. ("SAC") held by the Company and Rubberland Products Co., Ltd., a subsidiary of the Company (equivalent to 42.5 percent of the total issued and sold shares of SAC), to Semperit at the price of total USD 51 million (or equivalent to a total of approximately Baht 1,827 million).
- (3) The Company and Semperit agreed to settle of all pending disputes between the Company with Semperit at present, whether such disputes are pending consideration by a court of law or arbitral committee.
- (4) SSC agreed to pay compensation to Semperit to settle its dispute with Semperit in the amount of USD 15 million (or equivalent to approximately Baht 537 million)

The Demerger shall be completed only after the conditions precedent to the purchase of SSC shares have been satisfied. The conditions precedent are that (a) Semperit has obtained approval from its supervisory board with respect to the sale of all of the SSC shares held by Semperit to the Company and the acquisition of all shares and investments under (2) (in the case of Semperit) and (b) the Company has obtained approval from its shareholders to purchase all of the SSC shares from Semperit and dispose of all of the shares and investments stated in (2) to Semperit (in the case of the Company). The Company and Semperit have agreed that the Sale and Purchase Date, which is the date that the Company and Semperit agree to transfer all shares holding under (1) and (2.1) to (2.4) and settle all pending disputes to each other, is expected to take place on 15 March 2017, but in any case shall take place no later than 12 April 2017.

43.2 Dividend payment

At the Board of Directors held on 28 February 2017, it was resolved that dividend will be paid to shareholders from retained earnings at Baht 0.40 per share, totaling Baht 512 million. The dividend will be paid in May 2017 to the shareholders.