

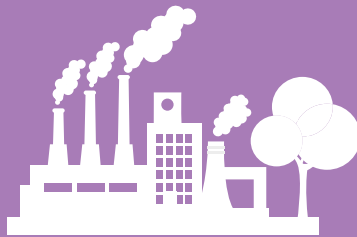


YEAR OF STANDARDIZATION

ANNUAL REPORT 2016



SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED



2016 : Year of Standardization



In Remembrance

of His Majesty King Bhumibol Adulyadej



Sri Trang Agro-Industry Public Company Limited and affiliates

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VISION

“PASSIONATELY, WE DRIVE
POSSIBILITIES”
>>the green rubber company>>

MISSION

2016: Year of standardization





CORE VALUES



Specialist

We are the best in what we do.



Teamwork

We work with tireless determination together as a team.



Accountability

We value honesty and have a strong sense of responsibility.



SRI TRANG GROUP
Green
Rubber



**GREEN
PRODUCTS**



**GREEN
PROCESS**



**GREEN
PROCUREMENT**



**GREEN
COMPANY**

“GREEN RUBBER COMPANY”

For nearly 30 years since its founding, Sri Trang Group has been operating transparently in a socially and environmentally responsible manner and the symbol “Green” signifies our commitment to sustainability and transparency.



GREEN PRODUCTS

We produce high-quality products that are free of chemical substances that detrimentally affect the health and safety of end-users.

GREEN PROCESS

The production process for every one of our products is based on the concept of sustainability and energy efficiency. Our production facilities do not generate hazardous substances that cause adverse impacts on the environment and the communities in their vicinities.

GREEN PROCUREMENT

We source raw materials from ethical suppliers with sustainable practices and strive to guide rubber farmers toward the sustainable management of rubber plantations.

GREEN COMPANY

In every aspect of our operations, we are guided by the belief that transparency is key to building trust and achieving long-term success. We also seek to make a positive difference to the local communities and foster long-lasting relationships through various forms of community engagement.

MESSAGE

FROM CHAIRMAN



The year 2016 was a very exciting one for STA. First of all, it was the year that STA achieved **a record high in sales volume of 1.5 million tons**, solidifying our position as the world's largest natural rubber company. Our market share also increased to 12% of global natural rubber consumption. This is a remarkable accomplishment and one that could not have happened without our employees in all capacities who have been working so tirelessly. Indeed, the path to this success was paved with many obstacles that tested the resolve and fortitude of all involved and I would like to express my sincere thanks to all who have been on this journey with us.

One constant challenge that we have had to contend with year in and year out is the volatility of natural rubber prices and 2016 was no exception. The rubber market got off to a very rocky start as rubber prices continued its downward trajectory, dropping to the lowest level in a decade at the start of the year. But the market took a turn for the better later on when the severe drought and excessive rainfall started to interfere with rubber production. The reduced supply helped to drive up the prices, which further picked up momentum in the last quarter on the back of optimism about infrastructure spending by the Trump administration to end the year at a higher level than the previous one for the first time since 2011. This constantly changing industry landscape requires our operations to be nimble and able to adapt to the changing circumstances.

The prolonged period of low natural rubber prices of the past 5 years has been particularly challenging for our operations. Yet we kept soldiering on in the face of inhospitable industry climate, as evidenced by a 76% increase in our production capacity from 1.3 million tons per year in 2011 to 2.4 million tons per year in 2016. We will keep expanding our production capacity to accommodate our current target **"STA 20,"** that is, to reach a market share of 20% of global natural consumption, by setting up new production bases in areas where there is strong potential for rubber production, with a particular focus given to areas where we already have our own rubber plantations.

We will keep strengthening our operations throughout the supply chain to reinforce our position as the world's largest fully integrated natural rubber company.

Although we are mainly known as a dominant player in the midstream sector, we have always been equally committed to our downstream operations. We will continue to devote resources to strengthening our examination glove operations and will seek out growth opportunities that will enable us to achieve global name recognition in the downstream sector.

In addition to a record high in sales volume, our other notable achievement in 2016 is that we were able to successfully implement **"production standardization"** across all our production facilities. This provide an assurance to customers that all of our products, no matter the facilities where they were produced, underwent the same production processes and conform to the same international standards.

I cannot predict what 2017 has in store for us. One certain thing is that STA will reach an important milestone as it turns 30 later this year. It is nothing short of extraordinary that within 30 years STA has risen from humble beginnings to become a leading player in the natural rubber business. But I can assure you that we are not, nor will ever be, complacent. We will keep strengthening our operations throughout the supply chain to reinforce our position as the world's largest fully integrated natural rubber company.

Dr. Viyavood Sincharoenkul

Chairman

Sri Trang Agro-Industry Public Company Limited

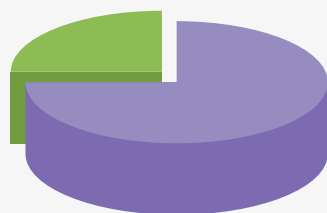
February 2017

FINANCIAL HIGHLIGHTS



REVENUE FROM SALES OF GOODS AND SERVICES

77,266 Million Baht



SALES VOLUME

1,494,094 Tons



TOTAL ASSETS

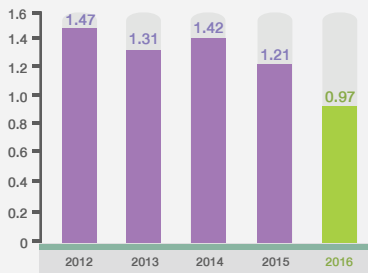
55,959 Million Baht

(UNIT : Baht million)	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
STATEMENT OF COMPREHENSIVE INCOME					
Revenue from sales of goods and services	77,266	61,292	75,530	92,185	99,639
EBITDA	794	3,008	2,568	3,747	2,840
Profit before tax	(1,073)	1,143	1,076	1,987	1,524
Net profit	(758)	1,118	1,038	1,820	1,379
STATEMENT OF FINANCIAL POSITION					
Total assets	55,959	43,879	37,791	44,237	36,696
Total liabilities	36,047	22,545	17,199	24,246	17,759
Shareholders' equity	19,912	21,334	20,592	19,991	18,937
FINANCIAL RATIOS					
Gross profit margin (%)	7.0	5.7	4.4	5.6	4.8
Net profit margin (%)	(1.0)	1.8	1.4	2.0	1.4
Current ratio (times)	1.0	1.2	1.4	1.3	1.5
Net debt to equity ratio (times)	1.7	1.0	0.7	1.1	0.9

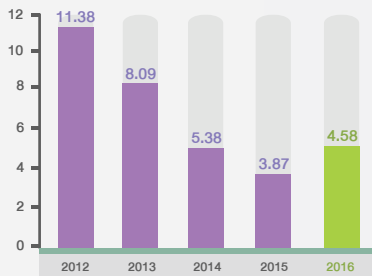
Note : Financial statements for FY2014 – FY2016 has been prepared in accordance with IFRS Accounting Standard, while Financial statements for FY2012 – FY2013 were prepared based on the early adoption of generally acceptable accounting standards.



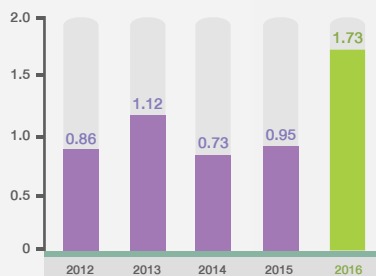
CURRENT RATIO (TIMES)



FIXED ASSET TURNOVER (TIMES)



NET DEBT TO EQUITY (TIMES)



REVENUE & SALES VOLUME



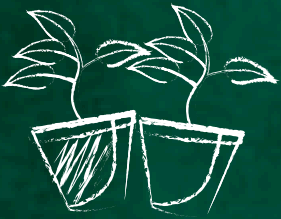
GREEN PRODUCTION

FROM UPSTREAM TO DOWNSTREAM

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED ("STA") IS THE WORLD'S LARGEST FULLY INTEGRATED NATURAL RUBBER COMPANY WITH A MARKET SHARE OF 12% OF GLOBAL NATURAL RUBBER CONSUMPTION.



STA OFFERS A FULL RANGE OF NATURAL RUBBER PRODUCTS, FROM TECHNICALLY SPECIFIED RUBBER (TSR) AND RIBBED SMOKED SHEETS (RSS) TO CONCENTRATED LATEX, WITH A TOTAL PRODUCTION CAPACITY OF 2.4 MILLION TONS PER YEAR.

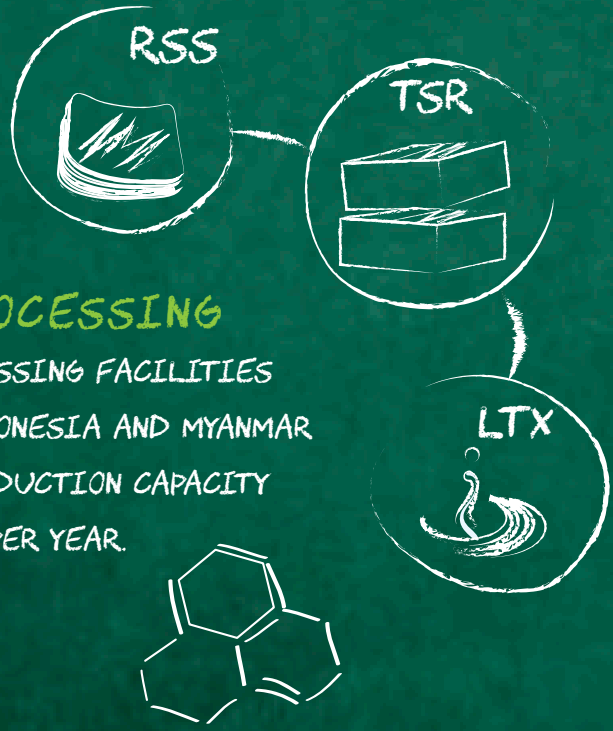


RUBBER PLANTATIONS

OUR RUBBER PLANTATIONS ARE MANAGED BY A TEAM OF HIGHLY EXPERIENCED MANAGERS. WE CURRENTLY HAVE APPROXIMATELY 8,000 HECTARES OF RUBBER PLANTATIONS IN MANY PROVINCES OF THAILAND.

RUBBER PROCESSING

WE HAVE 35 PROCESSING FACILITIES IN THAILAND, INDONESIA AND MYANMAR WITH A TOTAL PRODUCTION CAPACITY OF 2,372,000 TONS PER YEAR.





APPROXIMATELY
8,000 HECTARES
OF RUBBER PLANTATIONS



2,372,000 TONS PER YEAR
PRODUCTION CAPACITY FOR
NATURAL RUBBER



14 BILLION PIECES PER YEAR
PRODUCTION CAPACITY FOR
EXAMINATION GLOVES

THE WORLD'S LARGEST MIDSTREAM NATURAL RUBBER PRODUCER

SALES & DISTRIBUTION

OUR 6 TRADE AND DISTRIBUTION CENTERS
ARE LOCATED IN STRATEGIC LOCATIONS,
NAMELY, CHINA, SINGAPORE, THAILAND,
INDONESIA, USA AND VIETNAM.



DOWNSTREAM BUSINESS

WE MANUFACTURE BOTH LATEX AND
NITRILE EXAMINATION GLOVES WITH
A TOTAL PRODUCTION CAPACITY OF 14
BILLION PIECES PER YEAR.

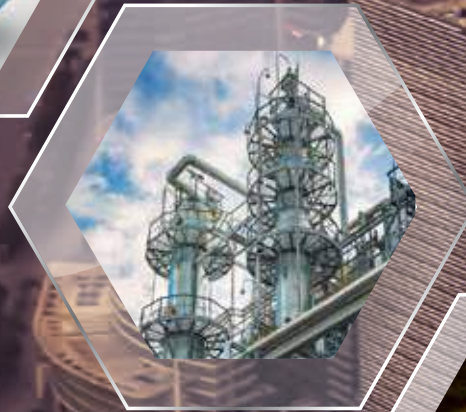


MULTINATIONAL PLATFORM

Market share of
12%
of global natural rubber
consumption in 2016



35
processing facilities
in Thailand, Indonesia
and Myanmar



Sales volume in 2016:
1,494,094 tons



Market share of
26%
of total production
volume of Thailand in 2016



Market share of
16%
of total natural rubber
imported by China



USA



CHINA



MYANMAR



THAILAND



VIETNAM



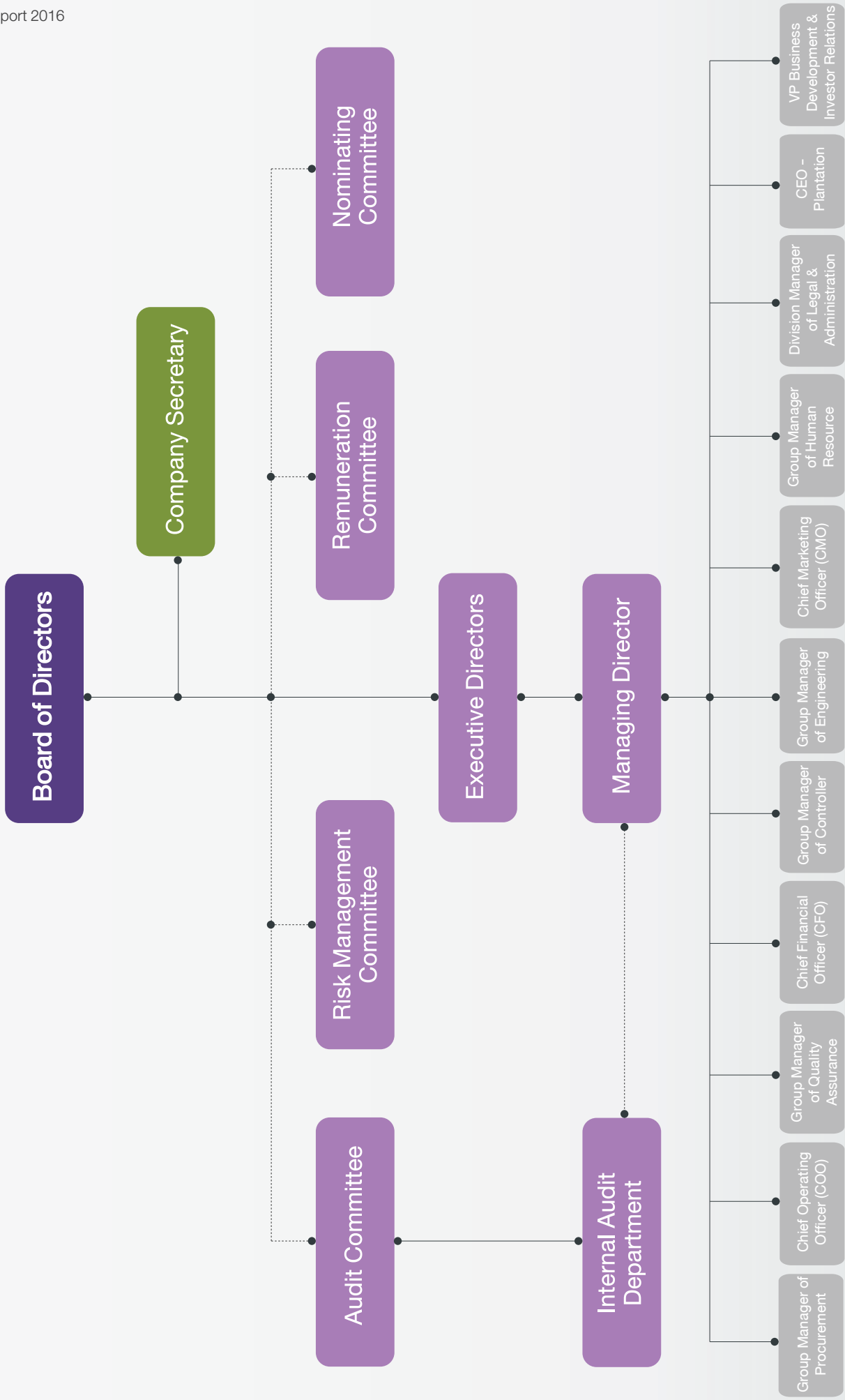
SINGAPORE



INDONESIA



ORGANIZATION CHART





BUSINESS OVERVIEW

Established in 1987, Sri Trang Agro-Industry Public Company Limited (STA) is currently the world's largest fully integrated natural rubber company with a market share of 12% of global rubber consumption. We have operations in every sector of the natural rubber industry, from rubber plantations and rubber processing to the manufacturing of rubber-based products.

The core of our operations is natural rubber processing. We produce a complete range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex. Our 35 production facilities are located in Thailand, Indonesia and Myanmar. Together they have a total production capacity of 2.4 million tons per year.

In addition to rubber processing, we also manufacture rubber-based finished products through joint ventures

with our business partner and are widely regarded as Thailand's largest manufacturer of examination gloves and high-pressure hydraulic hoses.

Furthermore, we have successfully established our presence within the upstream sector of rubber cultivation with approximately 50,000 rai (8,000 hectares) of rubber plantations that are located in many provinces of Thailand. Additionally, we have various subsidiaries that provide operational support to the aforementioned primary businesses.

STA is the first and the only Thai rubber company that is dually listed on both the Stock Exchange of Thailand (SET) and on the Singapore Exchange (SGX).

Note: Information as of December 2016

COMPANY MILESTONES

APRIL 1987

Commences operation as producer of ribbed smoked sheets in Hat Yai, Thailand with Baht 31.0 million in registered capital.

MARCH 1988

Establishes Rubberland Products to produce concentrated latex, the Group's first production facility for concentrated latex.

JANUARY 1989

Jointly establishes SSC with an Austria-based company to produce latex examination gloves.



AUGUST 1991

Files for an initial public offering (IPO) of shares in Thailand and lists the shares on the Stock Exchange of Thailand (SET).

MARCH 1994

Establishes Premier System Engineering to provide support for research and development and to provide engineering services to the Group.

SEPTEMBER 1995

Establishes Startex Rubber to hold ownership of and manage rubber plantations in the southern region of Thailand.



APRIL 1998

Jointly establishes Sempermed USA, Inc. with an Austria-based company to manage sales and marketing for medical and industrial examination gloves in the United States of America.

MARCH 2004

Establishes Sri Trang USA to manage distribution of the Group's natural rubber products in the US market.



OCTOBER 1987

Establishes Anvar Parawood to produce rubberwood, which is commonly used for making furniture, and to produce pallets to be used within Sri Trang Group.

MARCH 1990

Jointly establishes Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to produce TSR block rubber.



JANUARY 1994

Establishes Starlight Express Transport to provide logistics support for the Group.

MAY 1995

Jointly establishes Shanghai Semperit with an Austria-based company to produce escalator handrails.

APRIL 2002

Establishes Sri Trang International in Singapore, the natural rubber purchasing hub, to manage global distribution of the Group's natural rubber product.

MARCH 1996

- Jointly establishes Semperflex Asia with an Austria-based company to produce high-pressure hydraulic hoses.
- Jointly establishes Semperform Pacific with an Austria-based company to produce rubber and plastic parts.



JULY 2004

Establishes sales teams in Qingdao and Shanghai to conduct direct sales of the Group's natural rubber products to customers in the PRC.

JULY 2005

Jointly establishes Semperflex Shanghai with an Austria-based company to produce high-pressure hydraulic hoses in the PRC.

AUGUST 2010

Expands operations in the PRC by establishing Shi Dong Shanghai, the Group's first subsidiary in the PRC.

DECEMBER 2007

Establishes Sri Trang Rubber & Plantation to hold ownership of and manage rubber plantations.



DECEMBER 2011

STA issues two tranches of debentures to institutional and high net-worth investors totaling Baht 2,150,000,000, the first issued by a rubber company in Thailand.

DECEMBER 2013

Establishes Sri Trang Indochina in Ho Chi Minh, the Group's first subsidiary in Vietnam, to manage sales and exports of natural rubber products in Vietnam.



OCTOBER 2013

Jointly establishes Sri Trang Ayeyar with Ayeyar Hinthar Holdings Company Limited to expand the Group's natural rubber processing operations into Myanmar.

SEPTEMBER 2016

Pattana Agro Futures reduces its registered capital from Baht 100.0 million to Baht 25.0 million due to excess liquidity after having had to stop operating as a commodity futures broker in the Agricultural Futures Exchange of Thailand (AFET) as a result of the AFET having been merged into the Thailand Futures Exchange (TFEX).



APRIL 2016

STA increases its investment in Thai Tech Rubber from 33.5% to 42.5% via share purchase from Itochu Corporation to solidify its position as a leading company in the natural rubber industry.

JANUARY 2005

Establishes PT Sri Trang Lingga, the Group's first natural rubber procurement center and production facility outside of Thailand.



MAY 2008

Jointly establishes Sempermed Singapore with an Austria-based company for the acquisition of Sempermed Brasil, a distributor of medical examination gloves in Brazil.

AUGUST 2009

Establishes PT Star Rubber, the Group's second production facility for TSR block rubber in Indonesia.

JANUARY 2011

STA files for a public offering of newly issued shares in Singapore and lists the shares on the SGX-ST, becoming the first dually listed rubber company in Thailand.



JANUARY 2013

PT Sri Trang Lingga completes the expansion of its production capacity for another 60,000 tons per year, becoming the largest producer of block rubber in Indonesia with a total production capacity of 166,000 tons per year.

NOVEMBER 2013

Semperform Pacific completes its liquidation.

DECEMBER 2015

The rubber trees at some of the plantations managed by Sri Trang Rubber & Plantation can be tapped for the first time.

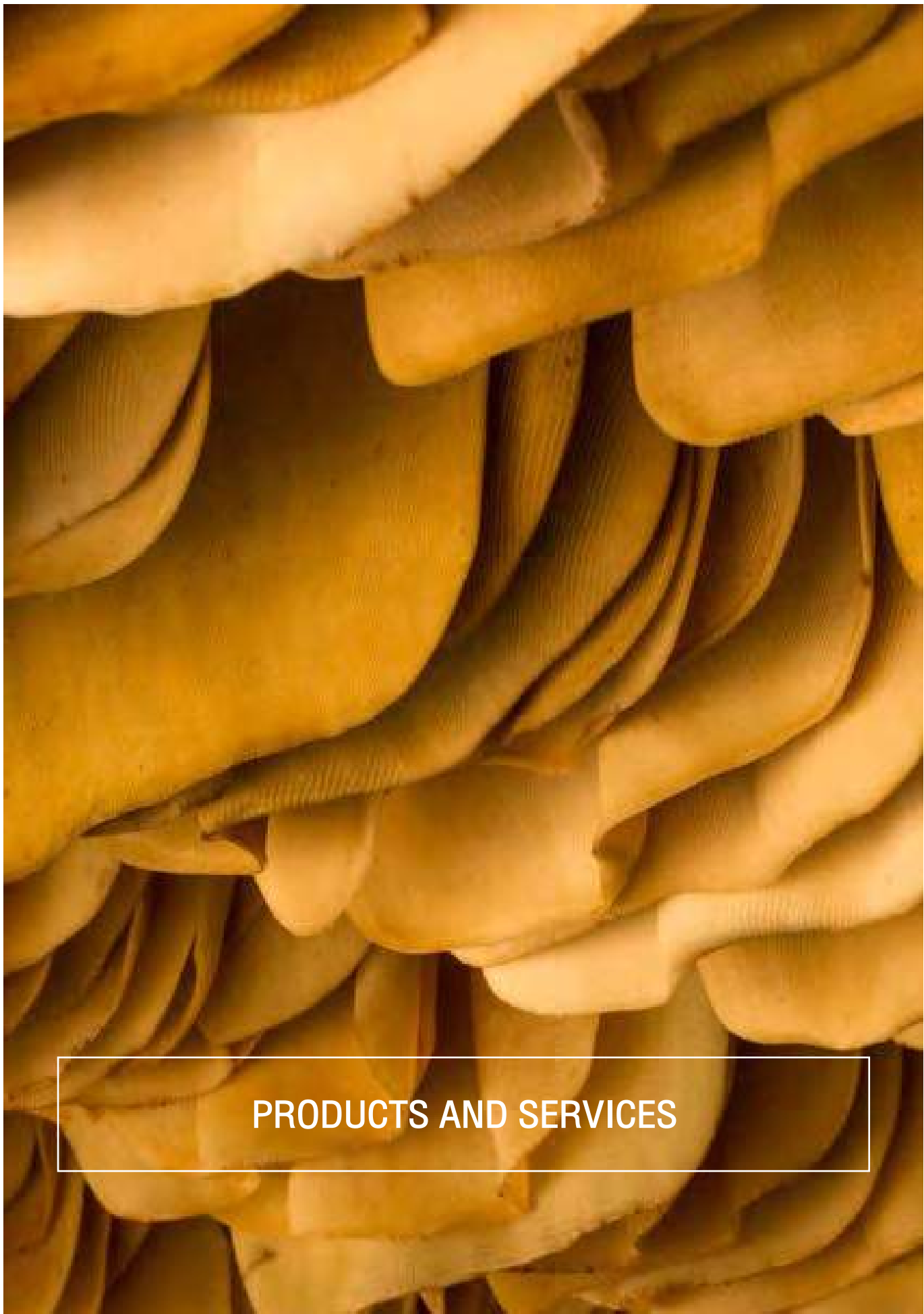
MAY 2016

STA issues two tranches of debentures totaling Baht 2,265,000,000 to institutional investors.



OCTOBER 2016

Startex Rubber increases its registered capital from Baht 50.0 million to Baht 2,635.0 million by issuing ordinary shares totaling Baht 2,585 million with plan to use the proceeds to invest in the other subsidiaries of the Group.



PRODUCTS AND SERVICES

PRODUCTS AND SERVICES

As of 31 December 2016



UPSTREAM SECTOR

Rubber Plantations



MIDSTREAM SECTOR

Natural Rubber Processing



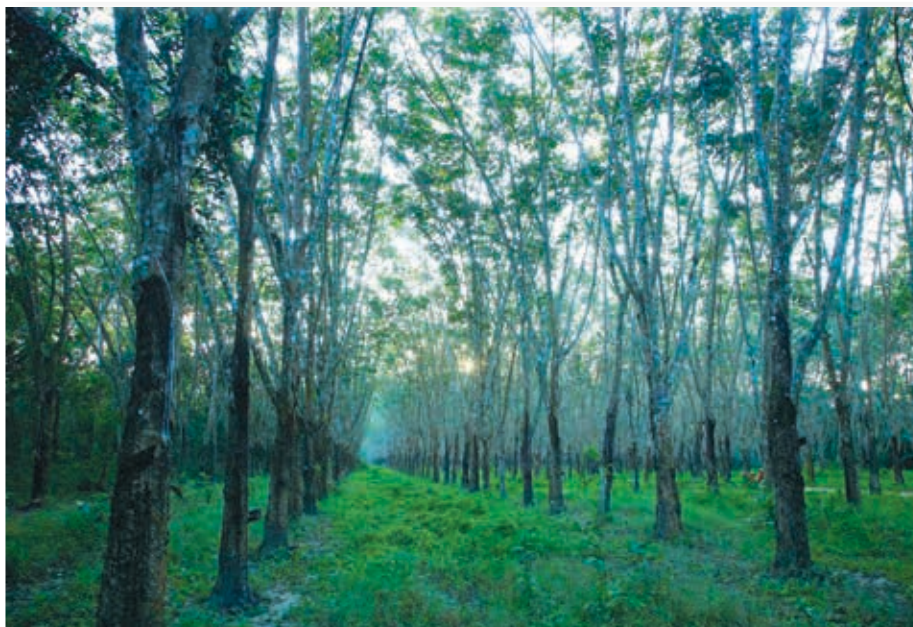
DOWNSTREAM SECTOR

Rubber-based finished products



ANCILLARY DIVISION

Our subsidiaries within this division provide operational support to our primary operations



UPSTREAM SECTOR

Rubber Plantations

As of 31 December 2016, Sri Trang Group has acquired approximately 50,000 rai (8,000 hectares) of land suitable for the cultivation of rubber trees in many provinces of Thailand. About 85% of the total area has been planted with rubber trees and a small area already started to provide yield from December 2015 onwards. The majority of our rubber plantations are located in the northern and northeastern regions of Thailand.

MIDSTREAM SECTOR

Natural Rubber Processing

Sri Trang Group is the world's largest natural rubber producer. As of 31 December 2016, the Group has a total of 35 production facilities, of which 31 are located in Thailand, 3 are in Indonesia, and one is situated in Myanmar. Together they provide a total production capacity of approximately 2.4 million tons per year. In 2016, our utilization rate was at approximately 74% of optimum production capacity.

Natural rubber processing is the core business of Sri Trang Group, accounting for about 90% of the Group's revenues from sales of goods and services in 2016. We produce a complete range of natural rubber products, namely, Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex.



Technically Specified Rubber (TSR)

Product Type

Produced in Thailand:

- STR
- STR CV
- STR Mixture

Produced in Indonesia:

- SIR
- SIR Mixture

Produced in Myanmar:

- Myanmar Block Rubber

Use

Raw material for the manufacture of automotive tires.



Ribbed Smoked Sheets (RSS)

Product Type

- 5 grades of RSS: RSS1, RSS2, RSS3, RSS4 and RSS5
- ADS (Air-Dried Sheets)
- RSS 1XL

Use

Raw material for the manufacture of automotive tires and automotive parts, belts, pipes and shoes, etc.



Concentrated Latex

Product Type

60% Concentrated Latex

- HA – High-Ammonia Latex
- MA – Medium-Ammonia Latex
- LA – Low-Ammonia Latex
- Double Centrifuge Latex

Use

Raw material for the manufacture of examination gloves, condoms, elastic and adhesives, etc.

The raw materials that are used in the production of TSR, RSS and Concentrated Latex are cup lump, unsmoked rubber sheets and field latex, respectively. Because raw materials account for 93% of our production costs, we have established procurement centers in the vicinity of raw material sources to reduce costs, ensure access to the raw materials and expand our procurement network.

DOWNSTREAM SECTOR

Through joint ventures and investments in our associates that we have jointly established with our business partner, Sri Trang Group manufactures 3 rubber-based finished products, namely, examination gloves, high-pressure hydraulic hoses and escalator handrails. The details of each product as of 31 December 2016 are as follows;

Examination Gloves

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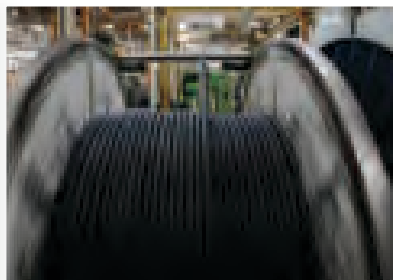
Siam Sempermed Corporation Limited (SSC), a joint venture between STA and an Austria-based company, has 4 manufacturing facilities for examination gloves that provide a total production capacity of approximately 14.0 billion pieces per year. It is widely regarded as Thailand's largest manufacturer of examination gloves.



High-pressure Hydraulic Hoses

.....

Semperflex Asia, jointly established by STA and an Austria-based company, is Thailand's largest producer of high-pressure hydraulic hoses, which are widely used in the heavy industry.



Escalator Handrails

.....

Established by STA and an Austria-based company, Shanghai Semperit manufactures high-quality escalator handrails.



ANCILLARY DIVISION

Our subsidiaries within this division provide operational support to our primary operations.



Sales and Distribution

We have established 4 trade and distribution centers, Sri Trang International, Sri Trang USA, Shi Dong Shanghai, and Sri Trang Indochina, which are located in Singapore, the United States of Americas, the PRC and Vietnam, respectively, to handle the sales and distribution of natural rubber products.

Logistics

Starlight Express Transport provides transportation and logistical services in Thailand and also handles export/import procedures and documentation.



Rubberwood Processing

Anvar Parawood produces rubberwood as well as other types of wood, which are assembled into pallets for use within Sri Trang Group.

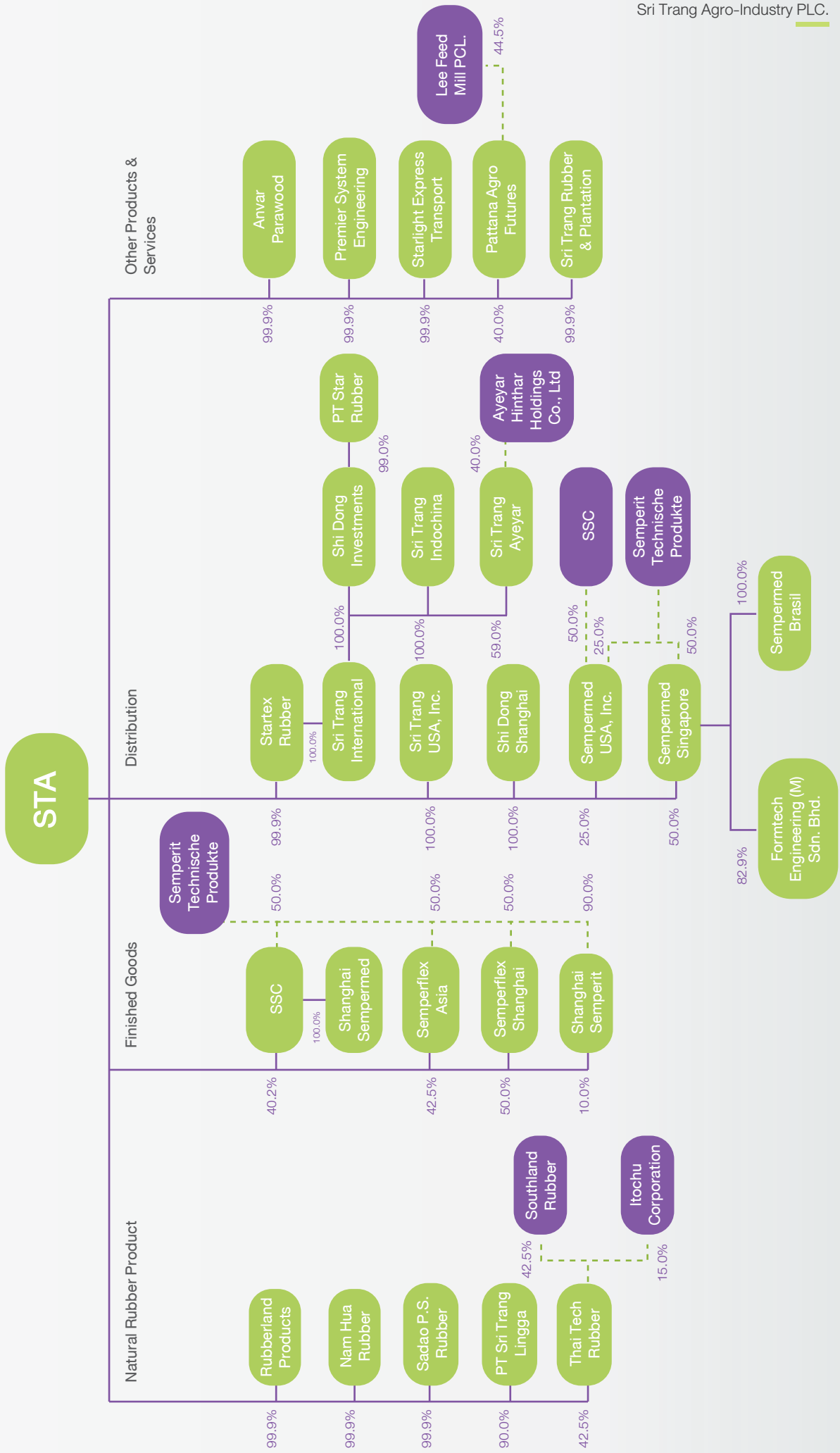
Engineering and Research & Development

Premier System Engineering provides machinery and equipment maintenance services to all of Sri Trang Group's production facilities and also conducts research and development activities including devising new technologies and customizing products to customers' specifications.



GROUP STRUCTURE

The group structure of the company as of 31 December 2016 is shown in the diagram below.



REVENUE STRUCTURE OF SRI TRANG GROUP

Type of Business / Operated by	% Share- holding by STA	Year ended 31 December					
		2014		2015		2016	
		Baht million	%	Baht million	%	Baht million	%
Revenue from TSR products		57,512.4	76.0	44,482.7	72.3	56,133.4	72.5
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
PT Sri Trang Lingga	90.0						
Shi Dong Shanghai	100.0						
PT Star Rubber	99.0						
Sri Trang Ayeyar	59.0						
Revenue from RSS products		9,818.5	13.0	5,462.4	8.9	7,305.3	9.4
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Nam Hua Rubber	99.9						
Shi Dong Shanghai	100.0						
Sadao P.S. Rubber	99.9						
Revenue from Concentrated Latex products		5,631.5	7.4	4,774.2	7.8	6,088.0	7.9
STA	-						
Sri Trang International	100.0						
Shi Dong Shanghai	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						

Type of Business / Operated by	% Share- holding by STA	Year ended 31 December					
		2014		2015		2016	
		Baht million	%	Baht million	%	Baht million	%
Revenue from other products and services*		2,567.5	3.4	6,572.5	10.7	7,738.8	10.0
STA	-						
Anvar Parawood	99.9						
Sri Trang International	100.0						
Premier System Engineering	99.9						
Starlight Express Transport	99.9						
Startex Rubber	99.9						
Rubberland Products	99.9						
Sri Trang USA	100.0						
Shi Dong Shanghai	100.0						
Sri Trang Rubber & Plantation	99.9						
Other income		133.9	0.2	186.3	0.3	197.5	0.2
Total revenue		75,663.8	100.0	61,478.1	100.0	77,463.0	100.0
Share of profit of investments in associates and joint ventures		535.1		648.8		402.8	

Note* : Comprises (i) the sale of rubber wood and wood packing products (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties and (iii) the sale of gloves.

OUR BUSINESS STRATEGY AND FUTURE GROWTH PLAN

We are confident that we will be able to achieve a new record in sales volume every year from now on, which will enable us to ultimately attain “STA 20”

BROADENING OF
RAW MATERIAL
SOURCES

BROADENING
OF CUSTOMER
BASE

CONTINUOUS
EXPANSION
OF PRODUCTION
CAPACITY



Going forward, we will continue with the yearly expansion of our production capacity by setting up processing facilities with cutting-edge technology.



As an industry leader with the largest production capacity, STA is forging ahead with expansion plans in the northeast of Thailand, where rubber supply is plentiful with a high potential growth. The downturn in the NR market of the past six years did not derail our plan to increase production capacity by building new processing facilities and increasing the capacity of our current facilities, resulting in a threefold increase in our production capacity over the past 10 years. This helped us to achieve a compound annual growth rate (CAGR) of sales volume of 9%, outstripping the CAGR of global NR consumption of 2% and enabling us to increase our market share from 7% to 12% of global NR consumption.

Going forward, we will continue with the yearly expansion of our production capacity by setting up processing facilities with cutting-edge technology in new strategic locations, for example, in the north of Thailand. With our strong sales, R&D, quality control and CSR teams who are committed to working collaboratively to ensure customers' satisfaction, we are confident that we will be able to achieve a new record in sales volume every year from now on, which will enable us to ultimately attain "STA 20," that is, to capture a market share of 20% of global NR consumption.

In addition to rubber processing, we will also focus on our rubber plantations, the majority of which are located in the north of Thailand, an area to which we can potentially expand our production base. We will also pursue growth opportunities for our glove manufacturing business. All of this will help to reinforce our position as the world's largest fully integrated natural rubber company.

NATURAL RUBBER INDUSTRY AND COMPETITION

Natural Rubber Industry

In 2016, the Natural Rubber (NR) industry underwent a period of market volatility and had to contend with various external uncertainties, including the subdued growth of the global economy, the appreciation of the US dollar and unfavorable weather conditions. However, consistently healthy NR demand and curtailed NR supply helped to buoy up NR prices, which reached their lowest level in a decade at the beginning of the year. 2016 was therefore the first year since 2011 that NR prices did not register a yearly decline.

Demand and Supply of Natural Rubber in 2016

According to the World Rubber Industry Outlook, Review and Prospects to 2025, published by the International Rubber Study Group (IRSG) in December 2016, the global demand for natural rubber (NR) in 2016 was 12,505,000 tons, up 3.0% YoY, in line with the growth of the tire industry, which accounts for approximately 70% of total NR demand. Meanwhile, the global NR supply increased by 1.4% to 12,449,000 tons in 2016. This sluggish supply growth was the result of unfavorable weather conditions and a prolonged period of low NR prices. The supply growth was mainly contributed by the CAMAL* countries, Thailand and Vietnam.

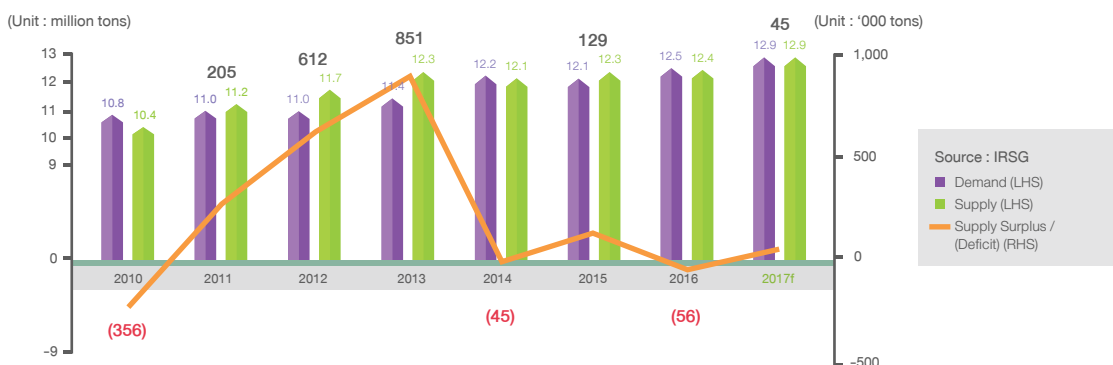
Natural Rubber Demand and Supply Trend in 2017

IRSG projects global NR demand in 2017 to be 12,872,000 tons, increasing 2.9% YoY. The growth will mainly be driven by China, the world’s largest consumer of natural rubber. As for NR supply, IRSG forecasts that NR production will grow at the rate of 3.8%, reaching 12,917,000 tons in 2017. The largest sources of additional supply volumes will be China, Indonesia and the CAMAL* countries, while supply from Thailand, the world’s largest NR producing country, will be curtailed by unfavorable weather conditions.

Balance of Demand and Supply

From 2017 onwards, NR supply from new rubber trees is expected to grow at a slower rate as there have been much fewer planting activities since 2011, when prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has induced rubber farmers to switch to other more profitable crops, delay planting/re-planting activities and reduce the tapping frequency. The extended period of low prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand continues to be healthy, supported by the solid growth of the tire industry, which represents approximately 70% of NR consumption. The IRSG therefore anticipates that NR supply surplus in 2017 will hover around 45,000 tons, which is close to the equilibrium point.

Diagram exhibits Demand and Supply of Natural Rubber during 2010 – 2017



Note*: the CAMAL countries include Cambodia, Myanmar and Lao PDR.

“It has been over half a decade that the natural rubber industry has had to contend with numerous challenges, including the slowdown of the global economy, the slowing economic growth in China, fluctuations of the USD and the volatility of commodity prices. Many of our competitors were unable to withstand this inhospitable industry climate and had to cease operation. Throughout the time, we have been able to retain our competitive edge because of the quality of our products, the size of our production scale, excellent customer service, the geographical diversification of our operations, our experienced management and effective strategies for risk management”.

Competition

With a market share of 12%¹ of global NR consumption in 2016, we are widely regarded as the world’s largest fully integrated natural rubber processing company. Our operations are based in the top three NR producing and exporting countries, namely Thailand, Indonesia, and Vietnam. Our main competitors are Von Buntit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited, which are based in Thailand, and the Kirana Group, Halcyon Agri Corporation (Sinochem Group), and China Hainan Rubber Industry Group, which are based in other countries.

Our large scale of production has allowed us to benefit from the economies of scale, afforded us bargaining power with both suppliers and customers, facilitated research and development, and increased the accessibility to sources of funds.

As a midstream player in the NR industry, it is crucial that we are able to effectively coordinate with our upstream and downstream counterparts. We have, therefore, strategically set up production bases in Thailand and Indonesia, the world’s two largest NR producing countries, collectively contributing more than 60% of global NR production, as well as in Myanmar, where there is strong potential for growth in NR production. Crucially, we have established an extensive network of raw material procurement that covers various strategic areas. For sales and distribution, we have established

subsidiaries in China, Singapore, the US and Vietnam to carry out sales and marketing activities. With the quality of our products, we can count among our customers all of the world’s leading tire manufacturers.

Having our sales and distribution centers based in various strategic locations has enabled us to provide superior services to our customers. We have in place efficient procedures for handling customers’ needs and are always willing to work with customers to find the most satisfactory solutions towards zero complaint from customers.

Another key factor that has given us a competitive advantage over our competitors is that our management comprises industry veterans with nearly 3 decades of experience. In order to for a company to be able to successfully navigate this challenging industry landscape, it must be able to devise effective business strategies and successfully execute them. Management must also possess thorough understandings of all external factors, which include world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc., that can potentially have an impact on the company’s operations in order to come up with effective risk management strategies. We believe that our management is possessed of all the knowledge and qualifications that are required to lead our operations to increased competitiveness and profitability and to reinforce our position as a dominant natural rubber player.

¹ Based on our sales volume of Natural Rubber Products of approximately 1,494,094 tons for the financial year ended 31 December 2016 and the total global demand for natural rubber products of approximately 12,505,000 tons in 2016. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2025, December 2016)



CORE STRENGTHS



The world's largest natural rubber processing company

With an engineering capacity of 2.4 million tons per year (as of December 2016), we can produce a complete range of natural rubber products that satisfy the demands of all types of customers from all over the world, enabling us to capture a market share of 12% of global natural rubber consumption. We are also able to achieve economies of scale and afforded bargaining power with both suppliers and customers thanks to our large production capacity.



Fully integrated supply chain business model

Having operations in every sector of the natural rubber industry, from rubber cultivation and rubber processing to the manufacture of finished products, provides us with synergy and insights that enable us to effectively manage our operations and readily respond to changes in market conditions, resulting in competitive edge.



Extensive network of sales and distribution

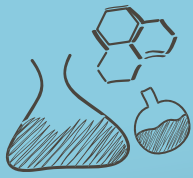
We have an extensive network of sales and distribution that provides us with direct access to customers from all over the world and allows us to gauge demand flow and market sentiment.



Production bases in strategic locations

With production facilities in the northeast and south of Thailand, in Indonesia, and in Myanmar, we are not hindered by the seasonality of rubber tapping and are able to have year-round production. Locating our production facilities in Thailand and Indonesia also provides us with ample access to raw materials, as the two countries are the world's top natural rubber producers, collectively accounting for more than 60% of global production volume. Myanmar is also regarded as high growth potential of natural rubber production.





Cutting-edge technology and strong R&D capabilities

Our research and development team is constantly working on new technologies that enable us to continually improve our efficiency and productivity. The team can also work directly with customers to tailor our products to their specifications.



Commitment to sustainability and community engagement

Our strong relationships with the local communities, cultivated over the years through community improvement initiatives, help to strengthen brand awareness and contribute to the growth of our business.



Dual-listing on the Stock Exchange of Thailand (SET) and the Singapore Exchange Ltd (SGX)

Being dually listed on both the SET and the SGX provides us with access to different sources of funds and financial instruments to support our operations and is testament to our transparency and good corporate governance.



Highly experienced management

With nearly 3 decades of industry experience, our management is well versed in the minutiae of the natural rubber industry and is able to skillfully navigate any challenges facing our operations and steer the business to success.



BOARD OF DIRECTORS

As of 31 December 2016



1



2



3



4



5



6

01

Dr. Viyavood Sincharoenkul

Chairman/ Managing Director

02

Mr. Prakob Visitkitjakarn

Vice Chairman/ Independent Director/
Chairman of Audit Committee/
Chairman of Remuneration Committee

03

Mr. Chaiyos Sincharoenkul

Director/ Executive Director

04

Mr. Kitichai Sincharoenkul

Director/ Executive Director/
Nomination Committee Member

05

Mr. Veerasith Sinchareonkul

Director/ Executive Director/
Chairman of Risk Management Committee

06

Mr. Paul Sumade Lee

Director/ Executive Director



07

Mr. Patrawut Panitkul

Director/ Executive Director/
Risk Management Committee Member

08

Mr. Li Shiqiang

Director

09

Mr. Chalernpop Khanjan

Director/ Executive Director/
Risk Management Committee Member

10

Mr. Kriang Yanyongdilok

Independent Director/
Audit Committee Member/
Chairman of the Nomination Committee/
Remuneration Committee Member

11

Mr. Samacha Potavorn

Independent Director/
Audit Committee Member/
Nomination Committee Member/
Remuneration Committee Member

12

Mr. Neo Ah Chap

Independent Director



Dr. Viyavood Sincharoenkul

(Age 61 years)

Chairman/ Managing Director

Date of Appointment :

27 December 1993

01

Academic Background

- Ph.D. in Chemistry, Queen Elizabeth's College, University of London
- Bachelor's Degree in Chemistry (First Class), Queen Elizabeth's College, University of London

Training Program

- None

Present position

- Chairman, STA
- Managing Director, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber
- Director, Siam Sempermed
- Director, Semperflex Asia
- Director, Pattana Agro Futures
- Director, T.R.I. Global Co., Ltd.
- Director, STH

Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang International
- Director, PT Sri Trang Lingga
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Sempermed Singapore
- Director, PT Star Rubber
- Director, Sri Trang Indochina
- Director, Sri Trang Ayeyar
- Director, Semperflex Shanghai
- Director, Shanghai Semperit
- Director, Shanghai Sempermed

Work Experience

- 2010 – Present
Chairman, STA
- 1993 – Present
Managing Director, STA
- 1987 – 1993
Managing Director,
Sri Trang Agro-Industry Co., Ltd.
- 1985 – 1987
General Manager,
Paktai Rubber Co., Ltd.



Mr. Prakob Visitkitjakarn*

(Age 76 years)

Vice Chairman/ Independent Director/ Chairman of Audit Committee/ Chairman of Remuneration Committee

Date of Appointment :

27 December 1993

Academic Background

- Master of Business Administration, Indiana University, USA
- Bachelor of Science in Business (Honors), Indiana University, USA

Training Program

- Audit Committee Program (ACP) 27/2009 by Thai Institute of Directors Association
- Monitoring the Quality of Financial Reporting (MFR) 8/2009 by Thai Institute of Directors Association
- Monitoring Fraud Risk Management (MFM) 1/2009 by Thai Institute of Directors Association
- Chartered Director Class (CDC) 3/2008 by Thai Institute of Directors Association

02

- Director Certification Program (DCP) 33/2003 by Thai Institute of Directors Association
- Role of the Chairman Program (RCP) 5/2001 by Thai Institute of Directors Association
- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Present position

- Vice-chairman, STA
- Independent Director and Chairman of Audit Committee, STA, Chairman of Remuneration Committee, STA

Positions in Other Listed Companies

- Independent Director and Chairman of Audit Committee, ARIP PLC.
- Independent Director and Chairman of Audit Committee, Lease It PLC.

Positions in Non-Listed Companies in Thailand

- None

Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2016 – Present Vice Chairman, STA
- 2010 – Present Chairman of Remuneration Committee, STA
- 2008 – Present Chairman of Audit Committee, STA
- 2009 – Present Independent Director and Chairman of Audit Committee, ARIP PLC.
- 2015 – Present Independent Director and Chairman of Audit Committee, Lease It PLC.
- 2008 – 2015 Independent Director and Audit Committee Member, Lease It PLC.
- 1999 – 2011 Independent Director and Chairman of the Audit Committee, Siam City Cement PLC.
- 1999 – 2008 Audit Committee, STA
- 1999 – 2002 Executive Vice President, Bank of Ayudhya Public Company Limited

Note: The appointment of Mr. Prakob Visitkitjakarn as a Vice Chairman of the Company was in accordance with the resolution of the Board of Directors' meeting no.2/2016 on 9 March 2016.*



Mr. Chaiyos Sincharoenkul

(Age 66 years)

Director/ Executive Director

Date of Appointment :

27 December 1993

Academic Background

- Executive Micro MBA, Thammasat University

Training Program

- DAP 66/2007 by Thai Institute of Directors Association

Present position

- Director, STA

Positions in Other Listed Companies

- None

03

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Premier System Engineering
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, STH
- Chairman of Asian Rubber Business Council (ARBC)
- Director, International Rubber Consortium Ltd. (IRCo)
- Member of Sub-standing Committee for Considering and Studying Agricultural Productivity, under the Standing Committee on Agriculture and Co-operatives, National Legislative Assembly
- Director of Natural Rubber Policy Committee
- President of the Thai Rubber Association
- Advisor, The Federation of Thai Industries, Southern Provincial Chapter Board

Positions in Non-Listed Companies in foreign countries

- Director, PT Sri Trang Lingga
- Director, Shanghai Sempermed
- Director, Semperflex Shanghai
- Director, Sempermed Singapore
- Director, Shi Dong Shanghai

Work Experience

- 1993 – Present
Director, STA
- 2014 – 2015
Member of Ad Hoc Subcommittee for Considering Rubber Organization under the Bill on Rubber of Thailand, under the Ad Hoc Committee for Considering the Bill on Rubber of Thailand, National Legislative Assembly
- 2008 – 2014
Director, The Federations of Thai Industries
- 2008 – 2012
Chairman, The Federations of Thai Industries, Songkhla Province
- 2008 – 2010
Co-Chairman, IMT-GT Joint Business Council, Thailand
- 2008 – 2010
Chairman, Working Group on Agriculture, Agro-Based Industry and Environment
- 1987 – 1993
Director, Sri Trang Agro-Industry Co., Ltd.



04

Mr. Kitichai Sincharoenkul

(Age 57 years)

**Director/ Executive Director/
Nomination Committee Member**

Date of Appointment :

10 April 1995

Academic Background

- Master of Business Administration, Indiana State University, United States
- Bachelor in Economics, Thammasat University

Training Program

- DAP 67/2007 by Thai Institute of Directors Association
- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Present position

- Executive Director, STA Bangkok branch
- Director, STA
- Group Manager of Legal & Administration, STA
- Nomination Committee Member, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, Siam Sempermed
- Director, Semperflex Asia
- Director, STH
- Director, Pattana Agro Futures

Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang Indochina
- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Sempermed Singapore
- Director, Semperflex Shanghai
- Director, Shanghai Sempermed
- Director, Sri Trang Ayeyar

Work Experience

- 2010 – Present
Group Manager of Legal & Administration
- 2010 – Present
Nomination Committee Member, STA
- 1995 – Present
Director, STA
- 1988 – 2006
Branch Manager, STA
- 1984 – 1987
Credit Department of Citibank



Mr. Veerasith Sinchareonkul

(Age 32 years)

**Director / Executive Director /
Chairman of Risk Management
Committee**

Date of Appointment :

28 April 2010

05

Academic Background

- Master of Business Administration (Finance and Marketing), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Bachelor of Computer Science and Cybernetics, University of Reading, United Kingdom

Training Program

- DAP 85/2010 by Thai Institute of Directors Association
- TLCA Executive Development Program (EDP) class 10
- FSD26/2014 by Thai Institute of Directors Association

Present position

- Director, STA
- Chairman of Risk Management Committee, STA

**Positions in Other Listed
Companies**

- None

**Positions in Non-Listed
Companies in Thailand**

- Director, Semperflex Asia
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation

**Positions in Non-Listed
Companies in foreign countries**

- Director, Shanghai Sempermed
- Director, Sri Trang USA

Work Experience

- 2013 – Present
Chairman of Risk Management Committee, STA
- 2010 – Present
Director, STA
- 2008 – 2011
Corporate Credit Analyst,
KASIKORNBANK PLC



Mr. Paul Sumade Lee

(Age 62 years)

Director/ Executive Director

Date of Appointment :

28 June 2010

06

Academic Background

- Master of Business Administration, International Institute for Management Development, Lausanne, Switzerland
- Bachelor of Commerce University of New South Wales, (Sydney) Australia

Training Program

- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Present position

- Director, STA
- Chief Marketing Officer, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber

Positions in Non-Listed Companies in foreign countries

- Chairman, Sri Trang International
- Director, PT Star Rubber
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai Director, PT Sri Trang Lingga
- Director, Sri Trang Indochina
- Director, Sri Trang Ayeyar

Work Experience

- 2010 – Present Director/ Chief Marketing Officer, STA
- 1988 – 2003 Global Market Director, ELDERS Finance/ DRESDNER Bank
- 1983 – 1987 Programmer, Macquarie Bank
- 1982 Programmer, Custom Credit Corporation
- 1979 – 1981 Programmer, Computer Installation Development



Mr. Patrawut Panitkul

(Age 48 years)

**Director/ Executive Director/
Risk Management Committee
Member**

Date of Appointment :

7 May 2014

07

Academic Background

- Bachelor Degree of Business Administration Accounting, Prince of Songkhla University

Training Program

- DCP195/2014 by Thai Institute of Directors Association
- SFE24/2015 Successful Formulation & Execution of Strategy by Thai Institute of Directors Association

Present position

- Director, STA
- Chief Financial Officer (CFO), STA
- Risk Management Committee Member, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Startex Rubber
- Director, Starlight Express Transport

Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2014 – Present
Director, STA
- 2013 – Present
Risk Management Committee, STA
- 2010 – Present
Chief Financial Officer, STA
- 2001 – 2009
Accounting Manager of STA
- 1992 – 2000
Accounting Manager of Siam Sempermed Corp., Ltd



08

Mr. Li Shiqiang

(Age 44 years)

Director

Date of Appointment :

7 May 2014

Academic Background

- Master degree in Business Management, Shanghai University, China
- Bachelor degree in Business English, Qingdao University, China

Training Program

- DAP 125/2016 by Thai Institute of Directors Association

Present position

- Director, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- None

Positions in Non-Listed Companies in foreign countries

- Director and General Manager, Shi Dong Shanghai
- Director, Sri Trang International

Work Experience

- 2014 – Present
Director, STA
- 2012 – Present
Vice Chairman of China rubber Association
- 2010 – Present
General Manager, Shi Dong Shanghai
- 2004 – 2010
Consulting Representative of Sri Trang Group in China
- 2002 – 2003
Import and Export Manager of Qingdao Sentaida Rubber Co., Ltd.
- 2000 – 2002
Natural Rubber Manager of Sinochem International Corp., Qingdao office
- 1997 – 2000
Assistance General Manager of Qingdao Tizong Rubber Tyre Co., Ltd.



Mr. Chalernpop Khanjan

(Age 46 years)

**Director/ Executive Director/
Risk Management Committee
Member**

Date of Appointment :

29 October 2015

09

Academic Background

- Executive Micro MBA, Thammasat University
- Diploma in General Management from Industrial and Community Education College

Training Program

- DAP 132/2016 by Thai Institute of Directors Association

Present position

- Director, STA
- Chief Operating Officer, STA
- Risk Management Committee Member, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Starlight Express Transport

Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2015 – Present
Director, STA
- 2013 – Present
Risk Management Committee Member, STA
- 2010 – Present
Chief Operating Officer, STA
- 2006 – Present
Production Manager, Rubberland Products
- 1998 – 2005
Factory Manager, Rubberland Products
- 1994 – 1997
Assistant to LTX Factory Manager, STA



Mr. Kriang Yanyongdilok

(Age 78 years)

**Independent Director/ Audit
Committee Member/ Chairman
of the Nomination Committee/
Remuneration Committee
Member**

Date of Appointment :

25 January 2000

10

Academic Background

- Bachelor of Science in Business Administration (Major in Accounting), Thammasat University

Training Program

- DAP 11/2004 by Thai Institute of Directors Association

Present position

- Independent Director and Audit Committee, STA
- Certified Public Accountant (Thailand) No. 4250
- Chairman of the Nomination Committee, STA
- Remuneration Committee Member, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- Director, J M P Group (1993) Co., Ltd.
- Director, March Auto 2010 Co., Ltd.

Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2010 – Present
Chairman of Nomination Committee, STA
- 2010 – Present
Remuneration Committee Member, STA
- 2010 – Present
Director, March Auto 2010 Co., Ltd.
- 2000 – Present
Audit Committee Member, STA
- 1993 – Present
Director, J M P Group (1993) Co., Ltd.
- 2004 – 2005
Audit Committee, Oishi Group PLC.
- 1985 – 1998
Provincial Revenue, Area Revenue Office, Regional Revenue Office 3, Revenue Office
- 1968
Ombudsman, third class, Revenue Office, Phuket
- 1965
Class-three government official, Office of the Auditor-General of Thailand



Mr. Samacha Potavorn

(Age 73 years)

**Independent Director/
Audit Committee Member/
Nomination Committee
Member/ Remuneration
Committee Member**

Date of Appointment :

1 February 2008

Academic Background

- Master Degree in Governmental Administration, Thammasat University
- Thai barrister-at-law
- Bachelor of Laws, Thammasat University

Training Program

- DAP 75/2008 by Thai Institute of Directors Association
- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

11

Present position

- Independent Director, Audit Committee, and Remuneration Committee, STA
- Nomination Committee Member, STA
- Remuneration Committee Member, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- University Council, Rajamangala University of Technology Srivijaya

Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2011 – Present
University Council, Rajamangala University of Technology Srivijaya
- 2010 – Present
Remuneration Committee Member, STA

- 2010 – Present
Nomination Committee Member, STA
- 2008 – Present
Independent Director and Audit Committee Member, STA
- 2006 – 2008
Assistant Secretary to Minister of Interior
- 2006 – 2008
Governor, Phang-nga province
- 2003 – 2004
Legal counsel, Ministry of Interior
- 2000 – 2002
Assistant Secretary, Vice-Director of Southern Border Provinces Administration Center, Ministry of Interior
- 1997 – 2000
Vice-Governor, Pattalung Province, Trang Province
- 1996 – 1997
Assistant Governor
- 1984 – 1996
Sheriff
- 1969 – 1983
Assistant District Officer



12

Mr. Neo Ah Chap

(Age 72 years)

Independent Director

Date of Appointment :

28 June 2010

Academic Background

- Diploma in Accountancy, Perth Technical College
- Certified Public Accountant (Australia)

Training Program

- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Present position

- Independent Director, STA

Positions in Other Listed Companies

- None

Positions in Non-Listed Companies in Thailand

- None

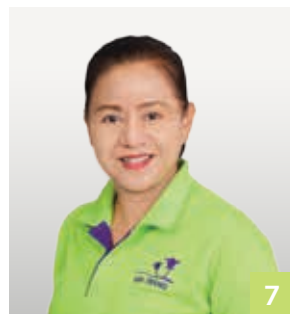
Positions in Non-Listed Companies in foreign countries

- None

Work Experience

- 2010 – Present
Independent Director, STA
- 1998 – 2014
Sole-proprietor of NAC Consultancy Services
- 1998 – 2009
Executive Director of Tan Chong International Ltd.
- 1971 – 2009
Marketing Director of Tan Chong & Sons Motor Company (Singapore) Private Limited

EXECUTIVE MANAGEMENT



01
Mrs. Prapai Srisuttiphong
Group Manager of Procurement

02
Mr. Asom Aksornnam
Group of Production Manager

03
Mr. Chaidet Pruksanusak
Group Manager of Quality Assurance

04
Mr. Rattapong Laparojkit
Group Manager of Engineering

05
Mr. Phanlert Wangsuphadilok
Group Manager of Engineering

06
Mr. Udom Pruksanusak
CEO - Plantation

07
Miss Nuchanart Chaiyarat
Group Manager of Human
Resources

08
**Miss Thanawan Sa-ngiamsak,
CFA**
VP Business Development &
Investor Relations



Mrs. Prapai Srisuttiphong

Age: 63 years

Group Manager of Procurement

Academic background

- Vocational Certificate in Accountancy from the Polytechnic Bangkok College

Training Program

- Executive Micro MBA, Thammasat University

Director Position in Other Companies

- None

Work Experience

- 2005 – present
Procurement Manager
- 1997 – 2004
Head of Accounting, Raw Materials Verification Division, STA
- 1993 – 1996
Accountant, STA



Mr. Asom Aksornnam

Age: 49 years

Group of Production Manager

Academic background

- Bachelor of Science (General Science), Prince of Songkhla University

Training Program

- Executive Micro MBA, Thammasat University

Director Position in Other Companies

- None

Work Experience

- Present
Group of Production Manager
- 2009 – 2015
Factory Manager, Siam Sempermed
- 2004 – 2008
Factory Manager, Shanghai Sempermed
- 1998 – 2003
Factory Manager, Siam Sempermed
- 1995 – 1997
Production Manager, Siam Sempermed
- 1989 – 1994
Line Chemist, Siam Sempermed



Mr. Chaidet Pruksanusak

Age: 48 years

Group Manager of Quality Assurance

Academic background

- Diploma in Finance and Banking,
Bangkok Commercial College

Training Program

- Executive Micro MBA, Thammasat University

Director Position in Other Companies

- Director, Prueksa Rubber Co., Ltd.

Work Experience

- 2009 – Present
Group Manager of Quality Assurance
- 2000 – Present
Director, Prueksa Rubber Co., Ltd.
- 2007 – 2008
Coordinated Officer, STA
- 1999 – 2006
Factory Manager, STA



Mr. Rattapong Laparojkit

Age: 43 years

Group Manager of Engineering

Academic background

- Bachelor of Civil Engineering Technology,
University of Southern Colorado at Pueblo,
United States

Training Program

- None

Director Position in Other Companies

- Director, Premier System Engineering

Work Experience

- Present
Group Manager of Engineering
- 2015 – Present
Director, Premier System Engineering
- 2009 – Present
Group Manager of Engineering,
Premier System Engineering
- 2003 – 2009
Technical Factory Manager,
Premier System Engineering
- 2001 – 2003
Factory Manager, Premier System Engineering
- 2000 – 2001
Assistant to Factory Manager,
Premier System Engineering



Mr. Phanlert Wangsuphadilok

Age: 45 years

Group Manager of Engineering

Academic background

- Master of Engineering,
King Mongkut's University of Technology Thonburi
- Bachelor of Engineering, Kasem Bundit University

Training Program

- None

Director Position in Other Companies

- Director, Premier System Engineering

Work Experience

- Present
Group Manager of Engineering
- 2015 – Present
Director, Premier System Engineering
- 2009 – Present
Factory Manager of Technical,
Premier System Engineering
- 2006 – 2009
Factory Manager, Semperflex Asia
- 1998 – 2006
Production Manager, Semperflex Asia



Mr. Udom Pruksanusak

Age: 55 years

CEO – Plantation

Academic background

- Master of Agriculture, Kasetsart University
- Bachelor of Plant Science, Prince of Songkhla University

Training Program

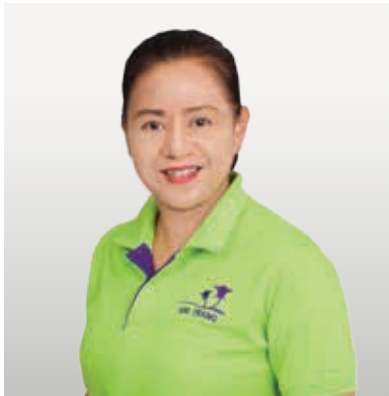
- None

Director Position in Other Companies

- Director, Startex Rubber
- Director, Sri Trang Rubber & Plantation
- Director, Prueksa Rubber Co., Ltd.
- Director, Prueksa Isarn Co., Ltd.

Work Experience

- 2013 – Present
CEO – Plantation
- 2015 – Present
Director, Sri Trang Rubber & Plantation
- 2015 – Present
Director, Startex Rubber
- 2008 – Present
Director, Prueksa Isarn Co., Ltd.
- 2003 – Present
Director, Prueksa Rubber Co., Ltd.
- 2010 – 2015
Group Manager of Human Resources, STA
- 2000 – 2012
Human Resources Manager, Siam Sempermed
- 1998 – 1999
Factory Manager, Semperflex Asia
- 1997 – 1998
Production Manager, Siam Sempermed



Miss Nuchanart Chaiyarat

Age: 49 years

Group Manager of Human Resources

Academic background

- Bachelor of Marketing Science,
Prince of Songkhla University

Training Program

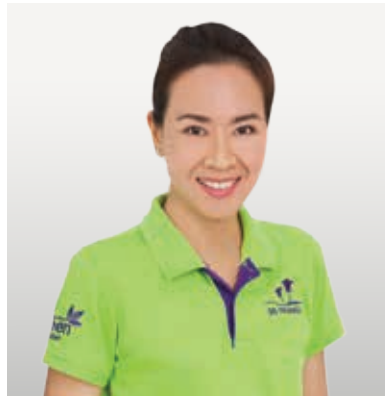
- None

Director Position in Other Companies

- Director, STH

Work Experience

- 2008 – Present
Group Manager of Human Resources
- 2015 – Present
Director, STH
- 2000 – 2007
Purchasing Manager, Siam Sempermed



Miss Thanawan Sa-ngiamsak, CFA

Age: 38 years

VP Business Development & Investor Relations

Academic background

- Master of Science in Finance,
the University of Strathclyde, UK, with Distinction
- Bachelor of Science in Accounting,
Thammasat University, 1st Class Honor

Training Program

- None

Director Position in Other Companies

- None

Work Experience

- 2011 – Present
VP Business Development & Investor Relations
- 2005 – 2011
Vice President - Investment Banking,
Kasikorn Securities PCL.
- 2004
Assist Manager - Investment Banking,
Kasikorn Bank PCL.
- 2001 – 2002
Excise Tax & Duty Planner,
The Shell Company of Thailand Limited
- 2000 – 2001
Auditor, Ernst & Young Office Limited



MANAGEMENT STRUCTURE

MANAGEMENT STRUCTURE

Committees of STA

As of 31 December 2016, the corporate structure of STA consists of six committees, which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee.

The Board of Directors of STA

As of 31 December 2016, the Board of Directors of STA consists of 12 directors as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director/ Executive Committee	Executive Director
2. Mr. Prakob Visitkitjakarn ⁽¹⁾	Vice-chairman/ Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee member	Executive Director
5. Mr. Paul Sumade Lee	Director/ Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul	Director/ Executive Committee/ Risk Management Committee member	Executive Director
8. Mr. Li Shiqiang	Director	Executive Director
9. Mr. Chalernpop Khanjan	Director/ Executive Committee/ Risk Management Committee member	Executive Director
10. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
11. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
12. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

Note:

(1) The appointment of Mr. Prakob Visitkitjakarn as a Vice-chairman of the Company was in accordance with the resolution of the Board of Directors' meeting no.2/2016 on 9 March 2016.

Mrs. Pacharin Anuwongwattanachai is a secretary to the Board of Directors of the Company.

Authorized Directors of STA

Any two of seven of the following directors of the Company, Mr. Viyavood Sincharoenkul, Mr. Chaiyos Sincharoenkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sincharoenkul, Mr. Paul Sumade Lee, Mr. Patrawut Panitkul, and Mr. Chalermpop Khanjan shall jointly sign with STA's seal affixed.

Honorary Adviser of the Company

The Board of Directors Meeting No. 2/2016 held on 9 March 2016 resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as the Honorary Adviser of STA for another 2 years. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the Company's investment and business plans and the business operation policy of the Company, both domestically and internationally.
3. Advise on strategies in relation to the use of raw materials, procurement, price and quantity in each period pursuant to the local conditions.
4. Advise on dealings with communities, local authorities and government agencies in the southern part of Thailand.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operation. His remuneration starting from 6 May 2016 to 6 May 2018 is Baht 428,000 per month or Baht 5,136,000 per year. This transaction is considered as a connected transaction which continues to be carried out in the future.

Scope of Duties and Responsibilities of the Board of Directors of STA

STA has determined the scope of duties and responsibilities of the Board of Directors of STA as follows:

1. The Board of Directors have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives, the Articles of Association, the resolutions of Board and the resolutions of the general meeting of shareholders. The Board of Directors shall make prudent business decisions. They shall perform their duty responsibly with care and honesty for the best interests of the Company.

2. Response to propose, review and approve the policy of the Company.
3. Appoint, remove and assign duties to advisors to the Board of Directors, sub-committees, and the Managing Director.
4. Authorise the Executive Directors, management officers, or any person to act on behalf of the Board of Directors.
5. Approve investments of the Company, investment in equity and/or debt securities.
6. Approve the entering into guarantee for credit facility to any entity who has business connection with the Company as the shareholder.
7. Approve the establishment, merger, or dissolution of any subsidiary company.
8. Seek advice from specialists or consultants (if any), or retain the services of outside specialists or consultants at the Company's expenses.
9. Propose the capital increase or capital decrease, or the change in par value, or amendment to the memorandum of association, the articles of association, and/or the objectives of the Company to the shareholders for consideration.
10. Appoint and remove the Company Secretary.
11. Consider and approve the connected transactions, except if such transactions require approval of the shareholder meeting. Such approval will be in accordance with notifications, rules and/or regulations related to the SET.
12. Provide the efficiency internal audit system especially for the transactions with the any interested director which is within the scope of SET's regulation.

In any case, the assignment of the duties and responsibilities of the Board of Directors of STA shall not constitute an authorization or sub-authorization which may cause the Board of Directors of STA or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the notification of the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner, or any other conflict of interest with STA or its subsidiaries, except when the approvals of such transactions are consistent with the policy and criteria approved by the shareholders meeting or the Board of Directors meeting of STA.

Composition and Appointment of the Board of Directors of STA

The following is a summary of the composition, appointment, removal or retirement from the Board of Directors of STA set forth in the Articles of Association of STA:

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:
 - (1) Each shareholder shall have one vote for one share.
 - (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
 - (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.
3. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.

The Directors who are to retire from office in the first and the second years after registration of the Company shall be drawn by lots. In subsequent years, the Directors who have been holding office for the longest time shall retire.

4. Any Director wishing to resign from office shall submit his or her resignation letter to STA. The resignation shall be effective from the date on which STA receives the resignation letter.
5. The shareholders meeting may pass a resolution to remove any Director from office prior to rotation, by a vote of not less than three-fourths of the number of the shareholders attending the meeting and having the right to vote, and whose shares represent a total of not less than one half of the

number of shares held by the shareholders attending the meeting and having the right to vote.

The Board currently comprises twelve Directors, four of whom are Independent Directors. The Company has eight Executive Directors and four Non-executive Directors.

The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion, a diversity and balance of judgment for effective decision making. The Directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry.

Selection of Independent Director

Qualifications of Independent Director

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, including shares held by related persons of such independent director.
2. Not having any relationship with (a) STA; (b) STA's holding company, subsidiary or fellow subsidiary; (c) any person who has an interest or interests in one or more voting shares in STA and the total votes attached to that share, or those shares, is not less than ten percent of the total votes attached to all the voting shares in STA ("**10% Shareholder**"); and/or (d) STA's officers, that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interests of STA.
3. Neither being nor having an immediate family member who is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which STA or any of its subsidiaries made, or from which STA or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
4. Not being nor having been directly associated with a ten percent shareholder of STA in the current or immediate past financial year.
5. Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a

- controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA, unless the foregoing status ended not less than three financial years prior to the appointment as an independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of STA.
6. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, of a director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of STA or its subsidiary company.
 7. Not have an immediate family member including spouse, child, adopted child, stepchild, brother, sister and parent, who is, or has been in any of the past three financial years, employed by the Company or any of its related companies and whose remuneration is determined by the remuneration committee.
 8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, brother, sister, and parent, accepting any compensation from STA or any of its related corporations for the provision of services, other than compensation for board service, for the current or immediate past financial year.
 9. Neither having nor having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director.
 10. Neither being nor having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director.
 11. Neither being nor having been a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director.
 12. Not being a director appointed as representative of directors of STA, major shareholder or shareholder who is related to a major shareholder, or a director who is or has been directly associated with a 10% Shareholder, in the current or immediate past financial year. A director will be considered "directly associated" with a 10% Shareholder when the director is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% Shareholder in relation to the corporate affairs of STA.
 13. Not undertaking any business in the same nature and in competition to the business of STA or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of STA or its subsidiary company.
 14. Not having any other characteristics which would cause the inability to express independent opinions with regard to STA's business operations.
- The qualifications of the Independent Director of STA are more stringent than the definitions as specified in the notification of the Capital Market Supervisory Board. The Board of Directors is of the opinion that both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok, who have served as Independent Directors for STA beyond nine years, should continue to serve as

Independent Directors of STA as they have the qualifications required by the Capital Market Supervisory Board and do not have any characteristics which would cause them to be unable to express their independent opinions with regard to STA's business operations. During their respective terms of appointment, both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok have performed their duty as Audit Committee and Remuneration Directors for the benefit and the good governance of the Company.

The Audit Committee meeting shall be held on quarterly basis. Without management team, private meeting of the Audit Committee with auditor and internal audit shall be held at least once a year in order to review the adequacy of external and internal audit, especially the scope, quality, and independence of external and internal auditors.

Executive Committee

As of 31 December 2016, the Executive Committee consisted of 7 Directors as shown below.

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman of Executive Director
2. Mr. Chaiyos Sincharoenkul	Executive Director
3. Mr. Kitichai Sincharoenkul	Executive Director
4. Mr. Paul Sumade Lee	Executive Director
5. Mr. Veerasith Sinchareonkul	Executive Director
6. Mr. Patrawut Panitkul	Executive Director
7. Mr. Chalernpop Khanjan	Executive Director

Scope of Duties and Responsibilities of the Executive Committee

- To order, plan, and operate the business of STA to be in accordance with the policies set out by the Board of Directors of STA.
- To appoint STA's management to efficiently and transparently manage STA's businesses.
- Any two of the Executive Committee members jointly signing and affixing the company seal are eligible to grant proxies to any person to perform on behalf of STA in respect of any business that will benefit STA.

- To determine the appropriate employees' benefits and welfare in compliance with corporate culture and applicable laws.
- To approve the credit limits of the normal business transactions or other transactions that bind STA.

In any case, the assignment of duties and responsibilities of the Executive Committee shall not constitute an authorization or sub-authorization which may cause the Executive Committee or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner or any other conflict of interest with STA or its subsidiaries. Such approval must be proposed at a meeting of the Board of Directors and/or the meeting of shareholders, as the case may be, for approval, as stipulated in the Articles of Association of STA or subsidiaries, or any applicable laws.

Audit Committee

The Audit Committee consists of 3 independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2016, the Audit Committee consists of the following directors:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Audit Committee
2. Mr. Kriang Yanyongdilok	Audit Committee Member
3. Mr. Samacha Potavorn	Audit Committee Member

Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok are the Audit Committee members who have sufficient knowledge and experience to review the reliability of financial statements of STA.

Mr. Wittawas Grungtanmuang is a secretary to the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

- To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting

- process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
 3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, and the laws relating to business of STA.
 4. To consider the election, the nomination, and the removal of persons with independence, reliability, acceptable qualification and are auditors approved by SEC to act as an auditor of STA and to determine the remuneration of such person as well as to attend a non-management meeting with an auditor at least once a year.
 5. To review the connected transactions, interested person transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and in the best interests of STA.
 6. To prepare, and to disclose in our Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (1) an opinion on the accuracy, completeness and credibility of the company's financial report;
 - (2) an opinion on the adequacy of the company's internal control system;
 - (3) an opinion on the compliance with the law on securities and exchange, the regulations of the SET, or the laws relating to the STA's business;
 - (4) an opinion on the suitability of the auditor of STA;
 - (5) an opinion on the transactions that may lead to conflicts of interests;
 - (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, within the scope of duties and responsibilities assigned by the company's board of directors.
 7. To commission and review the findings of significant internal investigations and/or consult with the auditor in relation to such findings and report the findings to the Board of Directors of STA in the event that there is any suspected fraud or irregularity or infringement of any law or regulations of Thailand, the rules of the SET, or other relevant regulations which has or is likely to have a material impact on the results of operations and/or financial position of STA.
 8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
 9. To review the co-operation given by our officers to the external auditors.
 10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
 11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

Nominating Committee

As of 31 December 2016, the Nominating Committee of STA consists of 3 Directors as follows:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Nominating Committee
2. Mr. Samacha Potavorn	Nominating Committee Member
3. Mr. Kitichai Sincharoenkul	Nominating Committee Member

Scope of Duties and Responsibilities of the Nominating Committee

1. Reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board of Directors of STA for the appointment of Directors.

2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of the Directors having regard to the Director's contribution and performance.
3. Determining annually whether or not a Director is independent.
4. Deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Certain factors considered by the Nominating Committee in order to carry out their responsibilities above include:

- independence of mind;
- capability of the individual and how it meets the needs of the Company and simultaneously complements the skill set of the other Board members;
- experience and track record as directors in other companies; and
- ability to commit time and effort toward discharging his responsibilities as a Director.

Nomination of Directors

The Nominating Committee will nominate candidates who have appropriate qualifications to be a Director of STA. At the end of the office term of any Director or when it is necessary to appoint more Directors, the Nominating Committee will jointly discuss and consider determining the person(s) with appropriate experience, knowledge and ability to benefit STA to be a Director of STA. The nomination of the aforementioned person(s) will be proposed to the meeting of the Board of Directors of STA and the meeting of shareholders, respectively, for further approval.

The resolution of the meeting of shareholders for the appointment of directors will be the majority of votes of the shareholders attending the meeting and having the right to vote.

Remuneration Committee

As of 31 December 2016, the Remuneration Committee consists of 3 Directors as follows:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Remuneration Committee
2. Mr. Kriang Yanyongdilok	Remuneration Committee Member
3. Mr. Samacha Potavorn	Remuneration Committee Member

Scope of Duties and Responsibilities of the Remuneration Committee

Our Remuneration Committee is responsible, among other things, for recommending to the Board of Directors a framework and criteria of remuneration for the Directors and executive officers, and for recommending specific remuneration packages for each Director and the Managing Director and to perform any other acts as delegated by the Board of Directors.

Risk Management Committee

As of 31 December 2016, the Remuneration Committee consists of 5 Directors as follows:

Name	Position
1. Mr. Veerasith Sinchareonkul	Chairman of the Risk Management Committee
2. Mr. Chaidet Pruksanusak	Risk Management Committee Member
3. Mr. Chalernpop Khanjan	Risk Management Committee Member
4. Mr. Patrawut Panitkul	Risk Management Committee Member
5. Mr. Nattee Thiraputhbhokin	Risk Management Committee Member

Mr. Kitipong Phetkul is a Secretary of Risk Management Committee.

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review policy and specify the risk management framework.
2. Recommend solutions for the risk management of all departments.
3. Monitor and evaluate risks and approve roles and responsibilities regarding the risk management for each relevant units.

Details of Attendance for the Meetings of the Board of Directors and Board Committees

Details of the meeting attendance for the meetings of the Board of Directors, Executive Committee and Audit Committee in 2016 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2016	(%)	2016	(%)	2016	(%)
1. Mr. Viyavood Sincharoenkul	7/7	100	7/7	100	-	-
2. Mr. Chaiyos Sincharoenkul	7/7	100	7/7	100	-	-
3. Mr. Kitichai Sincharoenkul	7/7	100	7/7	100	-	-
4. Mr. Paul Sumade Lee	7/7	100	7/7	100	-	-
5. Mr. Veerasith Sinchareonkul	7/7	100	7/7	100	-	-
6. Mr. Patrawut Panitkul	7/7	100	7/7	100	-	-
7. Mr. Li Shiqiang	7/7	100	-	-	-	-
8. Mr. Chalernpop Khanjan	7/7	100	7/7	100	-	-
9. Mr. Prakob Visitkitjakarn ⁽¹⁾	7/7	100	-	-	8/8	100
10. Mr. Kriang Yanyongdilok	7/7	100	-	-	7/8	87.50
11. Mr. Samacha Potavorn	6/7	85.71	-	-	8/8	100
12. Mr. Neo Ah Chap	7/7	100	-	-	-	-
Percentage of meeting attendance of each committee		98.81		100		95.83

Note:

- (1) The appointment of Mr. Prakob Visitkitjakarn as a Vice-chairman of the Company was in accordance with the resolution of the Board of Directors' meeting no.2/2016 on 9 March 2016

Details of the meeting attendance for the meetings of Nominating Committee, Remuneration Committee, and Risk Management Committee in 2016 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2016	(%)	2016	(%)	2016	(%)
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
3. Mr. Kitichai Sincharoenkul	2/2	100	-	-	-	-
4. Mr. Paul Sumade Lee	-	-	-	-	-	-
5. Mr. Veerasith Sinchareonkul	-	-	-	-	3/3	100
6. Mr. Patrawut Panitkul	-	-	-	-	2/3	66.67
7. Mr. Li Shiqiang	-	-	-	-	-	-

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2016	(%)	2016	(%)	2016	(%)
8. Mr. Chalernpop Khanjan	-	-	-	-	3/3	100
9. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
10. Mr. Kriang Yanyongdilok	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	2/2	100	2/2	100	-	-
12. Mr. Neo Ah Chap	-	-	-	-	-	-
Percentage of meeting attendance of each committee		100		100		88.89

Executives (pursuant to the definition of “Executive”⁽¹⁾ in the SEC’s notification no. GorJor. 17/2551 re: Determination of Definitions under Notifications relating to Issuance and Offering of Securities)

As of 31 December 2016, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Chaiyos Sincharoenkul	Director
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer
5. Mr. Veerasith Sinchareonkul	Director
6. Mr. Patrawut Panitkul	Director and Chief Financial Officer
7. Mr. Li Shiqiang	Director
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer
9. Mr. Prakob Visitkitjakarn ⁽²⁾	Vice- Chairman, Independent Director, and Chairman of the Audit Committee
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee

Name	Position
12. Mr. Neo Ah Chap	Independent Director
13. Mrs. Prapai Srisuttiphong	Group Manager of Procurement
14. Mr. Arsom Aksornnam	Chief Operating Officer
15. Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance
16. Mr. Rattapong Laparojkit	Group Manager of Engineering
17. Mr. Phanlert Wangsuphadilok	Group Manager of Engineering
18. Mr. Udom Pruksanusak	CEO - Plantation
19. Ms. Nuchanart Chaiyarat	Group Manager of Human Resource
20. Ms. Thanawan Sa-ngiamsak	VP Business Development & Investor Relations

Note:

- (1) “Executive” means a director, manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or equivalent in the accounting or finance departments
- (2) The appointment of Mr. Prakob Visitkitjakarn as a Vice-chairman of the Company was in accordance with the resolution of the Board of Directors’ meeting no.2/2016 on 9 March 2016.

Scope of Authorities and Responsibilities of the Managing Director

1. Approve any juristic act binding the company for the normal business operation of STA in an amount not exceeding Baht 200,000,000.
2. Issue and amend the rules, orders, and work rules of STA, for example, the acceptance, appointment, removal and disciplining of staff and employees, and the determination of salary and other monies, including compensation and other welfare.
3. Determine the salary rate and other remuneration, including expenses rate and facilities of the manager or equivalent for proposing to the Executive Committee for further approval.
4. Administer STA pursuant to the resolutions and policies of the Board of Directors of STA.
5. Propose significant matters to the Board of Directors of STA or the meeting of shareholders for further approval or other appropriate action.
6. Study the feasibility of new projects and consider and approve the projects as delegated by the Board of Directors of STA and the Executive Committee.
7. Perform other matters as delegated by the Board of Directors of STA and/or the Executive Committee from time to time.

However, the abovementioned approvals shall not be given in a way that may cause the Managing Director or his authorized representative to be able to approve any transaction in which he himself or any related person has or may have a conflict of interest with STA or its subsidiaries as defined in the Notification of the SEC or the Capital Market Supervisory Board.

Company Secretary

The Board of Directors of STA resolved to approve the appointment of Mrs. Pacharin Anuwongwattanachai, who had an appropriate qualification, graduated in accounting, passed the the company secretary training program and other related training programs, as well as possessed skill, knowledge, understanding in business, laws and other related regulations, as the Company Secretary (the "Company Secretary") by having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advice on and ensuring compliance with relevant laws

and regulations which the Board is required to know and follow. The Company Secretary attends and documents all Board meetings and ensures Board procedures are followed. The appointment and removal of the Company Secretary is subject to the approval of the Board in the Securities and Exchange Act.

Remuneration of Directors and Executive Officers

Financial Remuneration

(1) Directors' Fees

For the fiscal year ended 31 December 2016, STA paid the directors' fees to the Directors in the amount of Baht 6,652,800 for services rendered by them in forms of monetary remuneration. The details are as follows:

Name	Amount of Directors' Fees (Baht)*
	Fiscal year ended 31 December 2016
1. Mr. Viyavood Sincharoenkul	633,600
2. Mr. Chaiyos Sincharoenkul	475,200
3. Mr. Kitichai Sincharoenkul	475,200
4. Mr. Paul Sumade Lee	475,200
5. Mr. Veerasith Sinchareonkul	475,200
6. Mr. Patrawut Panitkul	475,200
7. Mr. Li Shiqiang	475,200
8. Mr. Chalernpop Khanjan	475,200
9. Mr. Prakob Visitkitjakarn	792,000
10. Mr. Kriang Yanyongdilok	633,600
11. Mr. Samacha Potavorn	633,600
12. Mr. Neo Ah Chap	633,600

Note* :

This remuneration is only for the directorship and audit committee of the Company excluding directorship of other sub-committees.

(2) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2016, STA paid remuneration to the Executive Directors and Executive Officers, totaling 25 persons, in the amount of Baht 293,101,822. Such remuneration was in the form of salary, bonus and other compensation comprising benefit-in-kinds and compensation that has already been paid includes any deferred compensation accrued for the financial year in question and payable at a later date including bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

Sri Trang International Pte. Ltd. have entered into employment agreements with each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee. Each of these employment agreements does not have a fixed term of employment.

Pursuant to their respective employment agreements, each of Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee will be entitled to the following:

- a monthly salary and a variable bonus, as determined by the Profit Incentive Scheme (as defined below); and
- coverage of all reasonable business expenses incurred or paid for during the term of employment, in connection with the discharge of their duties to Group.

Profit Incentive Scheme

Each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee are entitled to participate in a profit incentive scheme (the "Profit Incentive Scheme") in respect of each financial year of our subsidiary, Sri Trang International.

Under the Profit Incentive Scheme, in respect of each financial year, if the board of directors of Sri Trang International determines that there is a surplus ("Surplus") after deducting (i) 10% of Sri Trang International's issued and paid-up capital, or such other amount as may be determined by the board of directors of Sri Trang International, at their sole discretion, from time to time, (ii) 5% of any retained profits as at the beginning of the relevant financial year and (iii) accumulated losses as at the beginning of the relevant financial year, from Sri Trang International's profit after tax (as reflected in its audited accounts), 20% of such Surplus will be payable under the Profit Incentive Scheme ("Profit Incentive").

Other Remunerations

In 2016, the Company has paid the contribution of provident fund for the Board of Directors and Executive Officers as follows:

	Total list	Amount (Baht)
Contribution of provident fund	16	2,624,352

Employees' retirement benefits

The Company provides employees' retirement benefits to employees in accordance with Thai labor laws. Such benefit amount depends on the salary base and number of years working for the company until the termination date.

Re-election of Directors

A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. The details of re-election of the Directors are set out as follows:

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
1. Dr. Viyavood Sincharoenkul	Chairman and Managing Director	27 December 1993	29 April 2015
2. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	28 April 2016
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration	10 April 1995	29 April 2014
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer	28 June 2010	29 April 2015
5. Mr. Veerasith Sinchareonkul	Director	28 April 2010	29 April 2015
6. Mr. Patrawut Panitkul	Director and Chief Financial Officer (CFO)	29 April 2014	29 April 2014
7. Mr. Li Shiqiang	Director	29 April 2014	29 April 2014
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer	29 October 2015	28 April 2016
9. Mr. Prakob Visitkitjakarn ⁽¹⁾	Vice Chairman, Independent Director, Chairman of the Audit Committee	27 December 1993	29 April 2015
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee	25 January 2000	28 April 2016
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee	1 February 2008	29 April 2014
12. Mr. Neo Ah Chap	Independent Director	28 June 2010	28 April 2016

Note :

- (1) The appointment of Mr. Prakob Visitkitjakarn as a Vice-chairman of the Company was in accordance with the resolution of the Board of Directors' meeting no.2/2016 on 9 March 2016.

CORPORATE GOVERNANCE

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilising expertise, diligence, and due care to protect the interests of the Company and to comply with the laws, objectives, and the Articles of Association of STA. The Board of Directors of STA has also followed the Principles of Good Corporate Governance for Directors of Listed Companies and the Principles of Good Corporate Governance for Listed Companies of 2012. The roles and responsibilities of the Board of Directors of STA are all managed with due care, in particular in the process of decision making. Careful consideration is given using reasonable judgment based on honesty, transparency, ethics, and the concern of stakeholders as well as all aspects of the best interests of shareholders.

Principles of Good Corporate Governance under the Principles of Good Corporate Governance for Listed Companies of 2012

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies of 2012 as prescribed by the SET. The details of 5 principles of good corporate governance areas that are appropriate for current business environment are as follows:

Rights of Shareholders

STA always realises that the main factors for building shareholders' trust and confidence for investing in the businesses of STA are the application of policies and operations that protect the fundamental rights of the shareholders as well as the equality of all shareholders as prescribed by the laws, and encouraging the shareholders to exercise their fundamental rights. For example:

1. Right to Receive Profit Sharing in the Form of Dividend

STA has a policy on dividend payment which is based on careful consideration of the financial position,





results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit.

2. Right to Attend the Shareholders' meeting

STA pays great attention to the sufficiency of information so that the shareholders are able to make a well-informed decision at the shareholders' meeting, including casting their votes and expressing their opinions on significant changes and the election of the Board of Directors of STA, based on information which is accurate, complete, transparent, and equally shared.

Where the STA's shares are held through CDP, CDP will be the only holder on record of such shares. Accordingly, as a matter of Thai law, CDP will be the only person or entity recognised as a shareholder and legally entitled to vote on any matter to be submitted to the vote of the Company's shareholders at a general meeting of shareholders.

CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding shares through CDP. However, shareholders who desire to attend shareholders' meetings and exercise their voting rights under their names with regard to the shares beneficially owned by them will be required to transfer their shares out of the CDP system and have the share transfer registered in the share register book. In addition, a shareholder who transfers the Company's shares out of the CDP system will not be able to trade such shares on the SGX-ST unless he first transfers such shares back into the CDP system.

3. Right to Vote on Agenda Items in the Shareholders' meeting

The completed invitation to shareholders' meeting and attachments will be forwarded to shareholders in advance. The invitation to shareholders' meeting includes details on agenda items, attachments to agenda items, opinions of the Board of Directors of STA, proxy forms as prescribed by the Ministry of Commerce, a name list of all independent directors to whom the shareholders are able to give their proxy, and a map of the meeting venue. The invitation to the shareholders' meeting also includes the information regarding the required documents that shareholders have to present to the meeting in order to protect their right to attend the meeting, the Articles of Association of STA pertaining to the shareholders' meeting, and voting instructions. Furthermore, so that the investors can obtain information thoroughly, the shareholders can access all information with respect to the agenda of the shareholders' meeting at www.sritranggroup.com and the website of the SGX-ST at www.sgx.com ("SGXNET") in advance approximately 30 days prior to the meeting date. Moreover, STA has assigned Thailand Securities Depository Co., Ltd. (TSD) and CDP as its securities registrar to dispatch the meeting invitation and other related documents to shareholders at least 21 days prior to the meeting. The policy of STA

is that no additional agenda item is included in the meeting without prior notice to the shareholders.

For the election of directors agenda, STA gives an opportunity to shareholders to vote on individual directors. In addition, STA provides examiners for the vote counting on the meeting date and discloses the information in the minutes of the shareholders' meeting.

4. Equal Right to Express Opinions and Make Inquiries in the Shareholders' meeting

With respect to agenda items and proposed agenda items, the Chairman of the shareholders' meeting should allocate sufficient time and encourage the shareholders to express their opinions and make inquiries in the meeting. The Chairman of each sub-committees comprising Mr. Prakob Visitkitjakarn, STA's Lead Independent Director as well as the Chairman of the Audit Committee and Remuneration Committee, Mr. Kriang Yanyongdilok, the Chairman of the Nominating Committee and Independent Director, Mr. Veerasith Sinchareonkul, the Chairman of the Risk Management Committee will be present at the annual general meeting to address questions that shareholders' may have. External auditors will also be present to address queries in relation to the audit of the Company and the auditors' report. STA will note the questions and clarifications in the minutes of the shareholders' meeting for acknowledgement of shareholders who did not attend the meeting.

Equitable Treatment of Shareholders

STA has the policies of fair and equitable treatment to all groups of shareholders including institutional investors, foreign investors, and retail shareholders.

1. The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. STA sends a complete invitation to shareholders' meeting, including attachments, both in Thai and English language with all sufficient information relevant to the meeting to the shareholders. Moreover, STA posts all information which is relevant to the meeting at its website (www.sritranggroup.com) and on SGXNET so that the shareholders will have sufficient time to

carefully study this information. In addition, the invitation to shareholders' meeting shall be advertised no less than three days prior to the shareholders' meeting in a daily newspaper for at least three consecutive days in order to allow shareholders to have sufficient time to prepare for attending the shareholders' meeting. Before the commencement of each meeting, the Chairman will give instructions on the voting and the counting methods as clearly prescribed. During the meeting, the Chairman allows the shareholders, equally, to make inquiries and express their opinions as well as to make recommendations. The Chairman also answers questions and provides complete information as requested by the shareholders. After the meeting, STA will send the minutes of the shareholders' meeting to the SET and the SGX-ST within the prescribed period.

2. STA gives an opportunity to shareholders to cast their vote on one share one vote approach and encourages the shareholders to use ballots for voting on each agenda item. The ballots shall be kept in the meeting room for vote counting prior to the announcement of the resolutions. For the purpose of transparency, STA makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages and keeps all ballots having signatures of the shareholders or their proxy for future reference.
3. Minutes of the shareholders' meeting must be accurately and completely recorded and submitted to the SET within 14 days after the shareholders' meeting. The resolutions of the shareholders' meeting will be posted on the website of STA at www.sritranggroup.com and on SGXNET.
4. The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.
5. A full and clear disclosure of shareholding structure in the subsidiaries and associates is made to assure shareholders that the operational structure of STA is transparent and accountable.

6. STA places importance on the accurate, full, timely, and transparent disclosure of information on various issues to shareholders. As such, significant information is disclosed on a regular basis.

Role of Stakeholders

STA fully realises that the growth and development of STA has resulted from the full support given by all interested parties. STA places importance on the rights of all stakeholders, both internal stakeholders such as personnel, staff members, and the Executives of STA and the subsidiaries and external stakeholders such as commercial partners ranging from the suppliers of raw materials to various groups of customers of finished products, financial institutions, government agencies that provide close co-operation, and finally, the shareholders of STA. In this regard, STA realises its responsibilities towards the above-mentioned stakeholders. The Board of Directors of STA has reviewed stakeholder engagement policy and established the policies concerning the non-infringement of intellectual property such as copyright, patent, and trademark as well as the whistleblower policy which has specified the channels of notice or complaint, operating procedure, and guidelines for the protection of claimer(s) in the Company's website. The Board of Directors has also established the anti-corruption policy to build a good conscience and right core value in order to prevent any type of corruptions in the organisation.

STA is aware of the principles and standards on human rights. As such, STA has established human rights and non-discrimination policy focusing on the equitable treatment to all stakeholders. Such policy was disseminated to all employees for their adherence.

In October 2016, STA signed a declaration of intention to join a Collective Action Coalition of Thailand's private sector for the anti-corruption and proclaimed its intention in December 2016.

The followings are details of policies in connection with stakeholders:

Shareholders:

STA is committed to be the representative of its shareholders in conducting its business operation in a transparent manner, and having a reliable accounting and finance system that brings the highest satisfaction to shareholders by continuously considering the long-term, sustainable growth of STA and an adequate return.

Employees:

STA treats its employees equally and fairly by providing a good and safe working environment and adequate remuneration. Moreover, STA supports its employees in terms of providing the opportunity to develop knowledge, skills and experiences for career improvement. STA has established a Health and Working Environment Committee. A training program is specially designed for relevant personnel responsible for overseeing, providing advice, and giving accurate information on safety, occupational health, and the working environment, and the prevention of accidents resulting from work as well as providing other interesting health information to the employees. Considering the employee's welfare with respect to the safe and maximum working efficiency, STA promotes and provides training to employees to worthily utilise natural resources and introduces various activities that promote the quality of life of employees, such as establishing a library and creating entertainment programs as well as various activities which are designed to promote employees' good physical and mental health. Moreover, a handbook for employees has been published and is publicised through STA Intranet.

The Company has provided the employee provident fund of which permanent employees are entitled to voluntarily apply for with options to pay the contribution at the fixed rate or at the rate equal to the contribution paid by the Company. The contribution rate paid by the Company depends on years of services of each employee. The employee will receive the benefit of provident fund on the resignation from such fund or on the termination of their employment except for cases where the terminations are not eligible to the compensations.

Safety information of employees in 2016

Details of work accident statistics in 2016 are as follows:

	Accident Statistics (Times)	Percentage*
No lost time accidents	83	0.65
Less than 3 days of lost time accidents	89	0.70
More than 3 days of lost time accidents	74	0.58
Dismemberment for body parts	3	0.02
Disabled	0	0
Death	0	0

Note*: Computed based on the number of the Company's weighted average number of employees for the year 2016 at 12,683.

The Board of Directors of STA has established the anti-corruption policy and communicated with employees to provide better knowledge and understanding for the prevention of corruption. This is to build a good business conscious, right core value, and good corporate culture.

The Board of Directors of STA has established the Whistleblower Policy and set channel for appellant from all groups of stakeholder regarding falsify or inappropriate actions which may cause the damage to the Company including protective measures for claimer who is in good faith.

STA has established a channel of communication for shareholders or any stakeholders to directly report to the Directors. The Audit Committee assigned to receive these complaint reports will investigate and report to the Board of Directors. Furthermore, shareholders or any stakeholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:

- The Audit Committee, E-Mail Address: auditcommittee@sritrangroup.com
- The Company Secretary, E-Mail Address: corporatesecretary@sritrangroup.com

- The Investor Relations Office, E-Mail Address: ir@sritranggroup.com
- Telephone no. +662-207-4500

Customers:

STA is committed to creating customer satisfaction by producing quality products and delivering the products on a timely basis and maintaining a good sustainable relationship. A guideline for customer relations practice is included in the Code of Business Conduct under Conduct of Relations to the Customers.

Business Partners:

STA has the policy to screen business partners and purchases goods and services from such business partners pursuant to commercial conditions. The Company always complies with the agreements entered into with its business partners and strictly follows the laws and regulations and possesses good business ethics in regard to business competition.

Competitors:

STA promotes and supports the policy of fair and free competition. STA will not take any actions that infringe or violate any laws related to commercial competition or that could cause harm reputation of its competitors.

Creditors:

STA complies with the conditions of loan agreements and provides accurate, transparent, and accountability information to creditors. Moreover, STA strictly adheres to the compliance with the prescribed conditions of the contract from creditors.

Government Agencies and Related Organizations:

STA strictly complies with various laws and regulations e.g. laws pertaining to the environment, safety, labour, tax management and accounting, as well as the government notifications relating to the business operations of STA.

Society and Environment:

STA is aware of and concerned about the safety, environment, and the quality of life of the people, and the importance of natural resources conservation, the promotion of energy sufficiency, the alternative use of

natural resources to minimise the impact on society, the environment and people’s quality of life to the greatest possible extent. As such, STA supports activities in the neighboring communities around the factories by providing the most efficient management of safety and environment.

In addition, STA has prepared corporate social responsibility report while the Board of Directors has supervised and monitored the management system to ensure full compliance with laws and regulations of regulatory agencies and the fair and strict equitable treatment of all stakeholders.

Information Disclosure and Transparency

1. The Board of Directors of STA is responsible for the accurate, complete, clear, timely, and transparent disclosure of both significant financial and non-financial information of STA both Thai and English in balance and easy to understand form through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and easy-to-access channels, which reflects fairness and reliability at the same time of maintaining the commercial interest of STA so that the stakeholders are all equally able to receive information in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and the requirements of various regulators.
2. STA has set up a public relations department in order to communicate with investors and related third parties. The Investor Relations Office is the center for communication between shareholders, stakeholders, investors, analysts, and other related parties.
3. To report the corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and the Company’s website.
4. To disclose vision, mission, and goal of the Company. Such disclosed information will be reviewed by the Board of Directors of the Company on yearly basis in order to keep pace with the change of circumstances.
5. To clearly disclose the shareholding structure of the Company including shareholding of the Directors and the Executives of the Company both direct and

indirect by presenting the beginning and ending shares as well as movement transaction during the year.

6. To establish the policy that the Directors must report all trading in securities and quarterly present to the Board of Directors.
7. To establish the policy for the Directors and the Executives to report their interest on the first appointment to the position and at the end of every year or every time when there is a change.
8. To present report of the Board of Director's responsibility for the financial reports together with auditor's report in annual report.
9. To disclose minutes of the annual general meeting on website of the Company.
10. To disclose profile of the Directors and their attendance on the Board of Directors and Sub-Committee meeting of the preceding year.
11. To disclose the date of first appointment to the Board of each director.
12. To disclose details of training and development program that the Directors joined during the preceding year.
13. To disclose the audit fees and non-audit fees in annual report.
14. To disclose Memorandum of Association and Article of Association in the website of the Company.
15. To provide various communication channels such as website, annual report, analyst meeting so that shareholders or investors can easily access company information thoroughly and equally.

STA discloses significant information in Thai and English through website that is updated regularly. The Investor Relations Office at Bangkok Branch can be contacted at: Tel: +66-2207-4500, Fax +66-2108-2244, or at www.sriranggroup.com

Responsibility of the Board of Directors

1. The Structure of the Board of Directors

The Board of Directors of STA, consisting of the Directors who have knowledge, competence and experience in business, has the duty to determine policies, visions, strategies, goals, missions, business plans and budgets of STA, as well as to monitor the management team to effectively and efficiently manage the business of STA in accordance with the policies under the legal framework, objectives, the Articles of Association of STA and the resolutions of the shareholders meeting and the Board of Directors Meeting. Such duties must be performed with responsibility, due care and loyalty under the principles of good corporate governance in order to increase the best economic value for the business and the highest stability for the shareholders.

The Board of Directors of STA consists of 12 directors, including four independent directors who are fully qualified under the notifications of the Capital Market Supervisory Board and the SET.

Moreover, in compliance with the principles of good corporate governance and in order to ensure the Directors' effectiveness of work, the Board of Directors has established the policy that the Directors should not hold directorship positions for more than five listed companies. In the case that any director holds the office of director in more than five listed companies, the Board of Directors will further review the efficiency of such director's performance.

According to the Articles of Association of STA, at every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office. The Directors who are to retire from office in the first and the second years after registration of the company shall be drawn by lots. In the subsequent years, the Directors who have been holding office for the longest time shall retire.

The Board of Directors has passed a resolution to appoint Mrs. Pacharin Anuwongwatanachai as a Company Secretary to provide advice on compliance with relevant laws and regulations which the Board of Directors is required to know. The Company Secretary shall also supervise the activities of the Board of Directors and ensure that the resolutions of the Board of Directors meeting have been complied with.

2. Sub-committees

The Board of Directors has a duty to carefully and effectively consider and give approval on significant operational matters; therefore, sub-committees are formed to assist the Board of Directors in various aspects. An Audit Committee is appointed consisting of at least three independent directors and at least one of them must have knowledge of accounting and finance and must have a qualification on independence as prescribed by the notifications of the Capital Market Supervisory Board and by the STA definition of an independent director. The Audit Committee was established for the purpose of monitoring the internal control system, financial report system, corporate governance, risk management, as well as the selection and the appointment of the auditor. Moreover, STA has formed other sub-committees such as the Remuneration Committee, the Nominating Committee, and the Risk Management Committee in order to manage the businesses of STA. The majority of members of the sub-committees are independent committee members in order to ensure a transparent and independent business operation.

3. Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors of STA oversees the business operation and the mission of STA to be in accordance with the approval given by shareholders, applicable laws, objectives, the Articles of Association of STA, and resolutions of the Board of Directors meeting and the shareholders meeting. The Board of Directors of STA must exercise good business judgment in making business decisions and perform its duty with responsibility, due care, and loyalty in the best interests of the Company.

Conflict of Interests

The Board of Directors of STA has established a policy for preventing conflicts of interests on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting

shall report the relationship or conflict of interest in such agenda item to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

4. The Board of Directors Meeting

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once every three months and any additional meetings as necessary. The meeting schedule shall be prepared in advance throughout the year and notified to all directors for their acknowledgement on yearly basis. A meeting notice will be delivered to the Directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA. At each meeting, the agenda items of the meeting must be clearly specified and supported by complete and sufficient documents, and must be delivered to the Directors in advance so that the Directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion. In addition, at the meeting of the Board of Directors, the senior executives will be invited to participate in order to provide additional details of information on such matters in which they are directly involved. The Board of Directors can directly and independently contact the senior executives and the Company Secretary.

STA is committed to providing the Board of Directors with adequate, complete, and continuous information in a timely manner prior to a Board of Directors meeting.

5. Remuneration

The remuneration for the Directors must be made on a practical industry level based on working experience, role, responsibilities, and must be in line with the average market practice of the same industry.

6. Training for the Directors and the Executives

STA usually provides an orientation to the newly appointed director so that such Director can discharge his/her duties effectively. The Company Secretary will liaise with the Directors in any matters such as affidavit, Articles of Association, manual

of director in Annual Registration Statement (Form 56-1), working system information within the Company, and other laws and regulations related to business operation of the Company.

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge.

STA has the policy to support the Directors and the senior management at least one person a year to join any training programs that equip them with knowledge to support their duties. In 2016, Mr. Li Shiqiang and Mr. Chalernpop Khanjan have joined Directors Accreditation Program (DAP 125/2016) and Directors Accreditation Program (DAP 132/2016), respectively, both of which were held by the Thai Institute of Directors Association.

7. Assessment of the Directors' Performance

STA has conducted the Directors' Self-Assessment where the assessment form is in accordance with the good corporate governance so that the assessment results can be further used to develop the performance of the Directors. Four types of assessment form are;

1. The Board Assessment Form (Assessment of the Board as a whole)
2. Individual Board Member Assessment Form (Self-Assessment)
3. Sub-committee Assessment Form (Self-Assessment of the Sub-committee comprised the Audit Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee)
4. Chief Executive Officer (CEO) Assessment Form

The guideline for the assessment grading for each area is as follows:

- More than 90% = Excellent
- More than 80% = Very good
- More than 70% = Good
- More than 60% = Fair
- Less than 50% = Poor

The assessment process can be summarised as follows;

The Company Secretary is to prepare and review these 4 assessment forms in accordance with the related rules to ensure the accuracy and completeness before presenting to the Board for a recommendation. The assessment form will be then passed to the Directors to evaluate. The Company Secretary will summarize the assessment results.

The details of assessment can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of 6 areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of the Executives.
2. Individual Board Member Assessment Form (Self-Assessment) consists of 4 areas; responsibility on their decisions and actions as well as the effective performance of their duties, fair and equitable treatment to the stakeholders, transparency and traceability of work with the disclosure of information, and level of Principles of Business Ethics as well as Code of Business Conduct on their business operation.
3. Sub-committee Assessment Form (Self - Assessment of the Sub-committee as a whole) consists of 3 areas; structure and qualification of the Directors, performance during the sub-committee meeting, as well as roles, duties, and responsibilities of the sub-committee.
4. Chief Executive Officer (CEO) Assessment Form consists of 10 areas; leadership, strategic planning, strategy implementation, financial planning and operating results, relationship with the Board of Directors, relationship with external party, management skill and relationship with employees, successor plan, knowledge of products and services, and personal character.

The assessment results can be summarised as follows:

1. The Board Assessment Form (Assessment of the Board as a whole)

Overall assessment results for Board Self-Assessment (Assessment of the Board as a whole) in 6 areas

represent an excellent performance with an average score of 90.78%.

2. Individual Board Member Assessment Form (Self-Assessment)

Overall assessment results for Individual Board Member Assessment (Self-Assessment) in 4 areas represent very good performance with an average score of 88.07%.

3. Sub-Committee Assessment Form

3.1 The Audit Committee

Overall assessment results for the Audit Committee in 3 areas represent an excellent performance with an average score of 100.0%.

3.2 The Nominating Committee

Overall assessment results for the Nominating Committee in 3 areas represent an excellent performance with an average score of 91.67%.

3.3 The Remuneration Committee

Overall assessment results for the Remuneration Committee in 3 areas represent an excellent performance with an average score of 100.0%.

3.4 The Risk Management Committee

Overall assessment results for the Risk Management Committee in 3 areas represent very good performance with an average score of 84.12%.

4. Chief Executive Officer (CEO) Assessment Form

Overall assessment results for CEO in 10 areas represent an excellent performance with an average score of 96.84%.

Dealings in Securities

STA has a policy and procedure to monitor its executives in relation to their use of insider information of STA and its subsidiaries for personal interest as follows:

1. Educate the Directors and the Executives of each department regarding their duties to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC and the SET, as the case may be, including the applicable penalty in the case of breach according to the SEC Act and the regulations of the SET.

2. Arrange for the Directors and the Executives of the Company and their spouses and minor-children to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC pursuant to Section 59 of the SEC Act and deliver copies of such documents to STA on the same day.

3. The Directors and the Executives of the Company, who know material insider information affecting changes in securities price, must be cautious in the trading of securities of STA within one month prior to the time when the financial statement or such inside information is disclosed to the public. Moreover, within 24 hours after such insider information has been disclosed to the public, no person involved with such insider information shall disclose any insider information to any person before such insider information has been notified to the SET and/or SGX-ST. Regarding penalty measures in the case of a violation of the above-mentioned regulations, the Company deems such violation as warranting a disciplinary penalty according the working rules of the Company.

4. The Directors, the Executives, staff members and employees of the Company shall not, whether directly or indirectly, purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell shares or other securities (if any) of STA by using insider information which has or may have an impact on the change of the price of STA securities and has not been disclosed to the public, in a manner that may directly or indirectly cause damage to STA and whether or not such act is done for their own or another person's benefit, or to disclose such information so that they will receive consideration from the person who engages in the aforementioned acts.

Directors and employees are also expected to observe applicable insider trading laws at all times even when dealing in securities within permitted trading periods. In addition, the Directors and employees are expected not to deal in STA's securities for short-term considerations.

The aforementioned policy has been acknowledged by the Directors, the Executives, and employees through our internal communication channel (Intranet website).

INTERNAL CONTROL AND RISK MANAGEMENT



STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and the role and shared responsibilities of all our staff members ranking from the Executive Committee to each employee. The Company has set up a sufficient and appropriate internal control system to provide a reasonable assurance that all functions within the Group are operated concordantly and are able to meet the goals laid down by Executive Committee. The Company has established an Internal Audit Department which is an independent unit and reports directly to the Audit Committee. The appointment, removal, and rotation of the management of Internal Audit Department need an approval from the Audit Committee. The Internal Audit Department performs an internal control assessment pursuant to the annual plan by considering related risk factors as approved by the Audit Committee as well as supporting the creation of a risk management system and providing various recommendations to ensure that all operations of the Company meet the objectives as planned. The Internal Audit Department has followed the Standard for the Professional Practice of Internal Auditing as a guideline for its work, which focuses on independent, just, and internationally standardised operations with high quality auditing work. Therefore, the Company encourages internal audit personnel to take internal audit related certificates i.e. CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor) and CPIAT (Certified Professional Internal Audit of Thailand). Three of our internal audit personnel have already earned CPIAT. Furthermore, an adequate training program specially designed for each individual internal audit personnel is provided continuously. In addition, according to an independent auditor who certified the Company's financial statements for the year 2016, there was no weakness in the internal control system which will materially affect the financial statements of the Company.

The following is a summary of the internal control and risk management system of the Company:

Audit Committee:

The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasises the sufficiency and adequacy of the internal control system and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. The Audit Committee may advice the development of internal control and internal audit system to the Board of Directors. If the Audit Committee has any recommendations or finds any significant error or misconducts, the Audit Committee will discuss with responsible management team and directly report such matters to the Board of Directors for appropriate actions or further improvement.

Internal Audit Department:

STA has appropriately and sufficiently recruited internal audit staffs with the knowledge and experience related to internal audit. Mr. Wittawas Krungtaenmuang serves as a Chief Audit Executive. The internal audit staffs can access all information of the Company without any limitations in order to independently monitor the operation of various units within the Group in accordance with the annual plan as assigned by the Executive Committee or the Audit Committee by using the principles of risk management to make an assessment on the businesses or the working processes, and also give advices and makes recommendations regarding the improvement of internal control to the management of each unit as well as provide operation guidelines to improve effectiveness and efficiency of the Group's business operation.

Management Activity Control System:

The Board of Directors sets the operating goals of the Company by determining the clear core value, vision, mission, as well as business growth and appointing working team to review Key Performance Indicators (KPIs) of each business unit. This is to ensure that the target in terms of financial outcome, operating result, customer satisfaction, etc. of each business unit will be consistently aligned with the Company's goals throughout the organisation. Such control is continuously closely monitored.

Risk Management:

The Board of Directors value the risk management system as a business importance and implement systems for its effectiveness. Risk management committee is responsible to review the policies and oversee the effectiveness of the Company's risk management system. The Board of Directors also consider internal and external circumstance that may cause business at risk and negative impacts, therefore continuous risk assessment and monitoring are required. Each department shall assess its risk and prepare the solution plan. In addition, there is a regular management meeting to evaluate the current situation and select appropriate strategies to cope with any possible risks.

Control:

The Company clearly determines measures and implementation plans by issuing orders, rules, approval authority, and working procedures for the management and all employees.

Information and Communication:

The Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties. In 2015, the Company implemented Systems, Applications, and Products in Data Processing (SAP) for the Enterprise Resource Planning (ERP) to link various working systems which will enhance the accuracy, speed, and effectiveness of information integration and communication within the Group.

Monitoring and Evaluation Systems:

The management continuously monitors economic situations to strategically plan business operation under current and future circumstances that may impact organisation's goal. Key Performance Indicator (KPI) report will be conducted in order to closely and timely monitor and evaluate operating performance of organisation.

Risk Reporting:

Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by the managers of each of the Company's rubber processing facilities. In addition, the Company's sales and marketing department also generates a daily sales and inventory report. The senior management team utilises these reports to determine the net position of the Company's sales and cost of goods sold, and hence, the exposure to the various risks.

Reviews:

The managers of the Company's rubber processing facilities meet with the procurement and sales and marketing teams on a monthly basis, to prepare the budget (including the targeted monthly production capacities for each of the Company's rubber processing facilities as well as the sales targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the rubber processing facilities, the supply of raw materials that the Company is able to acquire, the demand of natural rubber products, the price of natural rubber in the commodities markets and other general economic conditions. Such budgets are then reviewed by the senior management team before they are implemented. Through these monthly budget meetings and the setting of targets, the Company has established procedures which it believes to achieve maximum return on investments within the appropriate risk parameters that are set and revised by the senior management team according to any changing circumstances. For the performance of each business unit, Internal Audit Department has randomly checked the accuracy of important topics in KPI report, especially on main function departments such as procurement department, production department, exporting department, etc.

Following the meeting of the STA Board of Directors no. 2/2017, on 28 February 2017, which was attended by four members of the Audit Committee, the STA Board of Directors, having received information from the management and relevant staff members, assessed the internal control system and concluded that by assessing the internal control system of the Company in five elements, which are control environment, risk assessment, control activities, information & communication, and monitoring activities. The STA Board of Directors was of the opinion that the Company has a sufficient and appropriate internal control system with adequate personnel to effectively monitor the system and the operation of subsidiaries. Neither the opinion of the independent directors nor the Audit Committee differs from the opinion of the STA Board of Directors with regard to internal control. However, the Audit Committee has emphasized the strict implementation of Good Corporate Practice of the Company in order to comply with the regulations of the Capital Markets Supervisory Board, the SET, and the SEC to ensure that the operation of the Company is conducted in the most transparent and effective manner possible.

In addition, the meeting of the Audit Committee of STA no. 1/2017, on 27 February 2017, made an assessment of the internal control system of the Company and was of the opinion that the internal control of the Company was adequate and appropriate.

Regarding the monitoring and supervision of the subsidiaries of STA, the Directors of STA will serve as directors of the subsidiaries and associates and may from time to time nominate the Company's representatives to serve as directors of the subsidiaries. The Internal Audit Department of the Company is assigned to audit the sufficiency of the internal control of the subsidiaries and reports its findings to the Audit Committee in order for the Company to be able to effectively control and monitor the internal control operation of the subsidiaries.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY (CSR)



Throughout nearly three decades that Sri Trang Group has been operating business with strong commitment, we have placed importance to every step of our business growth along with promoting economically, socially and environmentally care through various projects and social activities. Moreover, we have followed a framework of good corporate governance on par with corporate social responsibility which enabled us to grow along with the community and society. The company has realized and placed importance to produce quality products with the environmentally-friendly production process, together with promoting a fair system for raw material procurement and maintaining a well-accepted and trusted trading standard for farmers, suppliers, and clients. In addition, we have realized all dimensions of an impact which may affect stakeholders, including shareholders, employees, clients, trade partners, communities, and government agencies. Besides, the company listens to communities and employees

in order to improve the organization. We strive to building perception and corporate culture so that our employees as part of Sri Trang family can share social responsibility with the society where they live. More importantly, we always adjust our strategy and develop our business operation towards the changed circumstance to become the sustainable rubber producer in the industry.

Corporate Social Responsibility Policy

GOOD CORPORATE GOVERNANCE

The company has been dedicated to good corporate governance practices focusing on the pertinent structure of the Board of Directors, management, and shareholders to create a competitive advantage with consideration to other stakeholders, society, and community as a whole, which will build growth and create value to shareholders in the long run.

RESPONSIBILITY TO SUPPLY CHAIN

The Company has extended its business to cover the whole supply chain starting from rubber plantations to the production of finished products. It is our top priority to ensure our rubber products are of the highest quality and cater the delicate requirements of the downstream products. Therefore, we focus more on producing the quality product, providing effective services, sincerely managing complaints from customers, and timely fixing weakness and problems, which may result from production and/or service, with an aim of being the trustful partner.

Our responsibility for managing the supply chain covers rubber farmers, rubber dealers, and rubber transportation. Our Group strived for fair, transparent, accountable and auditable procurement of natural rubber along with shipping with responsibility. We also promote a free trade for the highest interest of the rubber farmers. Moreover, we supported the rubber farmers to produce the high quality and contaminant-free raw materials and to store with appropriate methods. In addition, we have provided rubber farmers with knowledge to properly operate rubber plantations in order to increase the yield which will, in return, increase their revenues as well as sustainable quality of lives.

ENVIRONMENT FRIENDLY AND SAFE OPERATION

As our business is directly related to the nature and environment, we strictly adhere to be compliance with environmental practices by implementing the effective environmental management systems. We have also set up procedures to prevent and minimise the environmental impacts caused by different activities from our Group and in compliance with relevant laws and regulations. Furthermore, we aim to develop and promote more green areas in our factories to retain moisture, increase fresh air, and reduce unfavorable odors from production process. In addition, we have reduced the use of chemicals, which might affect the environment and communities in the long run, in rubber plantation and the production of NR products as well as our finished products.

In addition to our environmental-friendly production and being aware that we are a part of the community, we have followed the practice guidelines to preserve

and maintain the ecological environment and clean surrounding communities which will not only create pleasant community but also support the smoothness of our business operation in the long term.

In terms of health & safety, our Group has fully complied with laws, regulations and other relevant requirements. We have provided training, set up adequate and effective health & safety procedures in our workplaces, and created a safe working environment for employees, contractors, and the other related parties.

ENGAGEMENT WITH TRANSPARENCY

The Company believes that operating business with fairness and ethics, complying with laws, and respecting the rules of society would ultimately build the confidence of all stakeholders and reduce any potential conflict of interests which will benefit business operation of the Company in the long run. We have also encouraged all of our employees to work with integrity and adhere to business ethics. Employees should not exploit benefits that may cause conflict of interests to the Company and its stakeholders and should not improperly indulge the business operation. We also have a policy to prevent any kind of corruptions by establishing standards of transparent business operation which will benefit the organisation and rubber industry in the long run.

NATURE SUSTAINABILITY ATTITUDES TOWARDS ORGANIZATION

The Company believes that effective and sustainable CSR practices are rooted from the awareness of every employee in any departments. They need to have positive attitudes to follow the policies and have mindset of being responsible to society and other related parties. Our people also volunteer to participate in the community development and the improvement of quality of life of our business partners. Moreover, they have cooperated to change their working behaviors and daily lifestyle in line with environmental protection guidelines, energy reduction program and enhancement of the operational effectiveness.

We have promoted and supported staffs to devote themselves for social activities, for example, to volunteer and participate in any activities for better community, alleviate natural disaster victims with ultimate hope to sustainably create a benevolent and careful society.

Our CSR Practice

Our CSR practice towards “the Green Rubber Company” can be divided into 4 aspects:

	<p>Green Products</p> <p>We produce high-quality products that are free of chemical substances that detrimentally affect the health and safety of end-users.</p>		<p>Green Procurement</p> <p>We source raw materials from ethical suppliers with sustainable practices and strive to guide rubber farmers toward the sustainable management of rubber plantations.</p>
	<p>Green Process</p> <p>The production process for every one of our products is based on the concept of sustainability and energy efficiency. Our production facilities do not generate hazardous substances that cause adverse impacts on the environment and the communities in their vicinities.</p>		<p>Green Company</p> <p>In every aspect of our operations, we are guided by the belief that transparency is key to building trust and achieving long-term success. We also seek to make a positive difference to the local communities and foster long-lasting relationships through various forms of community engagement.</p>



Economic Aspect

- Strengthen and develop relationship with traders and business partners in all aspects sustainably
- Participate in developing a sustainable growth of natural rubber industry with trade partners, government agencies, related private sectors, and rubber farmers
- Promote a free trade of raw material supply with transparent and trustful information
- Develop careers for rubber farmers by ways of producing quality raw materials
- Promote cooperative and community business in order to increase the flow of economy and job creation in the vicinity where our processing facility is located
- Build economic strength with the rubber industry via the principle of sustainability

Social Aspect

- Build happiness, develop knowledge, build areas for creativity, promote health, improve living standard, build stability and well-being to the employees in organization
- Communicate our corporate culture, core value, and goal to create the same perception
- Operate business of the company with a concern on a possible impact on society and community
- Support trade partners to have corporate social responsibility in each step of their operating process
- Boost corporate confidence among stakeholders and public by listening to them and co working with them, as well as following their development output and communicating the result with them sincerely
- Collaborate with government agencies, state owned enterprises, and related private sectors to set up the target for education, health, and quality of life development for the communities in the vicinity
- Promote human rights and children’s rights in the supply chain

Environmental Aspect

- Reduce energy usage for production, general works, and the operation in order to enhance effectiveness every year
- Focus on management process, improvement, and development to reduce an impact on environment in all dimensions including odor, noise, and waste water
- Develop a process to cleanly and safely transport raw materials with an aim to reduce an impact to environment and related community
- Co-develop, improve, and provide an innovation of environment management of the raw material purchase center and associated trade partners
- Develop and improve the sustainable use of water resources
- Build and improve overall safety surrounding of the company, processing facilities, and near and remote communities along with building sustainable green areas

Details of the action plan on corporate social responsibility can be reached from the full CSR report of 2016 at www.sritrangroup.com.

CSR Activities

1. Rubberland Products, Buriram branch co-hosted with Prakhon Chai Subdistrict Municipality, Subdistrict Administrative Organization, Prakhonchai Police Station, scrap rubber sellers, and people for the launch of “Clean the Road for Livable Community” to pay respects to His Majesty King Bhumibol Adulyadej.
2. Rubberland Products, Buengkan branch co-hosted with Nonsomboon Subdistrict Administration Organization to organise the project, “Volunteer for Community Development”.



1



2



3. STA, Thungsong branch helped tackle the flooded houses in Moo 2, Thamyai Subdistrict, Nakhon Si Thammarat Province by bringing backhoe loader to clear the canal way for better flood flow in order to protect the houses from the flood.
4. Rubberland Products, Buengkan branch gave blankets to the Child Development Center for the warmth of children during wintering season. This is to follow the Group's policy that places importance to the community and youths in the local community for sustainable society.
5. Rubberland Products, Buriram branch organised the project "Share Spirit to Fight the Drought" to distribute clean water to people in Khokma Subdistrict, Prakhonchai District, Buriram Province, with an aim to reduce drought problem and help fight obstacle with community.

6. STA, Sakaeo branch jointly operated an activity, "Labor Solidarity, Keep On, Build Happiness, Labor in 2016" at Thakasem Wittaya School, Thakasem Subdistrict, Muang District, Sakaeo Province.
7. Sri Trang Group distributed examination gloves (Sri Trang Glove) to support the project "Love Cats, Share Kindness to Stray Cats".
8. STA, head office did goodness to pay respect to Majesty King Bhumibol Adulyadej by distributing 6,000 bottles of drinking water, via Mr. Suriyan Chiwanichchakorn, Hat Yai's rail station master at Hat Yai rail station, Songkla Province, to the Peace and Order Maintaining Command (POMC) around the Grand Palace in Bangkok to share with officers, volunteers, and Thai civilian who came to respect the body of the late King Bhumibol Adulyadej.



9. STA did goodness for the Father in a joint operation with the SET Foundation and the Federation of Thai Capital Market Organizations by providing natural rubber gloves, I'M Glove, of 3,240 pairs to officials, volunteers, scavengers and Thai people coming to pay their respects to the body of the late King Bhumibol at the Grand Palace area.
10. STA, Narathiwat branch co-hosted with Lubobuesa Subdistrict Administrative Organization to organised the Tadika Exhibition of Lubobuesa Subdistrict.
11. STA, Udon Thani branch organised the 2nd STA to tie with the community Project.
12. STA, Thungsong branch jointly organised the 9th Science Exhibition, "Innovation for Life and Society" at Rajamangala University of Technology Srivijaya, Thungsong District, Nakhon Si Thammarat Province.
13. Rubberland Products, Buengkan branch organised an integrated learning project under Stem Education of the Institute for the Promotion of Teaching Science and Technology for the Class II to the 5th grade students of Bannaswan School, Bannongtor School, and Bankhoksawang School.
14. STA, Huaynang branch grew plants to celebrate Her Majesty the Queen Sirikit's 84th Birthday Anniversary.
15. Rubberland Products, Buengkan branch joined the civil state dam construction for the 70th anniversary of His Majesty the King's accession to the throne of state agencies in Buengkan Province, which is located in the Upper Northeast Plant Conservation Centre, Ban Phu Sawat, Buengkan Province.



CAPITAL STRUCTURE

Information on Share Capital and Shareholding of STA

As of 1 February 2017

Share Capital

Authorised Share Capital	:	Baht 1,280,000,000
Issued and fully paid-up Share Capital	:	Baht 1,280,000,000 (representing 1,280,000,000 ordinary shares with a par value of Baht 1 each)
Class of Shares	:	Ordinary shares with a par value of Baht 1 each
Voting Rights	:	One vote per share

Distribution of Shareholdings as of 1 February 2017

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,568	15.38	498,654	0.04
1,000 – 10,000	6,180	60.63	24,909,599	1.95
10,001 – 1,000,000	2,337	22.93	174,910,468	13.66
1,000,001 – 10,000,000	87	0.85	289,795,610	22.64
10,000,001 – less than 5% of paid-up share capital	19	0.19	371,072,839	28.99
More than 5% of paid-up share capital	2	0.02	418,812,830	32.72
Total	10,193	100.00	1,280,000,000	100.00

Note: Includes shareholders holding through CDP

Free Float

Based on information available to the Company, approximately 53.31% of the Company's shares are held in the hands of the public as of 1 February 2017.

Top Ten Largest Shareholders of STA

Top ten largest shareholders¹ of STA as of 1 February 2017, are as follows:

	Name	No. of Shares	%
1	Sincharoenkul family ²	296,863,025	23.19
2	STH	283,152,760	22.12
3	Ms. Punnin-on Sirisuwat	45,335,800	3.54
4	Thai NVDR Co., Ltd.	37,632,830	2.94
5	CITIBANK NOMS S'PORE PTE LTD	36,664,550	2.86
6	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	21,726,050	1.70
7	UOB Kay Hian Private Limited	18,615,075	1.45
8	Provident Fund - K Master Pooled Fund	15,860,900	1.24
9	Ms. Suwanna Kovitsophon	15,200,000	1.19
10	Thai R.T.N. Holding Co., Ltd.	14,961,500	1.17
	Total	786,012,490	61.41

Note : 1) Information obtained from TSD and CDP
2) Details of shareholding of Sincharoenkul family;

	Name	No. of Shares	%
1	Mr. Viyavood Sincharoenkul	135,660,070	10.60
2	Ms. Lee Joyce Shing Yu	27,604,075	2.16
3	Mr. Veerasith Sinchareonkul	22,791,000	1.78
4	Mr. Vitanath Sincharoenkul	22,400,000	1.75
5	Mr. Vitchaphol Sincharoenkul	21,000,000	1.64
6	Mr. Kitichai Sincharoenkul	12,902,000	1.01
7	Mrs. Voradi Sincharoenkul	12,580,220	0.98
8	Mrs. Promsuk Sinchareonkul	9,000,000	0.70
9	Mr. Paul Sumade Lee	8,906,955	0.70
10	Mr. Boonyachon Sincharoenkul	7,800,400	0.61
11	Mr. Somwang Sincharoenkul	5,913,305	0.46
12	Ms. Navara Sincharoenkul	4,095,000	0.32
13	Mrs. Vanida Sincharoenkul	3,246,500	0.25
14	Ms. Vannisa Sincharoenkul	1,745,000	0.14
15	Mrs. Duangjai Sincharoenkul	1,218,500	0.10
	Total	296,863,025	23.19

Interest of Directors and Executives

As of 31 December 2016 the directors and executives of STA had the following interests in the ordinary STA shares as follows;

Name	Position	Number of Shares on 1 January 2016	Number of Shares on 31 December 2016	Increase (decrease) during Year of 2016	Percentage of Shares on 31 December 2016
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	135,660,070	135,660,070	0	10.60
Spouse and minor child		9,000,000	9,000,000	0	0.70
Mr. Chaiyos Sincharoenkul	Director	7,410,825	7,410,825	0	0.58
Spouse and minor child		4,300,000	4,300,000	0	0.34
Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal & Administration	14,402,000	12,902,000	(1,500,000)	1.01
Spouse and minor child		3,246,500	3,246,500	0	0.25
Mr. Paul Sumade Lee	Director and Chief Marketing Officer	8,906,955	8,906,955	0	0.70
Spouse and minor child		27,604,075	27,604,075	0	2.16
Mr. Veerasith Sinchareonkul	Director	22,441,000	22,791,000	350,000	1.78
Spouse and minor child		-	-	-	-
Mr. Patrawut Panitkul	Director and CFO	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Li Shiqiang	Director	1,173,000	1,414,900	241,900	0.11
Spouse and minor child		0	0	0	0
Mr. Chalernpop Khanjan	Director and Chief Operating Officer	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Prakob Visitkitjakarn	Vice Chairman, Chairman of Audit Committee, and Independent Director	450,060	450,060	0	0.04
Spouse and minor child		17,940	17,940	0	0.001

Name	Position	Number of Shares on 1 January 2016	Number of Shares on 31 December 2016	Increase (decrease) during Year of 2016	Percentage of Shares on 31 December 2016
Mr. Kriang Yanyongdilok	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Samacha Potavorn	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Neo Ah Chap	Independent Director	1,100,000	1,100,000	0	0.09
Spouse and minor child		0	0	0	0
Ms. Prapai Srisutipong	Group Manager of Procurement	260,500	260,500	0	0.02
Spouse and minor child		0	0	0	0
Mr. Arsom Aksornnam	Chief Operating Officer	0	0	0	0
Spouse and minor child		3,500	3,500	0	0.0003
Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Rattapong Laparojkit	Group Manager of Technical	60,500	60,500	0	0.005
Spouse and minor child		0	0	0	0
Mr. Phanlert Wangsuphadilok	Group Manager of Technical	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Udom Pruksanusak	CEO - Plantation	10,000	10,000	0	0.001
Spouse and minor child		0	0	0	0
Ms. Nuchanart Chaiyarat	Group Manager of Human Resource	0	0	0	0
Spouse and minor child		-	-	-	-

Name	Position	Number of Shares on 1 January 2016	Number of Shares on 31 December 2016	Increase (decrease) during Year of 2016	Percentage of Shares on 31 December 2016
Ms. Thanawan Sa-ngiamsak	VP Business Development & Investor Relations	0	0	0	0
Spouse and minor child		0	0	0	0
Total		236,046,925	235,138,825	(908,100)	18.37

- Notes :**
- (1) Mr. Viyavood Sincharoenkul is deemed interested in the 9,000,000 shares held by his wife.
 - (2) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
 - (3) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
 - (4) Mr. Paul Sumade Lee is deemed to be interested in the 27,604,075 shares held by his wife.
 - (5) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
 - (6) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.
 - (7) Mr. Arsom Aksornnam is deemed to be interested in the 3,500 shares held by his wife.

The Company Board of Directors has specified the reporting policy in regard of the interest of directors and executives in order to monitor the interest of directors and executives or their related persons in relation to the business operation of the Company or subsidiaries. The reporting policy is as follows;

- First time report when at an appointment as a director or executive.
- Report at any time when there is any change in interest.
- Report at the end of each year.

The directors and executives shall report their interests to a company secretary. The company secretary, thereafter, shall report such interests to the chairman and the chairman of audit committee within 7 days from the date that the company secretary receives a report from the directors or executives. The acquisition of shares of the directors and executives shall be presented to the Company's Board of Directors for their acknowledgement every quarter.

Debentures

On 1 December 2011, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 2,150,000,000. Net proceeds from the issuance of debentures were used for long-term loan refinancing and/or business expansion. Details of each tranche of debenture are as follows;

	Tranche 1*	Tranche 2*
Debenture Name	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2554 due in 2014.	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2554 due in 2016.
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 1,600,000,000	Baht 550,000,000
Interest rate	Fixed interest rate at 4.40% per annum	Fixed interest rate at 4.70% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 Years	5 Years
Maturity Date	1 December 2014	1 December 2016

Note*: STA fully repaid the holder of Tranche 1 and Tranche 2 of the debenture according to the maturity date.

On 13 February 2013, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 900,000,000. STA used the net proceeds for working capital and/or business expansion of the group. Details of each tranche of debenture are as follows;

	Tranche 1*	Tranche 2
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 300,000,000	Baht 600,000,000
Interest rate	Fixed interest rate at 4.10% per annum	Fixed interest rate at 4.50% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 years	5 years
Maturity Date	13 February 2016	13 February 2018

Note*: STA fully repaid the holder of Tranche 1 of the debenture according to the maturity date.

On 13 May 2016, STA successfully issued the debentures in two tranches to the institutional investors with total amount of Baht 2,265,000,000. STA Group used the net proceeds for working capital, business expansion, and finance cost reduction. Details of each tranche of debenture are as follows;

	Tranche 1	Tranche 2
Type of Debentures	Unsubordinated and unsecured debentures without a debenture holders' representative	Unsubordinated and unsecured debentures without a debenture holders' representative
Principal amount of Debentures	Baht 810,000,000	Baht 1,455,000,000
Interest rate	Fixed interest rate at 2.55% per annum	Fixed interest rate at 3.10% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 years	5 years
Maturity Date	18 May 2019	18 May 2021

On 20 October 2016, Tris Rating Co., Ltd. assigned A- / Stable rating for STA and the issued debentures.

DIVIDEND POLICY



Dividend Policy of STA

STA has the policy to pay dividends of approximately 30% of net profit as reported in the stand-alone financial statements of each financial year, but not in excess of retained earnings. In determining the amount of each dividend payment, the Board of Directors considers a range of factors, including the financial position, operating results and cash flows of STA; the ability of the subsidiaries, associates and joint venture entities to make dividend payments to STA; the expected working capital required to support STA's future growth plan as well as the overall economic climate and other external factors that the Board believes could potentially have an impact on the business operations of STA.

Dividend Policy of the Subsidiaries

Dividend payments by the subsidiaries are approved by the Board of Directors of each subsidiary and must then be approved by the shareholders during the shareholders' meeting. In determining the amount of dividends to be paid, the Board of each subsidiary considers the operating results, financial position and capital requirements of each subsidiary. Payments must also be made in compliance with the Articles of Association and other constitutional documents of each subsidiary.

RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

The material related party transactions that were disclosed in the notes to the financial statements of STA and the interested person transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2015 and 31 December 2016 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2016		
1. Pruksa Rubber Co., Ltd.	The Executives officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Pruksa Rubber Co., Ltd. Mr. Udom Pruksanusak is the authorized signatory of Pruksa Rubber Co., Ltd.	1.1 STA <ul style="list-style-type: none"> Sales of field latex 	1.63	3.24	STA sold field latex to Pruksa Rubber Co., Ltd. because STA did not have in-house logistic service team, and Pruksa Rubber Co., Ltd. purchased the field latex right at STA's rubber plantation. This provided administrative, distribution and labor cost savings to STA. The selling price of field latex was the price set by STA procurement team on a daily basis.	Since STA's plantation mature for tapping was still small, it is better to control STA logistic and administrative costs by selling field latex to Pruksa Rubber Co., Ltd. at the reasonable price set by STA procurement team.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2016		
		1.2 Nam Hua Rubber <ul style="list-style-type: none"> • Purchase of field latex 	67.19	75.03	Nam Hua Rubber purchased field latex from Pruksa Rubber Co., Ltd. because the rubber plantations of Pruksa Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Pruksa Rubber Co., Ltd. was capable to supply rubber of the quality and quantity as required by Nam Hua Rubber. The purchase price of the field latex was at the price that the Group made an announcement to suppliers in front of its factory.	Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from other suppliers.
		1.3 Startex Rubber <ul style="list-style-type: none"> • Sales of field latex 	0.53	0.76	Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. The selling price was based on market price.	The selling price that Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. was based on market price similar to other customers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2016		
2. Mr. Somwang Sincharoenkul	Father of: <ul style="list-style-type: none"> • Mr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company • Mr. Kitichai Sincharoenkul, Director of the Company; and • Mr. Paul Sumade Lee, Director of the Company Grandfather of : <ul style="list-style-type: none"> • Mr. Veerarith Sincharoenkul, Director of the Company 	Honorary Adviser	5.14	5.14	Mr. Somwang Sincharoenkul has engaged as Honorary Adviser for the Company and advised the Company on goal & vision, business plans, investment plans, operational policy, raw material supply strategies, procurement, and engagement strategy with communities, local authorities and government agencies. The remuneration was Baht 428,000 per month or Baht 5,136,000 per year for 2 years period starting from May 2016 to May 2018.	There was no comparable basis available in the market for such invaluable advice Mr. Somwang Sincharoenkul provided for the Company. Nevertheless, the remuneration was considered appropriate considering the extensive experience, expertise and time Mr. Somwang Sincharoenkul has contributed to the Company as the Honorary Adviser.
3. The Board of Director of STA and subsidiaries consists of: <ul style="list-style-type: none"> • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Chiyos Sincharoenkul 	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions.	267.00	267.00	Directors of STA and its subsidiaries provided personal guarantees for the loans extended to STA and its subsidiaries by financial institutions as part of loans' requirements.	Such support complied with the requirements set out in the sponsor support agreement and was made for the benefit of STA and its subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.

RISK FACTORS

Our Company is exposed to a number of risks that may affect its business and the value of its shares. The following sets out some of the significant risks that may affect the Company. However, there are some risks that may be unknown to the Company and other risks that the Company currently considers to be immaterial. These risks could have an impact upon the operation of the Company in the future.

Risks Relating to Our Industry and Our Business

Prices of commodities in general, including natural rubber, are susceptible to price fluctuations.

Prices of commodities in general, including natural rubber, have been volatile and we, like other participants in the natural rubber industry, have limited influence over the timing and extent of the price changes for natural rubber. The price of natural rubber and the Natural Rubber Products that we sell, like most commodities, are affected by a number of factors including but not limited to the following:

- **Supply and demand for natural rubber**

An increase in the supply of natural rubber or a decrease in world consumption level of natural rubber could create supply surplus which could, in turn, result in a decrease in average selling prices of the Natural Rubber Products that we sell;

- **Prices of crude oil, energy and oil-based chemicals**

Crude oil prices may affect the prices of natural rubber and other input materials such as oil-based chemicals used in rubber processing. In addition, the prices of synthetic rubber usually move along with crude oil prices, and the price fluctuations of synthetic rubber affects the pricing and demand for natural rubber;

- **Currency movements**

As natural rubber is traded mainly in US Dollars, any fluctuations in the natural rubber exporting currencies against US Dollars may result in



corresponding fluctuations in natural rubber prices in the respective exporting countries;

- **Speculation**

As natural rubber and certain of the Natural Rubber Products we sell are traded at various commodity future exchanges, they are susceptible to price speculation in addition to local and global economic factors; and

- **Government intervention**

The governments of natural rubber producing countries such as Thailand, Indonesia and Malaysia may from time to time introduce policies to support



the natural rubber industry in their respective countries. For example, the Indonesian government had imposed export quotas in relation to natural rubber in 2009, in response to the drop in the price of natural rubber, which restricted our ability to operate our factories in Indonesia at full capacity. In addition, in 2012, price intervention of the Thai government to provide loans with total amount of THB 45.0 billion to the state-run Rubber Estate Organisation and cooperatives through the Bank for Agriculture and Agricultural Cooperatives to buy rubber from farmers at prices above market prices directly impacted our raw material costs. Moreover, the cooperative agreement among Thailand, Indonesia, and Malaysia to withdraw

natural rubber exports of 300,000 tons during October 2012 to March 2013 and 615,000 tons during March – August 2016 also affected the export volume of natural rubber producer during such period. Recently in December 2014, Thai government approved THB 20.0 billion price intervention plan through the rubber fund scheme. The plan was an attempt to mitigate the falling natural rubber price by buying ribbed smoked sheet rubbers (RSS) through auction markets countrywide at higher-than-market price. As a result, the local RSS price increased, whereas the global market price did not move in the same magnitude. This could create a negative impact on the costs structure and profitability of Thai natural rubber exporters.

Other unpredictable factors which affect the price of natural rubber and the Natural Rubber Products that we sell include economic growth rates, foreign and domestic interest rates and trade policies.

If we are unable to pass on the increase in raw material costs to our customers and/or suppliers, our profitability may be adversely affected. If the market prices of the Natural Rubber Products that we sell are volatile, our business, financial condition and results of operations could be materially and adversely affected.

A significant portion of the sales of the Natural Rubber Products that we sell are for use in the tyre manufacturing industry which exposes us to downturns in this industry.

The Natural Rubber Products that we sell include RSS, TSR and Concentrated Latex. Global demand for such products, in particular TSR, is significantly dependent upon the tyre manufacturing industry. Our customers include tyre manufacturers in the emerging markets such as the PRC and India and leading global tyre manufacturers. The majority of our sales of Natural Rubber Products are made to tyre manufacturers. If the level of activity in the tyre manufacturing industry declines, the demand for the Natural Rubber Products

that we sell may decrease and our business, financial condition and results of operations may be adversely affected.

Our business, financial condition and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls.

While our financial reporting currency is Baht and our raw material purchases for the Natural Rubber Products that we produce are transacted in Baht and Indonesian Rupiah, approximately 75% of our total revenues are denominated in US Dollars. In addition, the Company's Shares will also be quoted in Singapore Dollars on the SGX-ST while dividends, if any, will be paid in Baht. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollars, Singapore Dollar or other currencies, could adversely affect our business, financial condition and operating results as well as the foreign currency value of any dividend distributions. Any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia.

We attempt to mitigate foreign exchange risks using financial derivatives to hedge our foreign exchange exposures arising from purchase and sale of products in currencies other than Baht. Should we be unable to successfully hedge our foreign exchange exposures, we may have a greater exposure to foreign exchange fluctuations and our financial condition and results of operations may be adversely affected.

Our Group is dependent upon the services of key management staffs.

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of experienced professional managers. Our continued success will depend on our ability to retain key management staffs as well as to attract and train new managers. If members of our senior management team are unable or unwilling to continue in their present positions, we may not be able to hire satisfactory replacements and our business may be adversely affected. In addition, the process of hiring new managers with the required combination of skills and



attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans. As a result, our business and results of operations may be adversely affected.

We are a capital intensive business and our operations could be adversely affected if we fail to maintain sufficient levels of working capital.

Natural rubber business requires a significant amount of cash to operate, principally on the purchase of raw materials such as unsmoked rubber sheets, cup lumps and field latex, the Natural Rubber Products which we purchase from third party producers and from our joint venture entity, Thai Tech Rubber, from time to time, to meet customers' demand and also on the storage of the Natural Rubber Products to facilitate our sales in overseas markets. The working capital cycle for the Natural Rubber Products that we produce, from the purchase of raw materials to the receipt of payment from our customers, is approximately two to four months. We may also require substantial capital expenditures to maintain, upgrade and expand our processing and storage facilities, logistic services and other facilities to keep pace with competitive developments, technological advancement and changing safety and environmental standards in our industry. We fund our operations principally through cash flow from our operations and short and long-term bank loans.

As at 31 December 2016, we had cash and cash equivalents of approximately Baht 1,674.6 million and the majority of our total borrowings comprised short-term borrowings. We can provide no assurance that we will not experience negative cash and cash equivalents in the future. In the event that we are unable to maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, we may not have sufficient cash flow to fund our operations and our business and operating results will be adversely affected.

In addition, the Company will drawdown additional loans in the total amount of THB 4,500 million as a funding for the acquisition of the SSC (which was subsequently renamed to Sri Trang Gloves (Thailand) Co., Ltd. : "STGT" on 16 March 2017) shares. The loans will later be pushed down to STGT after the Company



becomes the major shareholder of STGT from the share acquisition from Semperit Technische Produkte. Therefore, in the event that the Company and/or STGT is unable to maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, the Company and/or STGT may not have sufficient cash flow to fund its operations and the Company's and/or STGT's business and operating results will be adversely affected.

Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing.

As at 31 December 2016, we have an aggregate of Baht 28,832.3 million bank loans, majority of which are short-term loans, with interest rates ranging from 1.4% to 11.9% per annum depending on the currency on which the loans are denominated. Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to competitors with lower amounts of indebtedness.

We may be affected by adverse weather conditions and/or diseases which could lead to price fluctuations and an increase in our operating costs.

Unsmoked rubber sheets, cup lumps and field latex are the primary raw materials for natural rubber products. The availability of these raw materials from suppliers as well as our ability to harvest field latex from our own rubber plantations in the future may be adversely

affected by unfavourable weather conditions such as drought, floods, prolonged periods of rainfall, storms etc. and/or diseases which has infected the rubber plantations from which suppliers purchase the raw materials or our own rubber plantations in the future. Such events, especially if continued for a prolonged period, could affect the overall yield of such raw materials and consequently lead to price fluctuations. Any substantial decrease in the supply of, and increase in the cost of raw materials could increase our operating costs, affect our production capacity and consequently have a material adverse effect on our business, financial condition and operational results.

There may be disruptions at our processing facilities as well as the processing facilities of our associates and joint venture entity which would have an adverse effect on our operations and those of our associates and joint venture entity.

Our production processes and those of our associates and joint venture entity require significant use of resources to run our processing facilities and those of our associates and joint venture entity. Natural disasters, acts of God, a shortage of labour, major or sustained disruptions in the supply of utilities such as water or electricity and other calamities or events beyond our control. For example, the torrential floods occurred in southern Thailand in November 2010, January 2012, and January 2016 may lead to significant disruption or a cessation in processing at our processing facilities and those of our associates and joint venture entities. Such disruptions would have an adverse effect on our operations and those of our associates and joint venture entities and would result in longer lead-time for processing and delayed delivery to customers.

Our Company depends on distributions from our principal operating subsidiaries, associates and joint venture entity which may in turn affect our Company's cashflow

Our Company is dependent on distributions from our principal operating subsidiaries, associates and joint venture entities to meet our financial obligations, including the payment of principal and interest of our indebtedness.

Our Company will receive distributions made by our subsidiaries, associates and joint venture entities based on our ownership interest. However, should revenues or operating performance of our principal operating subsidiaries, associates and joint venture entity be decreased, the rate and value of the dividends from such principal operating subsidiaries, associates and joint venture entities could decline. Consequently, our Company's cashflow might be adversely affected.

The demand for natural rubber products could be affected by the emergence of synthetic rubber substitutes.

Our sales of Natural Rubber Products, which are produced from natural rubber, accounted for 90.0% of our Group's revenue for the financial year ended 31 December 2016. There are a variety of synthetic rubbers available in the market which can be used as substitutes for natural rubber in the manufacture of rubber products. Factors such as increased global demand for rubber, volatile pricing of natural rubber, increasing natural rubber price compared to synthetic rubber, risks of supply disruption driven by political events, regional constraints and seasonal supply patterns may lead to an increase in demand for such synthetic rubber substitutes. This may result in the decrease in demand for natural rubber products, which may have a material adverse effect on our business, financial condition and operational results.

Expiry of concessionary tax rates and/or exempt tax status for certain of our subsidiaries and associates will have an adverse impact on our profitability.

Our subsidiary, Sri Trang International, enjoys certain tax benefits under the Global Trader Programme launched by International Enterprise Singapore, pursuant to which Sri Trang International is only taxed on 10.0% of its qualifying income (i.e. income which is derived from offshore sales or sales to companies under the Global Trader Programme).

In addition, our Company and certain of our subsidiaries and associates which are incorporated in Thailand have been granted certain privileges, including exemption from certain taxes, at various times by the Board of Investment of Thailand, in relation to our respective operations.

In the event of any expiry of such tax benefits, Sri Trang International, our Company and our relevant subsidiaries and joint ventures entities will be liable to the applicable taxes at the prevailing rates. This will subsequently have an adverse impact on our profitability.

Our Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations.

Our Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. Our Group's principal environmental concerns relate primarily to the discharge of effluent resulting from the processing of natural rubber. Any environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages or the imposition of fines, the suspension or a cessation of our Group's operations.

Environmental regulations and social practices in the countries in which our Group operates tend to be less stringent than those in developed countries. It is possible that these regulations and/or social practices could become more stringent in the future and consequently have an adverse effect on our operations and financial condition. Any failure to comply with the laws and regulations could subject our Group to liabilities which may affect our business, financial condition, operational results and prospects.

Risks Relating to the Countries in Which We Operate

Economic, political, legal and regulatory conditions in the countries in which we operate may materially and adversely affect our business, financial condition, results of operations, prospects and the market price of our Shares.

We have operations and investments in countries such as Thailand, Singapore, Indonesia, USA, and the PRC, each of which contributed 65.8%, 27.3%, 2.9%, 2.4% and 1.7% of total revenues, respectively. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operational results and prospects may be materially and adversely affected by a variety

of conditions and developments in these countries including:

- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; or
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

Should any of the aforesaid risks materialise and we are unable to adapt our business strategies or operations accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Risks Relating to an Investment in Our Shares

Our foreign ownership restrictions could limit your ability to transfer our Shares and limit our ability to raise equity financing.

Our Articles of Association provide that no more than 49.0% of our Company's issued and outstanding Shares may be held by non-Thai persons. Our Articles of Association also provide that transfers of Shares in violation of applicable foreign ownership limitations may be restricted. In the event that the applicable foreign ownership limitations have been reached, Thai Shareholders may not be able to transfer their Shares to persons who are non-Thai nationals. As a result, the liquidity and market price for our Shares may be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS: MD&A



Financial Result Overview

In 2016, Natural Rubber (NR) industry was in the transition period. After the Natural Rubber (NR) price bottomed out in Q1 2016, positive market momentum bolstered by the suppressed NR supply coupled with the imposition of an export quota by Thailand, Malaysia and Indonesia during March to August 2016 triggered an accelerating growth in NR demand and positive price adjustment.

Amid Raw Material (RM) supply constraints, our sizable scale of business and well-diversified locations of processing facilities along with our strong raw materials procurement networks enabled us to procure ample raw materials which prompted us to capture the rising demand from better market sentiment. Accordingly,

our sale volume for the year 2016 hit a record high of 1,494,094 tons, up 33.4% YoY, boosting our world market share from 9% to 12% and resulting in YoY increase of both revenue and gross profit.

However, the volatility of NR price, especially during the final quarter of 2016 when price has shot up for approximately 60% from the stimulus policy of the President Donald Trump, brought about the loss from rubber derivative financial instruments. Together with an increase in SG&A expenses, lower profits shared from associates and joint ventures, lower gains on exchange rate, and non-recurring expenses, resulted in negative impacts to our net performance in 2016.

Non-recurring items

In 2016, the Group recorded Baht 734.3 million of non-recurring expenses comprising losses from fire at our factory in Indonesia in October 2016, related tax expenses, related litigation expenses, and legal fees. For 2015, there was only legal fees of Baht 126.0 million booked as a non-recurring item.

Unrecognised/Unrealised surplus from inventory revaluation

As of 31 December 2016, the Company had Baht 2,909.7 million unrecognised/unrealised surplus from inventory revaluation which was the difference in inventory value between the net realisable value and lower of cost or net realisable value which increased from Baht 148.3 million as of 31 December 2015. According to the Thai Financial Reporting Standards, this item is not recognised in Statements of Comprehensive Income until the inventories are sold. The amount of this item can be changed over time depending on the actual sales price at the time of sale.

Income Statement Overview

Unit: Baht million

	FY 2016	FY 2015	% YoY
Revenue from sale of goods and services	77,265.5	61,291.8	26.1%
Cost of sales and services (net)	(71,852.0)	(57,770.6)	24.4%
Gross profit	5,413.5	3,521.2	53.7%
Selling and administrative expenses (SG&A)	(5,436.0)	(3,713.4)	46.4%
Other income	197.5	186.3	6.0%
Gains on exchange rate	6.4	214.2	-97.0%
Other gains (losses), (net)	(985.1)	1,095.3	-189.9%
Operating profit (loss)	(803.7)	1,303.6	-161.7%
Share of profit from investments in associates and joint ventures	402.8	648.8	-37.9%
EBITDA	794.3	3,007.5	-73.6%
EBIT	(400.9)	1,952.4	-120.5%
Finance costs (net)	(672.0)	(809.1)	-16.9%
Income tax	283.2	(31.5)	-998.7%
Net Profit (loss) for the year	(789.7)	1,111.8	-171.0%
Attributed to owners of the parent	(758.0)	1,118.0	-167.8%
Attributed to non-controlling interests	(31.7)	(6.3)	-405.6%

Revenue

In 2016, our revenue from sale of goods and services was Baht 77,265.5 million, increased by 26.1% YoY. This was mainly driven by 33.4% growth of sale volume as a result of a pickup NR demand from tyre producers, despite being offset by a 4.8% decline in average selling price.

Sale volume

Amid the raw material supply constraints caused by a prolonged leaf shedding period followed by an excessive rainfall in Thailand, our sale volume for the year 2016 hit a record high of 1,494,094 tons or increased by 33.4% from the year 2015 when our strategy of selective selling to sacrifice market share

in order to maintain profitability was implemented. Our sizable scale of business and well-diversified locations of processing facilities together with our strong raw materials procurement network in key strategic areas did not only boost competitiveness in terms of accessibility to the source of raw materials but also allow us to benefit from the continuing resilient NR demand. Thus, our sale volume growth considerably outgrew the global NR consumption growth at 3.0%, enabling us to boost our market share from 9% to 12% of global NR consumption. The substantial increase in total sales volume was attributable to the increase in sales volume in China, Thailand, Singapore, Europe, and India.

Gross profit

Our gross profit in 2016 grew 53.7% YoY to Baht 5,413.5 million thanks to our world's largest position and our fully-integrated business model that enabled us to lead the market and capture the rising demand from better market sentiment. The gross profit margin also improved from 5.7% in 2015 to 7.0% in 2016. However, assuming the reversal of inventory allowance of Baht 453.7 million was not made in 2016 but including realised loss of Baht 273.8 million from our hedging activities, our adjusted gross profit margin in 2016 would have been at 6.0%, decreased from 2015 at 8.1%.

Operating loss

Operating loss for the year 2016 amounted to Baht 803.7 million, down from operating profit of Baht 1,303.6 million in 2015. Despite of an increase in gross profit, the operating loss was due principally to higher selling and administrative expenses (SG&A), other loss from rubber derivative financial instruments due to a rapid transition of NR price during the final quarter of 2016, and lower gains on exchange rate owing to high volatility of US dollar against Thai Baht. The increase of SG&A was as a result of our record high sale volume. The increase of selling expenses was mainly driven by higher cess expenses, freight, transportation expenses, and commission. Meanwhile, the increase of administrative expenses was primarily due to non-recurring items.

Net loss

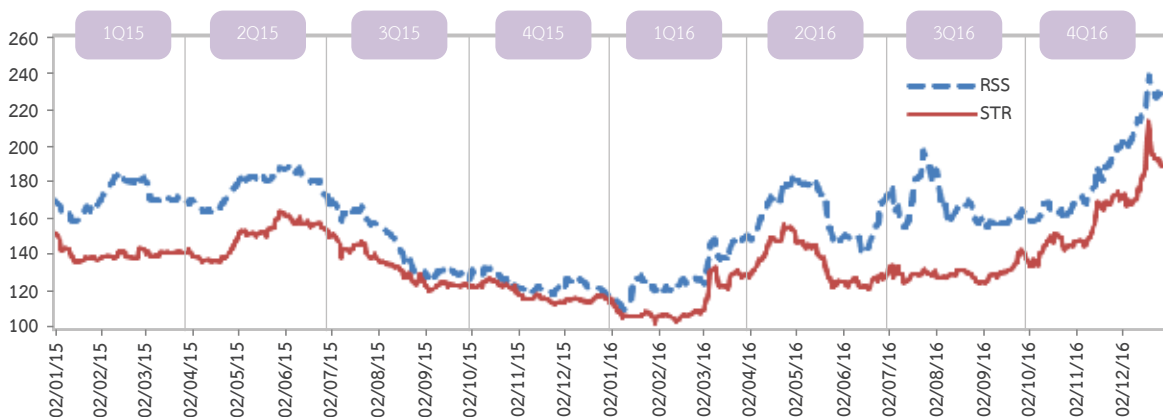
Net loss of Baht 758.0 million was recorded in 2016 compared with net profit of Baht 1,118.0 million in 2015. The decline in net profit margin was primarily as a result of the operating loss and lower share of profit from our glove business caused by the intense competition in the industry, despite being offset by lower income tax and lower finance costs thanks to more favourable movement of IDR against USD.

As of 31 December 2016, the Company had Baht 2,909.7 million unrecognised/unrealised surplus from inventory revaluation which was the difference in inventory value between the net realisable value and lower of cost or net realisable value.

Key Factors Affecting the Company's Operations

1. Volatility of Natural Rubber Price

US Cent : Kilogram



Daily Price Movement of TSR20 and RSS3 at SICOM

Price and volatility of natural rubber directly affect our revenues and profitability. After the Natural Rubber (NR) price bottomed out in Q1 2016, positive market momentum bolstered by the suppressed NR supply from an unusual drought and a prolonged winter followed by continuous rainfall coupled with the imposition of an export quota by Thailand, Malaysia and Indonesia during March to August 2016 triggered an accelerating growth in NR demand and positive price adjustment. As a result of this, we recognised a reversal of inventory allowance amounted Baht 453.7 million. However, NR price shoot up during the final quarter of 2016 (approximately 60% increase from the beginning of the final quarter to the peak in mid-December 2016) boosted by the policy of the President Donald Trump to stimulate the US economy brought about the loss from rubber derivative financial instruments.

The NR price are affected by a number of factors including 1) world economic conditions which directly affected automobile and tire industry, 2) the magnitude of demand & supply of NR, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies such as Thai Baht, Indonesian Rupiah, and Malaysia Ringgit as natural rubber is mainly traded in US Dollars, 4) oil price since natural rubber and synthetic rubber, which is derivatives of crude oil, are substitute products and 5) government policy of major NR exporting countries.

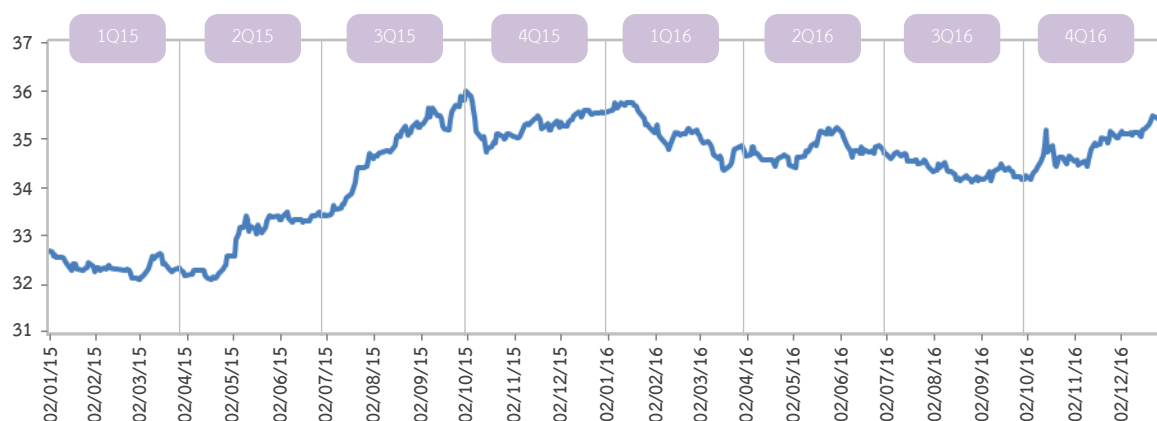
Price Movement of TSR20 and RSS3 at Singapore Commodity Exchange Limited (SICOM) during 2015-2016

(Unit : USD per ton)

	RSS3			TSR20		
	2016	2015	%Change	2016	2015	%Change
Q1 Average	1,314	1,729	-24.0%	1,156	1,422	-18.7%
Q2 Average	1,657	1,790	-7.4%	1,375	1,516	-9.3%
Q3 Average	1,676	1,464	14.5%	1,319	1,344	-1.9%
Q4 Average	1,929	1,258	53.3%	1,670	1,200	39.2%
Year Average	1,649	1,559	5.8%	1,384	1,370	1.0%
Closing price as at 31 December	2,245	1,175	91.1%	1,935	1,178	64.3%

2. Foreign exchange rate

Thai Baht : USD



Historical Exchange Rate of Thai Baht against US dollar

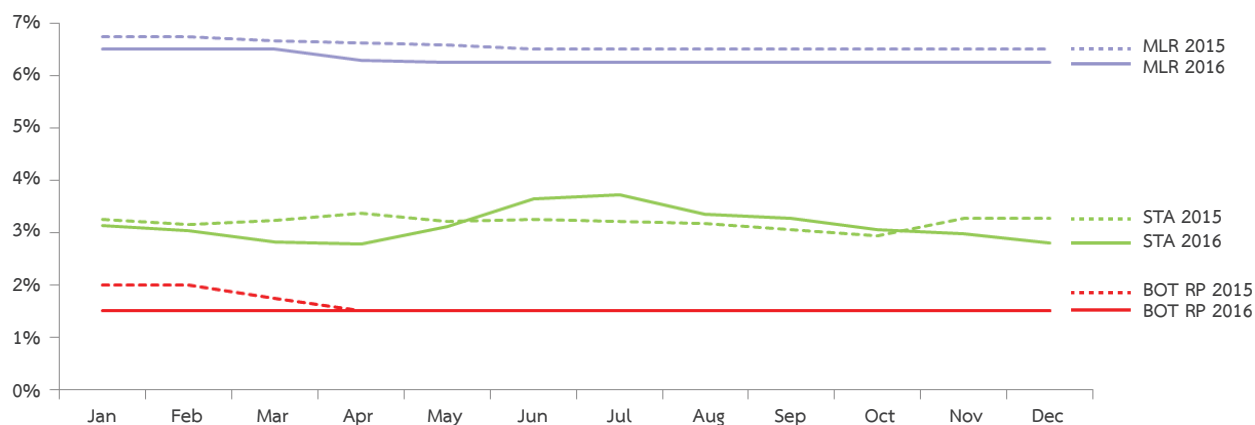
The fluctuations between Thai baht and US Dollars could directly affect our revenues since approximately 75% of our total revenues are denominated in US Dollars while our financial reporting currency is in Thai Baht. In order to mitigate this risk, the Group, therefore, uses financial derivatives to hedge our foreign exchange exposures. The mark-to-market of financial derivatives will be recognised as unrealised gain/loss on foreign exchanges.

In 2016, Thai Baht has weakened against US dollar from an average of 34.09 Baht/US dollar for the year 2015 to 35.12 Baht/US dollar for the year 2016, representing a depreciation of 3.0%. The looming policy interest rate increase of the US Federal Reserve led to capital flow and high volatility in foreign exchange market. Consequently, our gains on exchange rate for the year 2016 shrank from Baht 214.2 million in 2015 to Baht 6.4 million.

3. Finance costs

The key factors that affect our finance costs are interest rate, NR price, sale volume, business expansion plan, and the movement of currency exchange. Interest expenses for the year 2016 increased from the previous year on account of the rising short-term and long-term borrowings from financial institutions to support higher NR prices, a record sale volume, and business expansion. Nonetheless, overall finance cost decreased from Baht 857.3 million in 2015 to Baht 707.3 million in 2016, down 17.5% YoY as a result of more favourable movement of IDR against USD compared with the year 2015 when we had unrealised loss on exchange rate of USD denominated loans owing to a depreciation of IDR against USD.

Graph below exhibited our average interest rates during 2015-2016, which were lower than the average Minimum Loan Rate (MLR) of three large commercial banks; Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank and closed to Bank of Thailand's policy rate.



STA Effective Interest Rate Vs. Average MLR Rate

4. Share of Profits from Investment in Affiliates

In 2016, the Group received share of profit from investments in affiliates and joint venture companies in total of Baht 402.8 million of which 67.2% contributed by gloves business and 45.6% by high pressure hydraulic hoses business, offsetting with the share of loss of other business. The decrease by 37.9% YoY of share of profit from investment in affiliates and joint ventures was driven primarily by lower net profit of our glove business caused by the intense competition in the industry, despite being offset partially by higher net profit of high pressure hydraulic hoses business.

5. Government Policy

The policy of the Thai Government may benefit or have an adverse impact to the Group's operation. For example, the Thai government's rubber buffer fund scheme implemented during peak season in Q1 2015 to buy ribbed smoked sheet rubbers (RSS) at higher-than-market price has disrupted our raw materials stock up activity and affected our sale performance since the global market price of RSS did not pick up in the same magnitude of local price. Recently, the cooperative agreement among Thailand, Indonesia, and Malaysia (International Tripartite Rubber Council : ITRC) to withdraw Natural Rubber exports of 615,000 tons during March – August 2016 has limited our export volume to some certain extent.

6. Tax Policy of the Countries in our areas of operation

The reinstatement of US tariff for Chinese tires in January 2015 had adversely impacted the Chinese tire manufacturers. This, in return, has changed the geographical sales of the NR producers whereas the total global demand would be unaffected. Meanwhile, China purchase tax reduction of small car took effect on October 2015 through the end of 2016 and the regulations on the truck's weight limit took effect on September 2016 could stimulate local demand and bolster automobile and tire industry.

Business Segmentation Analysis

Revenue breakdown by product segment

(Baht million)

	FY 2016	FY 2015	% YoY
TSR	56,133.4	44,482.7	26.2%
%	72.6%	72.6%	
RSS	7,305.3	5,462.4	33.7%
%	9.5%	8.9%	
LTX	6,088.0	4,774.2	27.5%
%	7.9%	7.8%	
Other*	7,738.8	6,572.5	17.7%
%	10.0%	10.7%	
Total	77,265.5	61,291.8	26.1%

Note : * Comprises revenue from (i) the sale of rubber wood and wood packing product (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties and (iii) the sale of gloves

Technically Specified Rubber (TSR)

Revenue from the sale of TSR, our core product, grew 26.2% YoY due to an increase in sale volume of 33.7% despite partly offset by a decrease in average selling price of 5.6%. Our well-diversified locations of processing facilities and our strong raw materials procurement network enabled us to capture a pick-up in NR demand amid raw material supply constraints. As a result of this, our sale volume in 2016 significantly expanded in comparison with the year 2015 when our strategy of selective selling was implemented. Gross profit for TSR also increased 83.1% YoY led to an increase in gross profit margin.

Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS expanded by 33.7% YoY, which was mainly contributed by a 37.5% increase in sales volume owing to more favorable market sentiment despite being offset by a decrease in average selling price of 2.7%. Prolonged wintering period from unusual drought discouraged rubber farmers to produce unsmoked sheet (raw material of RSS) since it requires more procedures, more workers, and longer production period compared to field latex (raw material of LTX). Moreover, the increase in both demand and prices of LTX exacerbated a shortage of unsmoked sheet as rubber farmers tend to produce field latex rather than unsmoked sheets when the price gap becomes closer. As a result of this, our gross profit from the sale of RSS contracted 18.2% YoY and gross profit margin was also tapered.

Concentrated Latex (LTX)

Revenue from the sale of LTX rose 27.5% YoY. The expansion in revenue was primarily driven by a 28.0% increase in sales volume as a result of continuing robust demand while the average selling price marginally declined by 0.4%. Gross profit for LTX grew 3.2% YoY; nonetheless, gross profit margin was softer since the RM supply constraints have brought up the field latex price.

Consolidated Balance Sheet

Current assets

Current assets increased by Baht 10,281.2 million, or 47.8%, to Baht 31,811.9 million as at 31 December 2016 which was due primarily to an increase in inventories of Baht 6,971.3 million in response to sales expansion as well as NR price improvement and an increase in trade accounts receivable of Baht 4,239.0 million as a result of a record sale volume and higher average selling price of NR products which were partially offset by the reduction in cash and cash equivalents of Baht 522.6 million and a decrease in derivative financial instruments of Baht 171.8 million as a result of volatility in NR prices.

At the end of 2016, 98.4% of our accounts receivable were not yet due or overdue less than 1 month while 0.6% was overdue by more than 1 year. The allowance for doubtful debts was 0.6% of total accounts receivable.

Non-current assets

Non-current assets increased by Baht 1,798.7 million, or 8.0%, to Baht 24,146.7 million as at 31 December 2016 which primarily consists of an increase in property, plants and equipment of Baht 580.0 million (net of depreciation and write-off) for the new construction and the expansion of our TSR & LTX factories, an increase in investment in associates and joint ventures of Baht 452.3 million from an increase in their operating results, an increase in rubber and palm plantations of Baht 352.2 million, an increase in deferred income tax assets of Baht 288.9 million, and an increase in intangible assets of Baht 150.5 million from SAP software and its related direct implementation cost.

Current liabilities

Current liabilities increased by Baht 15,000.5 million, or 84.1%, to Baht 32,836.1 million as at 31 December 2016 which was mainly from an increase in short-term loans of Baht 9,987.6 million to support the higher level of inventories and trade accounts receivable, an increase in current portion of long-term borrowings from financial institutions of Baht 4,946.4 million due

mainly to the reclassification of long-term loan to current portion of long-term loan since the company was not in full compliance with the terms of the underlying loan agreement, an increase in trade accounts payable and other payables of Baht 480.4 million due to higher raw material prices for NR products, and an increase in derivative financial instruments of Baht 383.4 million, which were partially offset by a decrease in current portion of debenture of Baht 850.0 million.

Non-current liabilities

Non-current liabilities decreased by Baht 1,498.6 million, or 31.8%, to Baht 3,210.6 million as at 31 December 2016 which was primarily due to a decrease in long-term loans (net of current portion) of Baht 3,741.6 million as a consequence of the abovementioned reclassification offsetting with an increase in debenture of Baht 2,265.0 million to support working capital for our business operation.

Shareholders' equity

Equity decreased by Baht 1,422.0 million, or 6.7%, to Baht 19,911.9 million as at 31 December 2016 due mainly to net loss during the year, dividend payments of Baht 512.0 million, and the decrease in asset revaluation surplus (net of accumulated depreciation) of Baht 130.9 million.

Research and development (R&D) expenditure

In 2016, our Group's R&D expenditure to support R&D activities and innovation development was Baht 10.0 million.

Source of Fund

In 2016, our capital expenditure was Baht 2,126.9 million, principally comprised Baht 1,459.8 million for TSR capacity expansion and Baht 466.3 million for the investment in rubber plantation. Our main source of fund consisted of short-term and long-term facilities from financial institutions and debentures.

The ability to service debt and comply with loan covenant

As at 31 December 2016, long-term loan amounted Baht 3,536 million was reclassified to current portion of long-term loan since the company's net long-term debt to EBITDA ratio exceeded the limit specified in loan covenant of one financial institution at 4.5 times. However, this was a temporary effects of net loss mainly due to rubber hedging caused by a high volatility of NR price during Q4 2016 and non-recurring expenses. The rest debt covenants was fully complied by our Group.

Our net debt to equity ratio was at 1.73 times as of 31 December 2016, higher than the year ended 2015 as a result of higher sale volume and NR prices but considered conservative compared with our competitors in the industry.

The demerger with Semperit

On 15 March 2017 (the date after the reporting period), the company entered into the demerger with Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit"), that will result in the Company becoming 90.2% ownership (increasing from 40.2% to 90.2%) of Siam Sempermed Corp., Ltd. ("SSC") (which was subsequently renamed to Sri Trang Gloves (Thailand) Co., Ltd. : "STGT" on 16 March 2017) and Semperit becoming 100.0% ownership over the other associate companies, which include Sempermed USA, Inc., Sempermed Singapore Pte Ltd. ("SESI") (including SESI's stake in Formtech Engineering (M) SDN BHD and Sempermed Brasil Comercio Exterior Ltd.), Semperflex Shanghai Ltd., Shanghai Sempermed Glove Sales Co., Ltd. and Shanghai Semperit Rubber & Plastics Products Co., Ltd. Semperflex Asia Corporation Ltd. ("SAC") will continue to operate as a joint venture entity, with Semperit being granted the right to acquire the Company's 42.5% stake (together with the remaining shares held by other shareholders of SAC) in SAC between 2019 and 2021 at an exercise price of US\$60.0 million for the 50.0% stakes that are owned by the Company and other shareholders of SAC. The Company and Semperit have both agreed

to withdraw all ongoing claims, lawsuits, arbitrations at any respective courts and tribunals at completion. The joint venture agreements and any surviving obligations were also terminated with effect from closing.

As a source of fund for the acquisition of SSC shares, the Company has secured a loan facility of Baht 4,500 million from a financial institution. The Company will afterward execute a Debt Push-Down to STGT with the repayment as long-term loan.

Being a major shareholder in STGT, one of the top five largest manufacturers of examination rubber gloves in the world, will strengthen the overall business operation of the Group as a fully-integrated natural rubber company and emphasize the Company's position as the world leader in natural rubber industry. Moreover, this will result in the change of the Company's accounting recognition from profit sharing under the equity method to the consolidation of STGT which will not only decrease the overall fluctuations in the operating results of the Group from the midstream natural rubber processing but also increase overall assets, liabilities, revenues and profits. Conversely, the disposals of ordinary shares of or investments in associates will lower share of profit from associates and joint ventures in consolidated financial.

Financial Ratios

Current ratios

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as at 31 December 2015 and 31 December 2016 were 1.21 times and 0.97 times, respectively. The decrease in our current ratio was due primarily to the aforementioned temporary reclassification of long-term loan amounted Baht 3,536 million to current portion of long-term loan.

Fixed asset turnover ratio

Fixed asset turnover ratio is calculated by dividing sales of goods and services by average property, plant and equipment (net) and rubber and palm plantations (net). As at 31 December 2015 and 31 December 2016, our fixed asset turnovers were 3.87 and 4.58 times, respectively. An increase in our revenues from higher sale volume at a faster rate than an increase in average



property, plant and equipment as well as rubber and palm plantations.

Return on assets ("ROA")

ROA is calculated by dividing net profit (parent company) for the year by average total assets. As at 31 December 2015 and 31 December 2016, our ROA were 2.74% and -1.52%, respectively. The decrease in ROE was due mainly to a net loss in 2016.

Return on equity ("ROE")

ROE is calculated by dividing net profit (parent company) for the year by average total equity. As at 31 December 2015 and 31 December 2016, our ROE were 5.33% and -3.68%, respectively. Similar to ROA, the decrease in ROE was due mainly to a net loss in 2016.

Debt to equity ratio ("D/E")

D/E is calculated by dividing total debt by total equity. As at 31 December 2015 and 31 December 2016, our D/E were 1.06 and 1.81 times, respectively. The increase in D/E was as a result of higher short-term and long-term borrowings from financial institutions to support business expansion, sale volume growth, and higher NR price.

Business Outlook

Rubber Industry

	2015	2016F	2017F
%Global Growth (GDP)	3.2%	3.1%	3.4%
Advance economies	2.1%	1.6%	1.9%
Emerging market and developing economies	4.1%	4.1%	4.5%
China (world's largest NR consumer)	6.9%	6.7%	6.5%
Vehicle production (mil. Unit)	91	95	96
% change	1.3%	3.6%	1.3%
Tire production (mil. Unit)	1,762	1,815	1,885
% change	1.4%	3.0%	3.8%
NR consumption ('000 tons)	12,146	12,505	12,872
% change	-0.3%	3.0%	2.9%

Source : IMF WEO Update, January 2017 and The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2016

After the end of 5-year bearish market sentiment at the beginning of 2016, NR market upheld by stronger fundamental demand & supply and macroeconomic outlook have entered the transition period. Steady global economic activity, stimulus package of the US, and the new China's truck weight limit regulations brighten NR demand prospect whilst NR supply continues to be curtailed by a scarcity of skilled tapper as a consequence of prolonged period of low NR prices and by abnormal weather conditions.

An excessive rainfall and flooding in southern Thailand in January 2017 have curbed global NR production to a certain level since more than 70% of output is represented by southern Thailand and January is usually the peak NR output. This limited supply impact is also evidenced by the successful release a significant amount of the Thai Government's NR stock with an average age of 3 years to a number of NR producers

at the price that closed to market price. Moreover, the reprocessing of such released old NR stock also requires additional fresh NR raw materials in order to maintain a quality NR products. This can imply that new NR supply could be potentially insufficient to meet the NR demand during the upcoming leaf-shedding season.

Notwithstanding almost a year of recovery, NR price remains at low level comparing with the past decade price movement. Meanwhile, current level of oil price, synthetic rubber price, and NR stock at Qingdao in China indicates a limited downside risk for NR prices. However, more vigorous growth of real demand is still requisite to sustainable price improvement.

Above all, uncertainties of major countries' policy as well as volatilities in global commodity, foreign exchange, and stock markets will remain the main factors to weigh on sentiment in the NR market.

Demand & Supply Balance

World Natural Rubber production and consumption during 2015 - 2017

Unit : 000'tons	2015	2016F	2017F
NR production	12,275	12,449	12,917
% change	1.2%	1.4%	3.8%
NR consumption	12,146	12,505	12,872
% change	-0.3%	3.0%	2.9%
NR Balance	129	(56)	45

Source: The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2016

According to the World Rubber Industry Outlook, Review and Prospects to 2025, published by the International Rubber Study Group (IRSG) in December 2016, the global demand for natural rubber (NR) in 2016 was at 12,505,000 tons, up 3.0% YoY, in line with the growth of the tire industry, which accounts for approximately 70% of total NR demand. Meanwhile, the global NR supply increased by 1.4% to 12,449,000 tons in 2016. This sluggish supply growth was the result of unfavorable weather conditions and a prolonged period of low NR prices. The supply growth was mainly contributed by CAMAL* countries, Thailand and Vietnam.

IRSG projected global NR demand in 2017 to be 12,872,000 tons, increasing 2.9% YoY. The growth is mainly driven by China, the world's largest consumer of natural rubber. As for NR supply, IRSG forecasted that NR production will grow at 3.8%, reaching 12,917,000 tons in 2017. The largest sources of additional supply volumes are China, Indonesia, and CAMAL* countries, while supply from Thailand, the world's largest NR producing country, will be curtailed by unfavorable weather conditions.

From 2017 onwards, NR supply from new plantations is expected to grow at a slower rate since there have been much fewer new planting activities since 2011, when prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has induced rubber farmers to switch to other more profitable crops, postpone new planting/re-planting schedule and reduce tapping activities. Meanwhile, NR demand continues to be healthy, supported by the solid growth of the tire industry, which represents approximately 70% of NR consumption. The IRSG therefore anticipated that NR supply surplus in 2017 will hover around 45,000 tons, which is close to the equilibrium point.

Note*: CAMAL countries include Cambodia, Myanmar and Lao PDR.





Our business strategy and progress of expansion plan

Upstream Business – continue to bring synergy to our Group’s business operation

To reinforce our position as a fully integrated natural rubber company, we will continue with the efficient management of our rubber plantations, which provides us with valuable insights regarding natural rubber supply that we can utilize to our advantage in the management of our midstream and downstream operations. Having our own plantations also helps us identify areas where we can potentially set up a new production facility. In the past we decided to set up new processing facilities in 4 provinces, namely Phitsanulok, Kalasin, Sakaeo, and Sakon Nakhorn following the development of our own rubber plantations in those areas.

The Company has achieved target in securing land of approximately 50,000 rai (8,000 hectares) for rubber plantations, the majority of which are located in the north of Thailand, an area to which we can potentially expand our production base. More than half of rubber trees of our plantations will be ready for tapping within a few years.

Midstream Business – Continuous capacity expansion to capture a market share of 20% of global NR consumption

We will continue with the yearly expansion of our production capacity by setting up new production facilities with cutting-edge technology in new strategic locations, for example, in the north of Thailand. With strong sales, R&D, quality control and CSR teams who are committed to working collaboratively to ensure customers’ satisfaction, we are confident that we will be able to set a new record in sales volume every year from now on, which will enable us to ultimately attain “STA 20,” that is, to capture a market share of 20% of global NR consumption.

As at 31 December 2016, our engineering annual capacity was registered at industry record at 2.4* million tons per annum. The additional capacity of 61,000 tons from year ended 2015 came from our new TSR plants in Loei (Thailand).

Note*: The engineering capacity is derived from the specifications certified by the supplier of the processing machinery. Our engineering capacity includes the engineering capacity of Thaitech Rubber Corporation Limited after the additional share acquisition in this company in April 2016.

Downstream Business – to strengthen our operation and further expand production capacity

After the demerger with Semperit, the Company becomes the major shareholder of STGT, the world’s top five manufacture of examination gloves, and have sole discretion and flexibility over all aspects of the operations of STGT. Therefore, we will seek to strengthen our operations of STGT in terms of sourcing of raw materials, production, marketing, and product distribution as well as the enhancement of production efficiency. The competitive advantage of our Group in producing our own concentrated latex, which is the main raw material of natural rubber gloves, is that we can ensure the sufficiency of raw material with an unparalleled quality. Together with our own in-house R&D, technology, and engineering supports, we strongly believe that we can successfully expand production capacity, product variety, and market coverage in the near future. All this will help to reinforce our position as the world’s largest fully integrated natural rubber company.

As at 31 December 2016, we had 4 processing plants in Thailand with a total production capacity of approximately 14 billion glove pieces annually.

THE AUDIT COMMITTEE REPORT

The Audit Committee, appointed by the Board of Directors of Sri Trang Agro-Industry Public Company Limited (the “**Company**”), consists of 3 independent directors, two-thirds of whom have financial and accounting knowledge, as follows:

1. Mr. Prakob Visitkitjakarn
Chairman of the Audit Committee
2. Mr. Kriang Yanyongdilok
Audit Committee member
3. Mr. Samacha Potavorn
Audit Committee member

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In the year 2016, the Audit Committee convened a total of 8 meetings. Mr. Prakob Visitkitjakarn and Mr. Samacha Potavorn attended all the meetings while Mr. Kriang Yanyongdilok attended 7 meetings, and, where the agendas were relevant, meetings were also attended by the senior management, the manager of the internal audit department and the auditors. The duties and responsibilities performed by the Audit Committee can be summarized as follows:

- Reviewed the quarterly and year-end financial statements for the year 2016 together with the auditor, the Chief Financial Officer (CFO) and the management to ensure that they are accurate and comply with the generally accepted accounting principles. In determining the accuracy of the financial statements, there were discussions and exchanges of opinion throughout the meetings prior to submitting the financial statements to the executive directors of the Company for approval.
- Considered the internal audit plan and reviewed the results of internal audit conducted by the internal audit department as well as the sufficiency, appropriateness and effectiveness of the internal control system and risk management system.

- Ensured that the Company complied with the relevant laws and regulations and the principles of good corporate governance as well as its Articles of Association and the regulations of the SEC and the SET and that the Company adequately disclosed information.
- Reviewed the entering into and disclosure of related party transactions that may lead to conflicts of interest between the interested parties and the Company and its subsidiaries. The review concluded that the Company complied with all the laws and regulations of the SET regarding related party transactions.
- Submitted the names of the persons to be appointed the Company’s auditors and the proposed auditing fees for the year 2017 to the Board of Directors in order to obtain approval from the Company’s shareholders during the 2017 Annual General Meeting of Shareholders. In performing this duty, the Audit Committee considered the track record and the independence of the auditors and the appropriateness of the remuneration.

In conclusion, it is the opinion of the Audit Committee that the Company’s operations in the past year have sufficient and appropriate internal control system and risk management system, that the financial statements were prepared in accordance with the generally accepted accounting principles and that the Company has complied with all the laws and the regulations of the SEC and the SET relating to its business operations. In the performance of its duties the Audit Committee were accorded full independence and discretion and there were no limitations on its access to information.

Yours sincerely,

Mr. Prakob Visitkitjakarn
Chairman of the Audit Committee
February 2017

REPORT ON THE BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL REPORTS

The Board of Directors is responsible for the stand-alone financial statements of Sri Trang Agro-Industry Public Company Limited and the consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as well as the financial information stated in the Company's 2016 Annual Report. The financial statement ended on December 31, 2016 was prepared in accordance with the generally accepted accounting standards by using appropriate and consistent accounting policy including careful consideration and reasonableness. The important information was adequately disclosed in the notes to the financial statements to transparently reflect the actual financial position, operating results and cash flow for the understanding of shareholders and investors. The financial statements have been audited by PricewaterhouseCoopers ABAS Ltd. and all the related information was provided to the auditors for supporting their opinion in accordance with the auditing standards.

The Board of Directors recognized their duties and responsibilities for supervising the efficient preparation of financial report and have instituted risk management system and appropriate internal control system for both operation and related information systems to ensure the accuracy and completeness of the financial information

and to prevent fraud or mismanagement and to protect the Company's assets.

In this regard, the Board also appointed an Audit Committee to review the accuracy and reliability of the financial reports, the effectiveness of the internal audit and internal control system as well as the risk management system, along with the appropriateness and completeness of information disclosure regarding related party transactions and to state their opinion in the Audit Committee Report in the Annual Report.

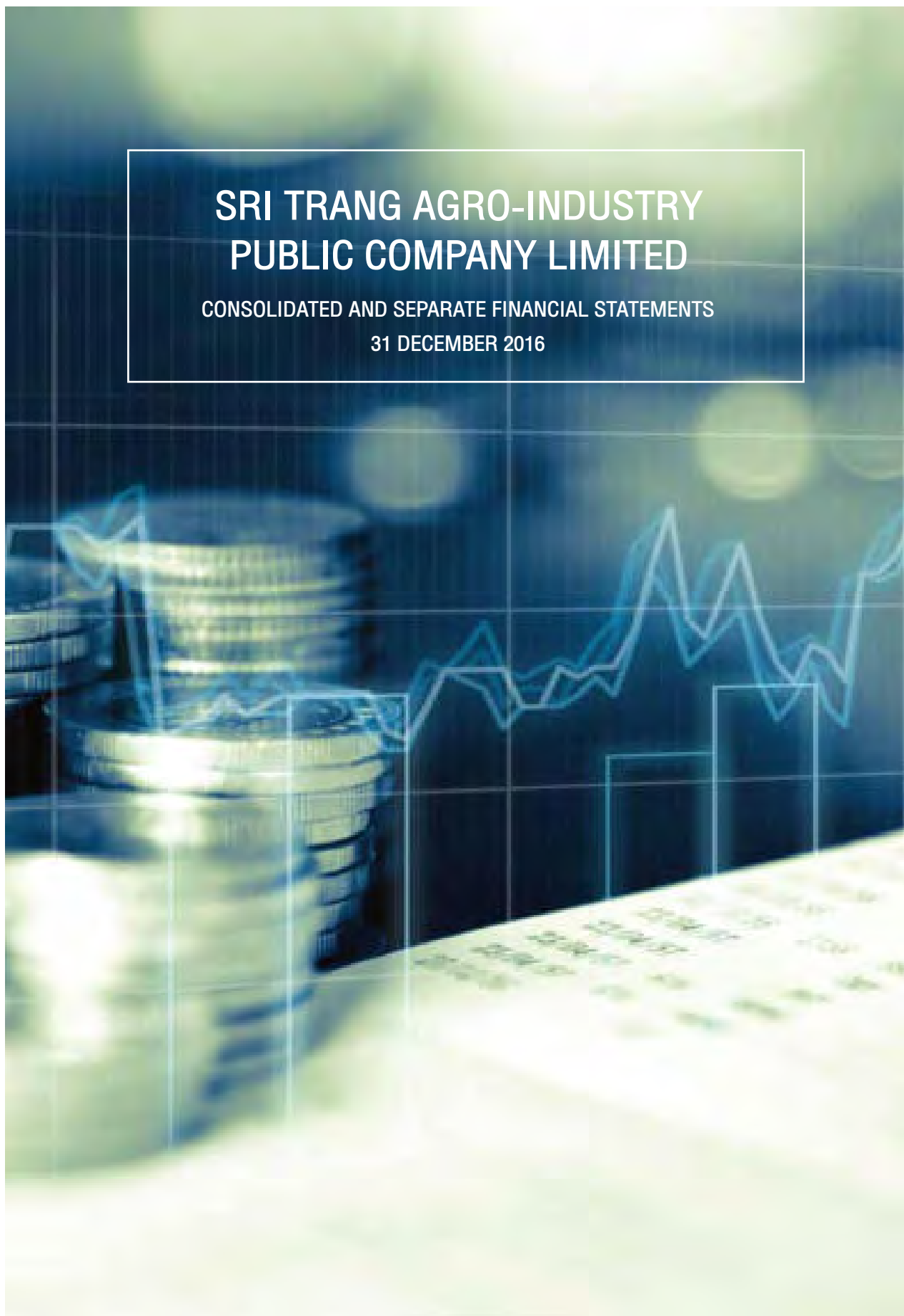
From the corporate governance practices mentioned above, the Board is of the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance that the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 are accurate, reliable and in compliance with generally accepted accounting practices and all the relevant legal guidelines and policies.

Mr. Viyavood Sincharoenkul
Chairman and Managing Director

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.

INDEPENDENT AUDITOR'S REPORT

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>

INDEPENDENT AUDITOR'S REPORT

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>

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

- 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

Statements of Financial Position

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

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	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

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

Statements of Financial Position (Cont'd)

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

Statements of Financial Position (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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)		<u>1,280,000,000</u>	<u>1,280,000,000</u>	<u>1,280,000,000</u>	<u>1,280,000,000</u>
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		<u>9,036,069,449</u>	<u>10,287,731,589</u>	<u>2,563,639,402</u>	<u>3,972,561,056</u>
Equity attributable to owners of the parent		<u>19,847,535,721</u>	<u>21,239,672,488</u>	<u>13,087,690,262</u>	<u>14,592,358,194</u>
Non-controlling interests		<u>64,381,883</u>	<u>94,236,247</u>	<u>-</u>	<u>-</u>
Total equity		<u>19,911,917,604</u>	<u>21,333,908,735</u>	<u>13,087,690,262</u>	<u>14,592,358,194</u>
Total liabilities and equity		<u>55,958,554,668</u>	<u>43,878,627,598</u>	<u>36,886,648,994</u>	<u>29,455,565,034</u>

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

Statements of Comprehensive Income

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

Statements of Comprehensive Income (Cont'd)

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

Statements of Changes in Equity

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

Consolidated financial statements													
Attributable to owners of the parent													
Other components of equity													
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	Total equity	
							Appropriated	Unappropriated				Baht	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		
Less 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)		
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	-	-	-	-	-	-	-	(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.

Statements of Changes in Equity (Cont'd)

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

Consolidated financial statements													
Attributable to owners of the parent													
	Other components of equity												
	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	Total equity	
Appropriated							Unappropriated	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	-	-	-	-	-	-	-	(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.

Statements of Changes in Equity (Cont'd)

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

	Separate financial statements										
	Other components of equity										
	Issued and paid-up share capital	Premium on share capital	Asset		Unrealised gains on available-for-sale investments		Retained earnings		Total equity	Baht	
			revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Appropriated - legal reserve	Unappropriated	Baht	Baht			
Note	Baht	Baht	Baht	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		1,280,000,000	8,550,989,821	552,826,994	12,234,045	128,000,000	2,563,639,402	13,087,690,262			

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

Statements of Changes in Equity (Cont'd)

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

	Separate financial statements									
	Other components of equity									
	Other comprehensive income									
	Note	issued and paid-up share capital	Premium on share capital	revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Retained earnings Appropriated - legal reserve	Unappropriated	Total equity	Asset	
Baht									Baht	Baht
	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			
	-	-	-	-	-	337,746,462	337,746,462			
Opening balance as at 1 January 2015										
	-	-	2,276,957	-	-	-	2,276,957			
Profit for the year			(25,432,582)	-	-	25,432,582	-			
	-	-	(13,759,501)	-	-	13,759,501	-			
Other comprehensive income			-	(11,937,846)	-	-	(11,937,846)			
Asset revaluation surplus, net of tax			-	-	-	-	-			
Disposal of assets, net of tax			-	-	-	-	-			
Depreciation on assets revaluation, net of tax			-	-	-	-	-			
Change in fair value of available-for-sale investments, net of tax			-	-	-	-	-			
Remeasurements of post-employment benefit obligations, net of tax			-	-	-	-	-			
Total other comprehensive income, net of tax			(36,915,126)	(11,937,846)	-	(18,306,794)	(27,967,683)			
Total comprehensive income			-	(36,915,126)	-	20,885,289	309,778,779			
Transactions with equity			-	-	-	-	(512,000,000)			
Dividend payment	35		-	-	-	-	(512,000,000)			
Total transactions with equity			-	-	-	-	(512,000,000)			
Closing balance as at 31 December 2015			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	

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

Statements of Cash Flows

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

Statements of Cash Flows (Cont'd)

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

Notes to the Consolidated and Separate financial statements

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2016*

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.

Notes to the Consolidated and Separate financial statements

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

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

Notes to the Consolidated and Separate financial statements

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

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

Notes to the Consolidated and Separate financial statements

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2016*

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

Notes to the Consolidated and Separate financial statements

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2016*

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-measurement 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.

Notes to the Consolidated and Separate financial statements

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2016*

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 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.

Notes to the Consolidated and Separate financial statements

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

Notes to the Consolidated and Separate financial statements

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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.

Notes to the Consolidated and Separate financial statements

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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.

Notes to the Consolidated and Separate financial statements

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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.

Notes to the Consolidated and Separate financial statements

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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.

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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.

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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.

Notes to the Consolidated and Separate financial statements

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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.

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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.

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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)	-	-

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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.

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group 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				
	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	Total 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)
Debtentures	(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)
Debtentures	(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

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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)
Debtentures	(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)
Debtentures	(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.

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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

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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

Notes to the Consolidated and Separate financial statements

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

Notes to the Consolidated and Separate financial statements

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6 Segment information

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

Notes to the Consolidated and Separate financial statements

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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		
	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	Total 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

Notes to the Consolidated and Separate financial statements

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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)

Notes to the Consolidated and Separate financial statements

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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	8,093,256	3,854,230	3,526,070	2,360,311

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	7,600,847	3,276,453	2,948,951	1,171,686

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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).

Notes to the Consolidated and Separate financial statements

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10 Inventories, net (Cont'd)

	Separate 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	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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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

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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:

	Activities	Countries of incorporation	Consolidated financial statements	
			% 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		<u>545</u>		<u>1,017</u>

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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 Bath 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:

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

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
Joint ventures	223,911	495,813	-	-

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

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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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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>3,205,667</u>	<u>2,962,068</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>(137,121)</u>	<u>(64,298)</u>

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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						
	Consolidated financial statements						
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment and installation	Assets under construction and installation	Total
At 1 January 2015							
Cost	5,703,770	3,422,209	4,867,492	818,019	401,059	1,682,482	16,895,031
Add Surplus on asset revaluation	1,266,222	603,025	-	-	-	-	1,869,247
Less Cumulative losses	(147,386)	(57,382)	-	-	-	-	(204,768)
Less Accumulated depreciation from asset revaluation	(239,949)	(685,798)	(2,517,617)	(510,137)	(243,434)	-	(4,196,935)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482	14,355,034
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	6,847,837	4,034,446	2,651,178	287,565	177,809	1,186,655	15,185,490
At 31 December 2015							
Cost	6,065,495	4,429,354	5,745,883	858,641	476,214	1,186,655	18,762,242
Add Surplus on asset revaluation	1,241,219	603,024	-	-	-	-	1,844,243
Less Cumulative losses	(147,386)	(57,382)	-	-	-	-	(204,768)
Less Accumulated depreciation from asset revaluation	(311,491)	(940,550)	(3,088,481)	(571,076)	(298,405)	-	(5,210,003)
Less Allowance for impairment	-	-	(6,224)	-	-	-	(6,224)
Net book value	6,847,837	4,034,446	2,651,178	287,565	177,809	1,186,655	15,185,490

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

	Baht'000						
	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	Total	
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	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514
At 31 December 2016							
Cost	6,625,543	4,865,854	6,187,249	911,553	589,116	1,206,187	20,385,502
Add Surplus on asset revaluation	1,241,202	602,159	-	-	-	-	1,843,361
Less Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
Less Accumulated depreciation	(494,167)	(1,142,620)	(3,619,235)	(623,189)	(373,313)	-	(6,252,524)
Less Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514

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

	Baht'000					
	Revaluation basis			Separate financial statements		
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation
At 1 January 2015						Total
Cost	1,757,456	1,344,442	2,328,077	208,487	264,223	6,904,774
Add Surplus on asset revaluation	467,509	398,546	-	-	-	866,055
Less Cumulative losses from asset revaluation	(55,142)	(43,999)	-	-	-	(99,141)
Less Accumulated depreciation	(117,926)	(247,007)	(1,159,891)	(144,331)	(149,626)	(1,818,781)
Less Allowance for impairment	-	-	(7,541)	-	-	(7,541)
Net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	5,845,366
For the year ended 31 December 2015						
Opening net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	5,845,366
Additions	23,366	2,865	66,356	9,329	21,334	906,615
Transfers in (out)	225,240	278,993	405,976	20,884	19,507	-
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	2,202,173	1,642,950	1,355,833	71,693	117,294	6,224,797
At 31 December 2015						
Cost	1,975,750	1,609,983	2,795,365	237,373	304,877	7,758,202
Add Surplus on asset revaluation	442,506	398,545	-	-	-	841,051
Less Cumulative losses from asset revaluation	(55,142)	(43,998)	-	-	-	(99,140)
Less Accumulated depreciation	(160,941)	(321,580)	(1,433,308)	(165,680)	(187,583)	(2,269,092)
Less Allowance for impairment	-	-	(6,224)	-	-	(6,224)
Net book value	2,202,173	1,642,950	1,355,833	71,693	117,294	6,224,797

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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.

Notes to the Consolidated and Separate financial statements

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16 Rubber and palm plantations, net

	Baht'000					
	Consolidated financial statements					
	Rubber		Palm		Total	
Mature	Immature	Mature	Immature	Immature	Total	
At 1 January 2015						
Cost	8,451	890,975	11,242	-	-	910,668
Less: Accumulated amortisation	(3,890)	-	(5,531)	-	-	(9,421)
Net book value	4,561	890,975	5,711	-	-	901,247
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	6,615	1,209,426	4,280	919	-	1,221,240
At 31 December 2015						
Cost	11,888	1,209,426	8,721	948	-	1,230,983
Less: Accumulated amortisation	(5,273)	-	(4,441)	(29)	-	(9,743)
Net book value	6,615	1,209,426	4,280	919	-	1,221,240
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	9,308	1,559,408	3,812	876	-	1,573,404
At 31 December 2016						
Cost	16,523	1,559,408	8,721	948	-	1,585,600
Less: Accumulated amortisation	(7,215)	-	(4,909)	(72)	-	(12,196)
Net book value	9,308	1,559,408	3,812	876	-	1,573,404

Notes to the Consolidated and Separate financial statements

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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>

Notes to the Consolidated and Separate financial statements

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

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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	151,932	154,511	27,770	27,770

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
	717,262	308,477	287,796	40,243
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
	344,259	256,857	148,296	73,424
Deferred income tax - net	373,003	51,620	139,500	(33,181)

Notes to the Consolidated and Separate financial statements

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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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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	373,003	51,620	139,500	(33,181)

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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
	229,283	72,226	3,532	3,436	308,477	403,875	2,075	2,835	717,262
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
	255,238	2,604	(774)	(211)	256,857	(28,712)	115,897	217	344,259
Deferred income tax assets (liabilities), net	(25,955)	69,622	4,306	3,647	51,620	432,587	(113,822)	2,618	373,003

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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 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
	23,579	15,203	1,461	40,243	245,096	1,857	287,796
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
	60,229	13,966	(771)	73,424	(16,764)	91,636	148,296
Deferred income tax assets (liabilities), net	(36,650)	1,237	2,232	(33,181)	262,460	(89,779)	139,500

Notes to the Consolidated and Separate financial statements

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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

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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.

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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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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>

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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

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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 Baht'000	2015 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	2,865,000	1,450,000

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
			1,450,000	1,415,000	2,865,000		

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

	Consolidated and separate financial statements			
	Carrying amounts		Fair values	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Debentures	2,865,000	1,450,000	2,868,420	1,471,178

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.

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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	2,865,000	1,450,000	2,865,000	1,450,000
Total borrowings				
- at fixed rates	3,945,038	1,993,807	3,945,038	1,993,807
- at floating rates	27,752,223	17,096,042	17,534,580	11,130,121
	<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>

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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	<u>31,697,261</u>	<u>19,089,849</u>	<u>21,479,618</u>	<u>13,123,928</u>

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	<u>(654)</u>	<u>(1,563)</u>	<u>(546)</u>	<u>(608)</u>
Present values of finance lease liabilities	<u>13,461</u>	<u>35,949</u>	<u>6,891</u>	<u>8,147</u>
Finance lease liabilities				
- Current	8,334	25,045	2,466	3,866
- Non-current	5,127	10,904	4,425	4,281
	<u>13,461</u>	<u>35,949</u>	<u>6,891</u>	<u>8,147</u>

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
	<u>13,461</u>	<u>35,949</u>	<u>6,891</u>	<u>8,147</u>

Notes to the Consolidated and Separate financial statements

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

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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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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)

Notes to the Consolidated and Separate financial statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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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

Notes to the Consolidated and Separate financial statements

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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

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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.

Notes to the Consolidated and Separate financial statements

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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.

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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	2,395,124	1,923,935	918,079	748,663

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	197,508	186,321	463,116	462,237

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	(985,147)	1,095,298	(734,519)	821,751

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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)

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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.

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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.

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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

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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>

Notes to the Consolidated and Separate financial statements

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

Relationship	Separate financial statements				
	Principle		Interest rates %	Borrowings periods	
	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

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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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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

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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

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37 Financial instruments by category (Cont'd)

	Consolidated financial statements			Total Baht'000
	2015			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale 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	6,303,546	336,737	50,626	6,690,909

	Consolidated financial statements			Total Baht'000
	2015			
	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000		
Liabilities as per statement of financial position				
Trade accounts payable	-	1,613,875	-	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	271,563	20,739,673	-	21,011,236

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37 Financial instruments by category (Cont'd)

	Separate financial statements			Total Baht'000
	31 December 2016			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale 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			Total Baht'000
	31 December 2016			
	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000		
Liabilities as per statement of financial position				
Trade accounts payable	-	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

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37 Financial instruments by category (Cont'd)

	Separate financial statements			Total Baht'000
	31 December 2015			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale 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			Total Baht'000
	31 December 2015			
		Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities Baht'000	
Liabilities as per statement of financial position				
Trade accounts payable	-	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

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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 Baht'000	2015 Baht'000	2016 Baht'000	2015 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>

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
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>

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
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>

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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	<u>12,320</u>	<u>33,464</u>	<u>-</u>	<u>13,824</u>

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	<u>4,561,692</u>	<u>13,514,061</u>	<u>18,075,753</u>	<u>3,976,167</u>	<u>10,230,657</u>	<u>14,206,824</u>
Total	<u>29,663,324</u>	<u>62,313,976</u>	<u>91,977,300</u>	<u>21,027,967</u>	<u>54,039,221</u>	<u>75,067,188</u>
Intersegmental balances			<u>(14,711,780)</u>			<u>(13,775,406)</u>
Total			<u>77,265,520</u>			<u>61,291,782</u>

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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.

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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.

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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.

Notes to the Consolidated and Separate financial statements

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2016*

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.

Notes to the Consolidated and Separate financial statements

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

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.

AUDITOR'S REMUNERATION



Audit Fee

The audit fee for the year 2016 of STA and its subsidiaries amounted to Baht 8,519,000, which consisted of the fee for the audit of stand-alone financial statements in the amount of Baht 6,501,000 and the fee for the audit of STA's subsidiaries in the amount of Baht 2,018,000.

Non-Audit Fee

The non-audit fee for the year 2016 of STA and its subsidiaries was for the BOI and tax consultancy services in the amount of Baht 5,272,224, of which Baht 3,942,603 has already been paid and the remaining Baht 1,329,621 will be paid upon completion of the service which was agreed upon in the past financial year.

REFERENCES

Share Registrar

Thailand Securities Depository Co., Ltd.

Address: 93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand

Telephone: 66-2009-9000

Fax: 66-2009-9991

TSD Call Center: 66-2009-9999

Singapore Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.

Address: 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623

Telephone: 65-6536 5355

Fax: 65-6536 1360

Auditor

Mr. Paiboon Tunkoon, Certified Public Accountant (Thailand) No. 4298; or Miss Sakuna Yamsakul, Certified Public Accountant (Thailand) No. 4906; or Mr. Pisit Thangtanagul, Certified Public Accountant (Thailand) No. 4095

PricewaterhouseCoopers ABAS Limited

Address: 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok, 10120 Thailand

Telephone: 66-2344-1000, 66-2286-9999

Fax: 66-2286-5050

Debenture Registrar for STA No. 1/2554, STA No. 1/2556, and STA No. 1/2559

Siam Commercial Public Company Limited

Address: 9 Ratchadapisek Road, Chatuchak, Bangkok, 10900 Thailand

Telephone: 66-2256-2323

Fax: 66-2256-2414

Debenture Holder's Representative for STA No. 1/2554

Kasikornbank Public Company Limited

Address: 1 Soi Ratburana 27/1, Ratburana Road, Ratburana, Bangkok, 10140 Thailand

Telephone: 66-2222-0000

Fax: 66-2470-1144-5

Legal Advisor

Weerawong, Chinnavat & Peangpanor LTD.

Address: 540 Mercury Tower, 22nd floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok, 10330, Thailand

Telephone: 66-2264-8000

Fax: 66-2657-2222

GENERAL INFORMATION



Information of the Company

Name of the Company (Thai)	: บริษัท ศรีตรังแอกโรอินดัสทรี จำกัด (มหาชน)
Name of the Company (English)	: Sri Trang Agro-Industry Public Company Limited
Head Office	: 10 Soi 10, Phetkasem Road, Hatyai, Songkhla, 90110 Thailand
Telephone	: 66-7434-4663 (Automatic 14 Lines)
Fax	: 66-7434-4677, 66-7423-7423, 0-7423-7832
Type of Business	: Production and export of RSS, TSR and Concentrated Latex
Registration No.	: 0107536001656
Website	: http://www.sritranggroup.com
Type of Shares	: Ordinary shares
Registered Capital	: Baht 1,280,000,000
Paid-up Capital	: Baht 1,280,000,000
Issued Shares	: Baht 1,280,000,000 with a par value of Baht 1 each

Information of juristic persons in which the Company holds more than 10% of the issued shares of such juristic persons as of 31 December 2016

Company / Tel. & Fax	Address	Type of Business	Type of Shares	Shares held by STA
<p>Nam Hua Rubber</p> <p>Telephone : 66-7437-9984-6, Fax : 66-7437-9987</p>	<p>Head office: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand</p> <p>Branch Office: 1) 99 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand 2) 41 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand</p>	Production and export of RSS, TSR and Concentrated Latex	Ordinary shares	4,999,994 shares or 99.99%
<p>Anvar Parawood</p> <p>Telephone : 66-7437-9978-9 Fax : 66-7437-9976</p>	<p>Head office: 101 Moo 3, Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand</p> <p>Branch Office: 1) 369 Moo 7, Huay Nang Subdistrict, Huay Yod District, Trang Province, 92130 Thailand 2) 395 Moo 2, Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand 3) 28 Moo 11, Nongpra Subdistrict, Wangthong District, Phitsanulok Province, 65130 Thailand</p>	Lumber production and manufacture of wooden furniture	Ordinary shares	9,994 shares or 99.94%
<p>Premier System Engineering</p> <p>Telephone : 66-7447-1480-3, 66-7447-1368 Fax : 66-7447-1290, 66-7447-1430, 66-7447-1506</p>	<p>Head office: 123 Moo 8, Kanjanavanit Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand</p> <p>Branch Office: 133 Rak Phu Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand</p>	Engineering services, design, installation and maintenance machinery	Ordinary shares	409,996 shares or 81.99%

Company / Tel. & Fax	Address	Type of Business	Type of Shares	Shares held by STA
<p>Rubberland Products</p> <p>Telephone : 66-7429-1223-4, 66-7429-1755, 66-7429-1476 Fax : 66-7429-1477</p>	<p>Head office: 109 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand</p> <p>Branch Office:</p> <p>1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand</p> <p>2) 17th Floor, Park Venture Ecoplex Unit 1701, 1707- 1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand</p> <p>3) 338 Moo 2, Nonsomboon Subdistrict, Mueang Bungkan District, Bungkan Province, 38000 Thailand</p> <p>4) 338 Moo 1, Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand</p> <p>5) 188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand</p>	<p>Production of Concentrated Latex/ Block rubber</p>	<p>Ordinary shares</p>	<p>15,999,994 shares or 99.99%</p>
<p>SSC</p> <p>Telephone : 66-7447-1471, 66-7429-1648-9, 66-7429-1471-5 Fax : 66-7429-1650</p>	<p>Head office: 110 Kanjanavanit Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand</p> <p>Branch Office:</p> <p>1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand</p> <p>2) 17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand</p> <p>3) 109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand</p> <p>4) 352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand</p> <p>5) 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand</p> <p>6) 39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand</p>	<p>Production of examination gloves</p>	<p>Ordinary shares</p>	<p>6,300 shares or 31.50%</p>

Company / Tel. & Fax	Address	Type of Business	Type of Shares	Shares held by STA
Semperflex Asia Telephone : 66-7447-1231-5 Fax : 66-7447-1230	Head office: 110/1 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand Branch Office: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand	Production of high-pressure Hydraulic hoses	Ordinary shares	1,425,000 shares or 37.50%
Sadao P.S. Rubber Telephone : 66-7446-0483-5, 66-86489-5264-5 Fax : 66-7446-0484	Head office: 207/1 Padangbazar Road, Sadao Subdistrict, Sadao District, Songkhla Province, 90120 Thailand	Production of RSS	Ordinary shares	399,994 shares or 99.99%
Starlight Express Transport Telephone : 66-7550-2900-2 Fax : 66-7550-2903	Head office: 13/1 Jingjit Road, Thupthiang Subdistrict, Mueang District, Trang Province, 92000 Thailand	Provision of logistics services	Ordinary shares	114,998 shares or 76.66%
Startex Rubber Telephone : 662-259-2964-71 Fax : 662-259-2958	Head office: 36/82 PS Tower 23Fl. Sukhumvit 21 Road (Asoke), Klong Toe Nua Subdistrict, Watana District, Bangkok, 10110	Ownership and management of rubber and oil palm	Ordinary shares	20,649,998 shares or 99.99%
Thai Tech Rubber Telephone : 66-7423-0768, 66-7423-0406-7, 66-7423-9063-4 Fax : 66-7423-8650	Head office: 2 Judi Utit 3 Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand	Production of TSR	Ordinary shares	255,028 shares or 42.50%
Pattana Agro Futures Telephone : 66-2632-8826 Fax : 66-2632-8825	Head office: Wallstreet Tower, 21 Floor, 33/109 Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand	Brokerage activities	Ordinary shares	1,000,000 shares or 40.00%
Sri Trang Rubber & Plantation Telephone : 66-5310-6198, 66-5310-6199 Fax : 66-5310-6196, 66-5310-6197	Head office: 121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 50000 Thailand	Ownership and management of rubber plantation	Ordinary shares	59,049,993 shares or 99.99%

Company / Tel. & Fax	Address	Type of Business	Type of Shares	Shares held by STA
<p>Sri Trang International</p> <p>Telephone : 65-6532-5210, 65-6532-5321 Fax : 65-6532-7501</p>	<p>Head office: 1 Raffles Place No. 38-02, One Raffles Place, Singapore 048616</p>	Natural rubber wholesaler in Singapore	Ordinary shares	held by Startex Rubber 61,000,000 shares or 100.00%
<p>Sri Trang USA, Inc.</p> <p>Telephone : 1-813-606-4301 Fax : 1-813-606-4314</p>	<p>Head office: 5401 W. Kennedy Blvd, Suite 760, Tampa, FL 33609 United States</p>	Natural rubber wholesaler in the United States	Common stock	1,000 shares or 100.00%
<p>Sempermed USA, Inc.</p> <p>Telephone : 1-800-366-9545 Fax : 1-800-763-5491</p>	<p>Head office: 13900, 49th Street North, Clearwater, Florida, 33762 United States</p>	Distribution of examination gloves in the United States	Ordinary shares	1,000 shares or 25.00%
<p>Shanghai Sempermed</p> <p>Telephone : 86-21-5760-9279, 86-21-5760-9289 Fax : 86-21-5760-9389</p>	<p>Head office: Room 1104, Building 11, No. 518, Xinhuan Highway, Songjiang District, Shanghai, 201612 Peoples Republic of China</p>	Wholesale, commission agency, and import & export of plastic and rubber gloves	Registered capital	held by ssc 1,000,000 shares or 100.00%
<p>Shanghai Semperit Rubber & Plastic Products</p> <p>Telephone : 86-21-3711-1788 Fax : 86-21-3711-1780</p>	<p>Head office: No. 1155 Cangong Road, Chemical Industry Park, Shanghai, Peoples Republic of China, 201417</p>	Manufacture of escalator handrails	Equity	10.00%
<p>PT Sri Trang Lingga Indonesia</p> <p>Telephone : 62-711-445-666 Fax : 62-711-445-222</p>	<p>Head office: Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang 30259, PO Box 1230, Indonesia</p>	Production of block rubber	Ordinary shares	18,000 shares or 90.00%
<p>Semperflex Shanghai</p> <p>Telephone : 86-21-3758-1133 Fax : 86-21-3758-1133 Ext 300</p>	<p>Head office: 1255 Cangong Road, Shanghai Chemical Industrial Zone, Fengxian Sub-zone, Shanghai 201417 Peoples Republic of China</p>	Production of high-pressure Hydraulic hoses	Equity	50.00%
<p>Sempermed Singapore</p> <p>Telephone : 65-6408-8000 Fax : 65-6408-8001</p>	<p>Head office: 4 Battery Road, #25-01 Bank of China Building 049908 Singapore</p>	Investment holding in Sempermed Brasil	Ordinary shares	4,000,000 shares or 50.00%

Company / Tel. & Fax	Address	Type of Business	Type of Shares	Shares held by STA
Sempermed Brasil Telephone : N/A Fax : N/A	Head office: Rua João Franco de Oliveira, No. 750 – Unileste, City of Piracicaba – State of São Paulo, Brazil (Zip Code: 13.422-160)	Distribution and marketing of natural rubber gloves and synthetic rubber in Brazil	Quotas	held by Sempermed Singapore 12,546,638 shares or approximately 100.00%
Shi Dong Investments Telephone : 65-6532-5210, 65-6532-5321 Fax : 65-6532-7501	Head office: 1 Raffles Place No.38-02, One Raffles Place, Singapore 048616	Investment holding in PT Star Rubber	Ordinary shares	held by Sri Trang International 100.00%
PT Star Rubber Telephone : 62-561-724-888, 62-561-724-591-2 Fax : 62-561-724-593	Head office: Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak 78393, Kalimantan Barat, PO Box 7864, Indonesia Branch Office: Jl. Lintas Sumatera Km. 52, RT. 005 Desa Sirih Sehapur, Kec. Jujuhan, Kab. Muara Bungo, 37257, Jambi, Indonesia	Production of block rubber	Ordinary shares	held by Shi Dong Investment 99.00%
Shi Dong Shanghai Telephone : 86-21-6413-7860 Fax : 86-21-6413-7315	Head office: Unit 2701, Wheelock square, No.1717 West Nanjing Road, Jing' an District, Shanghai, 200040 P.R.C.	Distribution of Natural Rubber Products in PRC	Equity	USD 5,000,000 or 100.00%
Sri Trang Indochina Telephone : 848-3821-6869 Fax : 848-3821-6877	Head office: Room no. 7.01A, 7th Floor, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Trading and exporting the rubber products	Ordinary shares	held by Sri Trang International 100.00%
Formtech Engineering (M) Sdn. Bhd. Telephone : 060-6799-5952 Fax : 060-6799-5951	Head office: Lot 135, Jalan Permata 1/4, Arab-Malaysian Industrial Park 71800 Nilai, Negeri Sembilan, Malaysia	Production and distribution mold for glove production line	Equity	held by Sempermed Singapore 82.86%
Sri Trang Ayeyar Telephone : 959-9769-94561 Fax : N/A	Head office: Mudon Crumb Rubber Factory, 828/1221 Kankalay Plot, Kyone Phite Village, Mudon Township (12081) Mawlamyine, Mon State, Myanmar	Production of block rubber	Equity	held by Sri Trang International 59.00%

DEFINED TERMS AND ABBREVIATIONS

In this document, unless the context otherwise requires, references to “our Company”, “the Company” or “STA” refer to Sri Trang Agro-Industry Public Company Limited; references to “we”, “us”, “our”, “ourselves”, and “Group” refer to the Company and its consolidated subsidiaries taken as a whole.

Our Group Companies and other Entities

Anvar Parawood	:	Anvar Parawood Company Limited
Company or STA	:	Sri Trang Agro-Industry Public Company Limited
Nam Hua Rubber	:	Nam Hua Rubber Company Limited
Paktai Rubber	:	Paktai Rubber Industries Limited Partnership
Pattana Agro Futures	:	Pattana Agro Futures Company Limited
Premier System Engineering	:	Premier System Engineering Company Limited
PT Sri Trang Lingga	:	PT Sri Trang Lingga Indonesia
Rubberland Products	:	Rubberland Products Company Limited
Sadao P.S. Rubber	:	Sadao P.S. Rubber Company Limited
Semperflex Asia	:	Semperflex Asia Corporation Limited
Semperflex Shanghai	:	Semperflex Shanghai Ltd.
Semperit Technische Produkte	:	Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
Sempermed Brasil	:	Sempermed Brasil Comércio Exterior Ltda.
Sempermed Singapore	:	Sempermed Singapore Pte. Ltd.
Sempermed USA	:	Sempermed USA, Inc.
Shanghai Semperit	:	Shanghai Semperit Rubber & Plastic Products Co., Ltd.
Shanghai Sempermed	:	Shanghai Sempermed Glove Sales Co., Ltd.
Shi Dong Investments	:	Shi Dong Investments Pte. Ltd.
Shi Dong Shanghai	:	Shi Dong Shanghai Rubber Co., Ltd.
Sri Trang Indochina	:	Sri Trang Indochina (Vietnam) Co., Ltd.
Sri Trang International	:	Sri Trang International Pte. Ltd.
Sri Trang Rubber & Plantation	:	Sri Trang Rubber & Plantation Company Limited
Sri Trang Ayeyar	:	Sri Trang Ayeyar Rubber Industry Company Limited
Sri Trang USA	:	Sri Trang USA, Inc.
SSC	:	Our associate, Siam Sempermed Corporation Limited

Starlight Express Transport	:	Starlight Express Transport Company Limited
Startex Rubber	:	Startex Rubber Corporation Limited
STH	:	Sri Trang Holdings Company Limited
Thai Tech Rubber	:	Thaitech Rubber Corporation Limited

General

CDP	:	The Central Depository (Pte) Limited
Concentrated Latex	:	Liquid latex with a dry rubber content of approximately 60.0%
Natural Rubber Products	:	RSS, TSR and Concentrated Latex
Office of the SEC	:	The office of the SEC
Other Finished Products	:	Finished products, including high-pressure hydraulic hoses, escalator handrails and various rubber and plastic parts which are mainly used in electrical appliances
RSS	:	Ribbed smoked sheet
SEC	:	The Securities and Exchange Commission of Thailand
SET	:	The Stock Exchange of Thailand
SGX-ST	:	Singapore Exchange Securities Trading Limited
SICOM	:	Singapore Commodity Exchange Limited
STR	:	Standard Thai rubber
Thai GAAP	:	Generally accepted accounting principles in Thailand
TSD	:	The Thailand Securities Depository Co., Ltd.
TSR	:	Technically specified rubber, which includes STR and SIR

Currencies and Measurements

Baht	:	The lawful currency of Thailand
IDR or Indonesian Rupiah	:	The lawful currency of Indonesia
MYR or Malaysian Ringgit	:	The lawful currency of Malaysia
SGD or Singapore dollar	:	The lawful currency of the Republic of Singapore
US\$ or US Dollar	:	The lawful currency of the U.S.

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