

Sri Trang Agro-Industry Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **Independent Auditor's Report**

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

### **Opinion**

I have audited the accompanying consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

### **Goodwill**

As at 31 December 2018, the Company had goodwill amounting to Baht 2,954 million. I have focused on the consideration of the impairment of the goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring the management to exercise judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate.

I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry, and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

## **Financial instruments**

The Group has entered into financial instruments with numerous counterparties that are financial institutions, in order to mitigate its exposure to fluctuations in rubber prices, foreign exchange rates and interest rates. It has presented the fair value of such financial instruments in the statement of financial position, and recognises material gains or losses on financial instruments in the statement of comprehensive income. Management therefore relied on valuation techniques and models suggested by the counterparties, in which most of the inputs used were observable in the relevant market. Differences in the assumptions used in the calculation may therefore affect the fair value of such financial instruments presented in financial statements.

I gained an understanding of the transactions and the process of recording the fair value of financial instruments, and the accounting records related to financial instruments. Moreover, I recalculated the fair value of such financial instruments, sent confirmation requests to counterparties to determine the completeness of the recording of the transactions and verified supporting documents, on a sampling basis, for actual transactions occurring during the year. In addition, I tested the appropriateness of the fair values used by comparing them to available market inputs. Moreover, I examined the information disclosed in the notes to the financial statements for appropriateness and completeness.

## **Other Matter**

The consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the year ended 31 December 2017 were audited by another auditor who, under his report dated 28 February 2018, expressed an unmodified opinion on those financial statements.

## **Other Information**

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

EY Office Limited  
Bangkok: 28 February 2019

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	4,197,300,465	2,241,899,673	381,814,522	269,018,868
Trade and other receivables	8	5,692,013,025	7,212,308,344	3,233,142,662	4,122,493,048
Amounts due from future brokers		976,274,751	810,539,650	31,299,805	16,177,188
Inventories	9	12,311,420,303	17,122,979,336	6,063,579,623	7,679,732,386
Current portion of long-term loans to subsidiaries	6	-	-	742,550,400	915,873,439
Derivative financial instruments	10	59,600,920	407,938,505	33,078,993	256,520,319
Other current assets		602,881,559	553,700,811	60,608,671	170,573,304
<b>Total current assets</b>		<b>23,839,491,023</b>	<b>28,349,366,319</b>	<b>10,546,074,676</b>	<b>13,430,388,552</b>
<b>Non-current assets</b>					
Fixed deposits pledged as collateral	11	2,143,358	12,139,002	-	-
Long-term loans to subsidiaries	6	-	-	1,775,664,000	1,625,730,000
Investments in subsidiaries	12	-	-	18,499,227,048	18,153,388,548
Investments in associates	13	394,919,332	367,990,023	157,568,800	157,568,800
Investment in joint venture	14	406,381,384	362,012,280	134,716,526	134,716,526
Long-term investments	15	136,498,052	153,299,352	136,182,449	152,097,250
Investment properties	16	201,527,752	188,910,160	75,663,125	75,663,125
Property, plant and equipment	17	24,456,054,330	24,189,691,410	9,093,221,983	8,944,117,159
Rubber and palm plantations	18	2,051,492,015	1,832,376,416	8,310,123	4,343,101
Intangible assets	19	420,687,887	459,793,735	395,579,708	440,581,393
Goodwill	20	2,953,782,343	2,953,782,343	-	-
Withholding tax deducted at source		599,119,453	574,760,228	457,692,522	455,811,324
Deferred tax assets - net	30	236,109,672	197,989,016	-	-
Other non-current assets		49,898,651	65,671,088	17,043,732	20,504,590
<b>Total non-current assets</b>		<b>31,908,614,229</b>	<b>31,358,415,053</b>	<b>30,750,870,016</b>	<b>30,164,521,816</b>
<b>Total assets</b>		<b>55,748,105,252</b>	<b>59,707,781,372</b>	<b>41,296,944,692</b>	<b>43,594,910,368</b>

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



Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	21	2,674,039,354	2,614,839,606	1,417,779,403	1,719,257,283
Short-term borrowings from financial institutions	22	15,616,386,620	21,786,026,285	11,320,258,000	14,754,529,000
Current portions of:					
- Long-term borrowings from financial institutions	22	1,260,000,000	420,654,000	965,000,000	300,000,000
- Debentures	22	810,000,000	600,000,000	810,000,000	600,000,000
- Finance lease liabilities	22	16,248,192	13,167,077	3,785,801	4,092,254
Short-term loans from subsidiaries	6	-	-	300,000,000	-
Income tax payable		186,693,776	153,519,811	-	-
Derivative financial instruments	10	171,403,131	231,242,576	111,332,231	198,130,309
Other current liabilities		37,206,877	37,026,162	17,505,972	18,144,656
<b>Total current liabilities</b>		<b>20,771,977,950</b>	<b>25,856,475,517</b>	<b>14,945,661,407</b>	<b>17,594,153,502</b>
<b>Non-current liabilities</b>					
Non-current portions of:					
- Long-term borrowings from financial institutions	22	7,344,386,000	7,193,710,000	3,989,386,000	4,313,710,000
- Debentures	22	1,455,000,000	2,265,000,000	1,455,000,000	2,265,000,000
- Finance lease liabilities	22	25,149,089	27,521,245	5,755,749	9,541,549
Deferred tax liabilities - net	30	687,734,888	745,028,559	80,088,388	91,236,924
Provision for retirement benefit obligations	23	329,015,471	308,188,201	118,115,622	93,046,446
Other non-current liabilities		35,067,391	34,966,411	-	-
<b>Total non-current liabilities</b>		<b>9,876,352,839</b>	<b>10,574,414,416</b>	<b>5,648,345,759</b>	<b>6,772,534,919</b>
<b>Total liabilities</b>		<b>30,648,330,789</b>	<b>36,430,889,933</b>	<b>20,594,007,166</b>	<b>24,366,688,421</b>

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

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

**Statement of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Shareholders' equity</b>					
Share capital	24				
Registered					
1,535,999,998 ordinary shares		<u>1,535,999,998</u>	<u>1,536,000,000</u>	<u>1,535,999,998</u>	<u>1,536,000,000</u>
(2017: 1,536,000,000 shares) of Baht 1 each					
Issued and fully paid					
1,535,999,998 ordinary shares of Baht 1 each		1,535,999,998	1,535,999,998	1,535,999,998	1,535,999,998
Premium on ordinary shares		10,851,951,634	10,851,951,634	10,851,951,634	10,851,951,634
Deduction arising from acquisition of additional interest					
in subsidiaries from non-controlling interests		(173,134,488)	(173,134,488)	-	-
Retained earnings					
Appropriated - statutory reserve	26	153,600,000	128,000,000	153,600,000	128,000,000
Unappropriated		9,019,096,813	7,165,408,573	6,092,271,684	4,751,554,758
Other components of shareholders' equity					
Surplus on revaluation of assets					
- net of accumulated depreciation	25	4,102,659,313	4,049,446,188	2,057,910,140	1,944,873,058
Surplus on changes in value of					
available-for-sale investments		11,224,468	16,432,908	11,204,070	15,842,499
Exchange differences on translation of					
financial statements in foreign currency		<u>(796,207,126)</u>	<u>(666,077,422)</u>	-	-
Equity attributable to owners of the Company		<u>24,705,190,612</u>	<u>22,908,027,391</u>	<u>20,702,937,526</u>	<u>19,228,221,947</u>
Non-controlling interests of the subsidiaries		<u>394,583,851</u>	<u>368,864,048</u>	-	-
<b>Total shareholders' equity</b>		<u>25,099,774,463</u>	<u>23,276,891,439</u>	<u>20,702,937,526</u>	<u>19,228,221,947</u>
<b>Total liabilities and shareholders' equity</b>		<u>55,748,105,252</u>	<u>59,707,781,372</u>	<u>41,296,944,692</u>	<u>43,594,910,368</u>
		-	-	-	-

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

Directors

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

**Statement of comprehensive income**

**For the year ended 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
Revenues from sales of goods and services		73,492,800,990	89,386,993,929	41,127,898,853	52,043,740,465
Cost of sales and services		<u>(66,385,268,623)</u>	<u>(85,610,561,379)</u>	<u>(37,597,759,009)</u>	<u>(51,196,015,886)</u>
<b>Gross profit</b>		7,107,532,367	3,776,432,550	3,530,139,844	847,724,579
Other income	27	237,734,502	683,709,498	158,924,231	205,546,839
Dividend income		1,771,494	1,805,041	1,066,737,907	4,827,098,743
Selling expenses		(3,532,511,423)	(3,467,108,936)	(2,546,999,895)	(2,454,094,311)
Administrative expenses		(1,715,354,638)	(2,391,953,935)	(668,512,879)	(817,600,146)
Gain (loss) on exchange rates - net		(252,249,127)	522,061,538	(34,188,589)	390,188,554
Gain on change in fair value from investment reclassification	12.1.1	-	223,626,008	-	-
Gain on change in fair value from disposals of investments in associates and general investment	12.1.1	-	132,699,762	-	-
Gain from disposals of investments in associates and general investment		-	-	-	217,824,854
Gain on change in fair value of investment properties		13,367,351	47,893,375	-	47,893,375
Other gain (loss) - net	28	<u>1,189,932,249</u>	<u>99,514,766</u>	<u>534,053,027</u>	<u>(88,165,844)</u>
<b>Operating profit (loss)</b>		3,050,222,775	(371,320,333)	2,040,153,646	3,176,416,643
Share of profit from investments in associates and joint ventures		<u>223,703,413</u>	<u>129,841,447</u>	-	-
<b>Profit (loss) before finance income and finance cost and tax income (expense)</b>		3,273,926,188	(241,478,886)	2,040,153,646	3,176,416,643
Finance income		28,721,958	49,660,662	113,276,886	117,239,265
Finance cost		<u>(915,685,615)</u>	<u>(1,206,093,030)</u>	<u>(533,211,699)</u>	<u>(751,216,541)</u>
<b>Profit (loss) before tax income (expense)</b>		2,386,962,531	(1,397,911,254)	1,620,218,833	2,542,439,367
Tax income (expense)	30	<u>(240,988,671)</u>	<u>(20,630,081)</u>	<u>52,920,664</u>	<u>126,037,063</u>
<b>Profit (loss) for the year</b>		<u>2,145,973,860</u>	<u>(1,418,541,335)</u>	<u>1,673,139,497</u>	<u>2,668,476,430</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(137,175,355)	(390,899,513)	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		<u>(5,208,440)</u>	<u>3,677,294</u>	<u>(4,638,429)</u>	<u>3,608,454</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(142,383,795)</u>	<u>(387,222,219)</u>	<u>(4,638,429)</u>	<u>3,608,454</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Changes in revaluation of assets - net of income tax		240,462,061	2,848,898,073	202,806,157	1,423,477,027
Actuarial gain (loss) - net of income tax		<u>11,681,484</u>	<u>(17,921,651)</u>	<u>(12,591,646)</u>	<u>7,963</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>252,143,545</u>	<u>2,830,976,422</u>	<u>190,214,511</u>	<u>1,423,484,990</u>
<b>Other comprehensive income for the year</b>		<u>109,759,750</u>	<u>2,443,754,203</u>	<u>185,576,082</u>	<u>1,427,093,444</u>
<b>Total comprehensive income for the year</b>		<u>2,255,733,610</u>	<u>1,025,212,868</u>	<u>1,858,715,579</u>	<u>4,095,569,874</u>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit (loss) attributable to:</b>					
Owners of the Company		2,064,357,820	(1,437,050,885)	<u>1,673,139,497</u>	<u>2,668,476,430</u>
Non-controlling interests of the subsidiaries		<u>81,616,040</u>	<u>18,509,550</u>		
		<u>2,145,973,860</u>	<u>(1,418,541,335)</u>		
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,181,163,220	1,015,529,859	<u>1,858,715,579</u>	<u>4,095,569,874</u>
Non-controlling interests of the subsidiaries		<u>74,570,390</u>	<u>9,683,009</u>		
		<u>2,255,733,610</u>	<u>1,025,212,868</u>		
<b>Earnings per share</b>	32				
Basic earnings per share					
Profit (loss) attributable to owners of the Company		<u>1.34</u>	<u>(1.05)</u>	<u>1.09</u>	<u>1.95</u>

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

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

**Cash flow statement**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	2,386,962,531	(1,397,911,254)	1,620,218,833	2,542,439,367
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange rates	39,840,692	(52,260,725)	51,619,415	101,541,537
Unrealised loss (gain) on revaluation of derivative financial instruments	288,498,140	(666,635,772)	136,643,248	(499,075,748)
Allowance for doubtful accounts (reversal)	(7,614,187)	6,023,573	(5,784,853)	5,784,853
Reduction of inventory cost to net realisable value (reversal)	(172,328,099)	343,697,549	(160,654,815)	236,074,377
Reversal of allowance for damaged inventories from fire accident	-	(41,593,901)	-	-
Provision for retirement benefit obligations	41,693,423	28,036,190	11,392,018	10,986,907
Depreciation	2,309,216,350	1,783,658,404	836,196,669	709,129,282
Amortisation - rubber and palm plantations	4,000,214	4,239,312	281,189	283,335
Amortisation - intangible assets	70,280,472	64,489,510	58,436,839	56,360,898
Impairment loss from assets revaluation (reversal)	13,208,270	24,012,044	(175,950)	(15,650,331)
Impairment loss on long-term investments	10,000,000	-	10,000,000	-
Write-off withholding tax deducted at source	516,187	-	516,187	-
Finance cost	915,685,615	1,206,093,030	533,211,699	751,216,541
Finance income	(28,721,958)	(49,660,662)	(113,276,886)	(117,239,265)
Dividend income	(1,771,494)	(1,805,041)	(1,066,737,907)	(4,827,098,743)
Share of profit from investments in associates and joint ventures	(223,703,413)	(129,841,447)	-	-
Loss (gain) on disposal and write-off of machinery, equipment and intangible assets	12,876,030	788,247	4,066,295	(3,888,880)
Gain on change in fair value from disposals of investments	-	(132,699,762)	-	-
Gain from disposal of investments in associates and general investment	-	-	-	(217,824,854)
Gain on change in fair value from investment reclassification	-	(223,626,008)	-	-
Gain on change in fair value of investment properties	(13,367,351)	(47,893,375)	-	(47,893,375)
Gain from account receivables, which were repayments for land and buildings	-	(16,711,862)	-	(5,491,530)
Insurance claim income from fire accident	-	(306,810,556)	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	5,645,271,422	393,587,494	1,915,951,981	(1,320,345,629)
Operating assets (increase) decrease				
Trade and other receivables	1,499,557,553	2,344,944,654	870,441,298	(618,612,902)
Amounts due from future brokers	(165,735,100)	(176,618,284)	(15,122,617)	6,803,382
Inventories	4,983,887,132	4,858,293,130	1,776,807,578	2,944,931,916
Other current assets	53,942,657	(200,983,980)	109,964,633	(169,905,412)
Other non-current assets	16,063,185	(8,218,443)	3,577,623	109,309,862
Operating liabilities increase (decrease)				
Trade and other payables	95,736,466	(1,595,469,941)	(281,743,885)	(46,270,779)
Other current liabilities	180,715	(22,526,889)	(638,684)	(9,328,234)
Provision for retirement benefit obligations	(4,636,768)	(5,773,640)	(2,062,400)	(1,877,280)
Cash flows provided by operating activities	12,124,267,262	5,587,234,101	4,377,175,527	894,704,924
Cash paid for interest expenses	(934,088,264)	(1,196,667,328)	(537,971,014)	(753,431,974)
Cash received for interest income	38,889,301	49,660,662	131,137,292	117,659,458
Cash received from income tax	73,908,415	5,652,244	71,753,763	-
Cash paid for income tax	(574,666,743)	(401,465,308)	(78,773,040)	(112,052,812)
<b>Net cash flows provided by operating activities</b>	<b>10,728,309,971</b>	<b>4,044,414,371</b>	<b>3,963,322,528</b>	<b>146,879,596</b>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease in fixed deposits pledged as collateral	9,995,644	181,478	-	-
Dividends received	154,176,494	2,299,872,940	1,066,737,907	4,827,098,743
Cash received from repayment of long-term loan to a subsidiary	-	-	883,600,000	540,000,000
Increase in long-term loan to a subsidiary	-	-	(893,203,600)	(1,178,981,500)
Cash paid for investment in a subsidiary	-	(5,129,542,633)	(345,838,500)	(6,803,543,256)
Cash received from disposal of investments in associates and a general investment	-	689,389,350	-	689,389,350
Cash paid for long-term investment	-	(100,000,000)	-	(100,000,000)
Cash received from disposal of machinery, equipment and intangible assests	50,153,403	165,899,521	5,905,425	21,033,753
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets	<u>(2,785,687,160)</u>	<u>(3,166,765,899)</u>	<u>(767,045,545)</u>	<u>(1,085,402,494)</u>
<b>Net cash flows used in investing activities</b>	<u>(2,571,361,619)</u>	<u>(5,240,965,243)</u>	<u>(49,844,313)</u>	<u>(3,090,405,404)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term borrowings from financial institutions	(5,962,682,758)	(2,165,567,864)	(3,434,271,000)	416,299,000
Increase in shot-term loan from a subsidiary	-	-	600,000,000	500,000,000
Repayment of short-term loan from a subsidiary	-	-	(300,000,000)	(500,000,000)
Proceeds from long-term borrowings	2,279,400,000	4,172,362,500	629,400,000	1,172,362,500
Repayments of long-term borrowings	(1,300,654,000)	(1,886,404,000)	(300,000,000)	(765,000,000)
Repayments of debentures	(600,000,000)	-	(600,000,000)	-
Repayments of finance lease liabilities	(10,245,244)	(6,281,080)	(4,092,253)	(3,944,159)
Dividend paid	(391,719,308)	(506,131,898)	(391,719,308)	(506,131,898)
Dividend paid to non-controlling interests of the subsidiaries	(48,850,588)	(293,100,521)	-	-
Proceeds from increase in share capital	-	2,556,961,811	-	2,556,961,811
<b>Net cash flows provided by (used in) financing activities</b>	<u>(6,034,751,898)</u>	<u>1,871,838,948</u>	<u>(3,800,682,561)</u>	<u>2,870,547,254</u>
<b>Decrease in translation adjustments</b>	<u>(166,795,662)</u>	<u>(108,007,210)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,955,400,792	567,280,866	112,795,654	(72,978,554)
Cash and cash equivalents at beginning of the year	<u>2,241,899,673</u>	<u>1,674,618,807</u>	<u>269,018,868</u>	<u>341,997,422</u>
<b>Cash and cash equivalents at end of the year</b>	<u>4,197,300,465</u>	<u>2,241,899,673</u>	<u>381,814,522</u>	<u>269,018,868</u>
	-	-	-	-

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
				Other components of shareholders' equity								
	Issued and paid-up share capital	Premium on ordinary shares	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Retained earnings					Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets - net of depreciation	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency				
<b>Balance as at 1 January 2017</b>	1,280,000,000	8,550,989,821	(173,134,488)	128,000,000	9,036,069,449	1,296,859,775	12,755,614	(284,004,450)	1,025,610,939	19,847,535,721	64,381,883	19,911,917,604
Loss for the year	-	-	-	-	(1,437,050,885)	-	-	-	-	(1,437,050,885)	18,509,550	(1,418,541,335)
Other comprehensive income for the year	-	-	-	-	(17,921,651)	2,848,898,073	3,677,294	(382,072,972)	2,470,502,395	2,452,580,744	(8,826,541)	2,443,754,203
Total comprehensive income for the year	-	-	-	-	(1,454,972,536)	2,848,898,073	3,677,294	(382,072,972)	2,470,502,395	1,015,529,859	9,683,009	1,025,212,868
Depreciation on assets revaluation - net of income tax	-	-	-	-	61,591,416	(61,591,416)	-	-	(61,591,416)	-	-	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	-	34,720,244	(34,720,244)	-	-	(34,720,244)	-	-	-
Increase paid-up share capital (Note 24)	255,999,998	2,300,961,813	-	-	-	-	-	-	-	2,556,961,811	-	2,556,961,811
Dividend paid (Note 35)	-	-	-	-	(512,000,000)	-	-	-	-	(512,000,000)	-	(512,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(293,100,521)	(293,100,521)
Increase in non-controlling interests of the subsidiary from investment in subsidiary (Note 12.1.1)	-	-	-	-	-	-	-	-	-	-	587,899,677	587,899,677
<b>Balance as at 31 December 2017</b>	<b>1,535,999,998</b>	<b>10,851,951,634</b>	<b>(173,134,488)</b>	<b>128,000,000</b>	<b>7,165,408,573</b>	<b>4,049,446,188</b>	<b>16,432,908</b>	<b>(666,077,422)</b>	<b>3,399,801,674</b>	<b>22,908,027,391</b>	<b>368,864,048</b>	<b>23,276,891,439</b>
<b>Balance as at 1 January 2018</b>	<b>1,535,999,998</b>	<b>10,851,951,634</b>	<b>(173,134,488)</b>	<b>128,000,000</b>	<b>7,165,408,573</b>	<b>4,049,446,188</b>	<b>16,432,908</b>	<b>(666,077,422)</b>	<b>3,399,801,674</b>	<b>22,908,027,391</b>	<b>368,864,048</b>	<b>23,276,891,439</b>
Profit for the year	-	-	-	-	2,064,357,820	-	-	-	-	2,064,357,820	81,616,040	2,145,973,860
Other comprehensive income for the year	-	-	-	-	11,681,484	240,462,061	(5,208,440)	(130,129,704)	105,123,917	116,805,401	(7,045,650)	109,759,751
Total comprehensive income for the year	-	-	-	-	2,076,039,304	240,462,061	(5,208,440)	(130,129,704)	105,123,917	2,181,163,221	74,570,390	2,255,733,611
Depreciation on assets revaluation - net of income tax	-	-	-	-	185,133,214	(185,133,214)	-	-	(185,133,214)	-	-	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	-	2,115,722	(2,115,722)	-	-	(2,115,722)	-	-	-
Dividend paid (Note 35)	-	-	-	-	(384,000,000)	-	-	-	-	(384,000,000)	-	(384,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(48,850,587)	(48,850,587)
Transferred unappropriated retained earnings to statutory reserve	-	-	-	25,600,000	(25,600,000)	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>1,535,999,998</b>	<b>10,851,951,634</b>	<b>(173,134,488)</b>	<b>153,600,000</b>	<b>9,019,096,813</b>	<b>4,102,659,313</b>	<b>11,224,468</b>	<b>(796,207,126)</b>	<b>3,317,676,655</b>	<b>24,705,190,612</b>	<b>394,583,851</b>	<b>25,099,774,463</b>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements							
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
					Surplus on revaluation of assets - net of depreciation	Surplus on changes in value of available-for-sale investments		
<b>Balance as at 1 January 2017</b>	1,280,000,000	8,550,989,821	128,000,000	2,563,639,402	552,826,994	12,234,045	565,061,039	13,087,690,262
Profit for the year	-	-	-	2,668,476,430	-	-	-	2,668,476,430
Other comprehensive income for the year	-	-	-	7,963	1,423,477,027	3,608,454	1,427,085,481	1,427,093,444
Total comprehensive income for the year	-	-	-	2,668,484,393	1,423,477,027	3,608,454	1,427,085,481	4,095,569,874
Depreciation on assets revaluation - net of income tax	-	-	-	31,430,963	(31,430,963)	-	(31,430,963)	-
Increase paid-up share capital (Note 24)	255,999,998	2,300,961,813	-	-	-	-	-	2,556,961,811
Dividend paid (Note 35)	-	-	-	(512,000,000)	-	-	-	(512,000,000)
<b>Balance as at 31 December 2017</b>	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>128,000,000</u>	<u>4,751,554,758</u>	<u>1,944,873,058</u>	<u>15,842,499</u>	<u>1,960,715,557</u>	<u>19,228,221,947</u>
<b>Balance as at 1 January 2018</b>	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947
Profit for the year	-	-	-	1,673,139,497	-	-	-	1,673,139,497
Other comprehensive income for the year	-	-	-	(12,591,646)	202,806,157	(4,638,429)	198,167,728	185,576,082
Total comprehensive income for the year	-	-	-	1,660,547,851	202,806,157	(4,638,429)	198,167,728	1,858,715,579
Depreciation on assets revaluation - net of income tax	-	-	-	89,375,100	(89,375,100)	-	(89,375,100)	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	393,975	(393,975)	-	(393,975)	-
Dividend paid (Note 35)	-	-	-	(384,000,000)	-	-	-	(384,000,000)
Transferred unappropriated retained earnings to statutory reserve	-	-	25,600,000	(25,600,000)	-	-	-	-
<b>Balance as at 31 December 2018</b>	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>153,600,000</u>	<u>6,092,271,684</u>	<u>2,057,910,140</u>	<u>11,204,070</u>	<u>2,069,114,210</u>	<u>20,702,937,526</u>

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



**Sri Trang Agro-Industry Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2018**

**1. General information**

Sri Trang Agro-Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of natural rubber products such as ribbed smoked sheets, concentrated latex, block rubber, gloves and other products. In addition, the Group provides engineering and logistics services. The registered office of the Company is at 10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Sri Trang Agro-Industry Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
<b>Subsidiaries</b>				
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of block rubber products	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Investment holding	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
Sri Trang Gloves (Thailand) Co., Ltd.	Manufacture of medical gloves	Thailand	90.23	90.23
<b>Indirect subsidiaries</b>				
Sri Trang International Pte Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of rubber products	Singapore	99.99	99.99
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	99.99	99.99
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of block rubber	Indonesia	98.99	98.99
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	99.99	99.99
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of block rubber products	Myanmar	58.99	58.99
Shidong Shanghai Medical Equipment Co., Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of gloves	China	99.99	99.99

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

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
  - f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### **3 New financial reporting standards**

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

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

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

The management of the Group has determined that this standard does not have any significant impact on the financial statements when it is initially applied.

**c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows.

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

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

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### *Rental income*

Rental income is recognised on an accrual basis based on a straight-line basis over the lease term.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost is determined by weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

The cost of finished goods and work in process are measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads based on the normal operating capacity, but excluding borrowing costs. Raw materials, chemicals, spare parts and factory supplies are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories.

## 4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries, joint ventures and associates in the separate financial statements are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value estimated by an independent appraiser. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

When there is a change in the use of investment property, if the investment property recorded at fair value is transferred to owner-occupied property or inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property recorded at fair value, any difference between the carrying amount of the property and its fair value at the date of the change in use is treated in the same manner as a revaluation, in accordance with the stated accounting policy for property, plant and equipment.

#### **4.7 Property, plant and equipment and depreciation**

Land is stated at revalued amount. Building and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of asset (if any).

Such subsequent cost may include the cost of replacing part of the buildings and equipment, only when it is probable that future economic benefits are expected from its use 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 repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.



Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvements	-	5 - 30 years
Buildings and structures	-	20 - 40 years
Machinery and equipment	-	5 - 10 years
Furniture, fixtures and office equipment	-	3 - 5 years
Motor vehicles	-	5 years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

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

#### **4.8 Rubber and palm plantations**

Bearer plants, which consist of rubber trees for extraction of latex and oil palm trees in the plantations, are stated at cost less accumulated amortisation and allowance for impairment, if any.

Costs mainly comprise costs of land clearing, land terracing and drainage, planting, weeding and fertilizing, which are incurred from the immature period until the rubber trees and palms trees are ready for commercial harvesting at approximately 7 years for rubbers and 2 - 3 years for palms, and are capitalized as rubber and palm plantation costs. The Group amortises these costs to costs of production after the rubber and palm are commercially harvested, using a straight-line basis, over a period of 25 years.

No amortisation is provided on immature rubber and palm plantation costs.

Biological assets consist of latex produced inside the rubber trees and palm fruit on trees, and are measured at their fair value less costs to sell at the point of harvest.

Agricultural produce is rubber latex and harvested palm fruit which are measured at their fair value less costs to sell at the point of harvest.

Gains or losses on changes in fair value of biological assets and agricultural produce are recognised in profit or loss.

#### **4.9 Borrowings and borrowing costs**

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

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

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Intangible assets**

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Computer software	3 - 10 years

#### **4.11 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each business combination, the Group measures the recognised amount of any non-controlling interest in the acquiree at either the fair value or the non-controlling interest's proportionate share of the net of identifiable assets of the acquiree.

In the case of a business combination achieved in stages, the Group measures the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and recognised gains or losses in profit or loss.

Costs related to the acquisition are recognised as expenses when incurred.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.12 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, joint ventures and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

#### **4.13 Long-term leases - where the Group is the lessee**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.14 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gain and loss on exchange are included in profit or loss.

#### **4.15 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where property and plant was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, a reversal of that impairment loss is recognised in profit or loss but shall not exceed the impairment loss was previously recognised in profit or loss, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.16 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law of each country. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.

#### **4.17 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.19 Derivatives**

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

The Group does not apply hedge accounting for derivatives.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value, and the gains or losses are recognised in profit or loss during the year. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

#### **4.20 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows.

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

##### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Investment properties**

The Group presents investment properties at the fair value estimated by independent appraisers, and recognises changes in the fair value in profit or loss. The valuation involves certain assumptions and estimates.

**Property, plant and equipment**

The Group measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimations.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Goodwill**

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.



## 6. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiaries</u>				
Sales of goods	-	-	5,313,282	5,608,396
Purchases of goods	-	-	4,537,379	10,684,226
Service income	-	-	158,188	185,705
Dividend income	-	-	930,499	2,964,166
Rental income	-	-	251	244
Interest income	-	-	112,610	82,039
Service expenses	-	-	634,391	839,124
Rental expenses	-	-	4,458	799
Interest expenses	-	-	1,790	-
<u>Transactions with associates</u>				
Sales of goods	25,422	26,682	-	-
Purchases of goods	182	78	15	9
Service income	34,690	19,637	9,636	9,246
Dividend income	152,405	621,486	134,475	548,370
Rental income	400	400	-	-
Service expenses	9	1,680	-	-
<u>Transactions with joint ventures</u>				
Sales of goods	-	786,965	-	293,032
Purchases of goods	2,112,983	3,725,520	64,008	237,114
Service income	10,731	48,903	10,710	21,670
Dividend income	-	1,676,581	-	1,312,760
Rental income	-	5,458	-	-
<u>Transactions with related company<sup>1</sup></u>				
Sales of goods	172,735	-	170,416	-
Purchases of goods	557,797	-	85,089	-
Service income	15,990	-	1,489	-
Service expenses	2,787	-	-	-

The pricing policies of the Group are as follows.

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

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

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade accounts receivable</u></b> (Note 8)				
Subsidiaries	-	-	945,984	774,251
Associates	3,797	4,138	784	715
Joint venture	-	2	-	-
Related company <sup>1</sup>	24,941	-	16,386	-
	<u>28,738</u>	<u>4,140</u>	<u>963,154</u>	<u>774,966</u>
<b><u>Advance payments for goods</u></b> (Note 8)				
Subsidiaries	-	-	45,222	4,914
Related company <sup>1</sup>	153	-	153	-
	<u>153</u>	<u>-</u>	<u>45,375</u>	<u>4,914</u>
<b><u>Accrued income</u></b> (Note 8)				
Subsidiaries	-	-	14,267	28,285
Associates	406	561	-	-
Related company <sup>1</sup>	79,850	-	-	-
	<u>80,256</u>	<u>561</u>	<u>14,267</u>	<u>28,285</u>
<b><u>Advance payments</u></b> (Note 8)				
Subsidiaries	-	-	3,146	9,259
Associates	2	-	2	-
	<u>2</u>	<u>-</u>	<u>3,148</u>	<u>9,259</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Other receivables</u></b> (Note 8)				
Subsidiaries	-	-	976	756
Associates	883	807	-	-
Joint venture	818	-	818	-
Related company <sup>1</sup>	389	-	157	-
	<u>2,090</u>	<u>807</u>	<u>1,951</u>	<u>756</u>
<b><u>Trade accounts payable</u></b> (Note 21)				
Subsidiaries	-	-	373,139	791,558
Associates	-	16	-	-
Joint venture	17,917	179,717	-	-
Related company <sup>1</sup>	46,193	-	9,941	-
	<u>64,110</u>	<u>179,733</u>	<u>383,080</u>	<u>791,558</u>
<b><u>Accrued expenses</u></b> (Note 21)				
Subsidiaries	-	-	35,890	5,000
<b><u>Deferred income</u></b> (Note 21)				
Related company <sup>1</sup>	<u>6,940</u>	-	-	-
<b><u>Other payables</u></b> (Note 21)				
Subsidiaries	-	-	17,892	50,159
Associates	-	4	-	-
Related company <sup>1</sup>	383	-	-	-
	<u>383</u>	<u>4</u>	<u>17,892</u>	<u>50,159</u>

<sup>1</sup> ThaiKong Public Company Limited as described in Note 12.2.2 to the financial statements.

## Outstanding balances arising from loans to subsidiaries

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Interest receivables</u></b> (Note 8)				
Subsidiaries	-	-	2,621	9,969
<b><u>Long-term loans</u></b>				
Subsidiaries	-	-	2,518,214	2,541,603

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

Separate financial statements					
As at 31 December 2018					
	Relationship	Principle		Interest rates %	Borrowing periods
		Million USD	(Equivalent) Million Baht		
PT Sri Trang Lingga Indonesia	A direct subsidiary	45	1,453	4.18 - 4.30	3 Years
PT Star Rubber	An indirect subsidiary	33	1,065	4.18 - 5.05	1 - 3 Years
Total		<u>78</u>	<u>2,518</u>		
Separate financial statements					
As at 31 December 2017					
	Relationship	Principle		Interest rates %	Borrowing periods
		Million USD	(Equivalent) Million Baht		
PT Sri Trang Lingga Indonesia	A direct subsidiary	50	1,627	3.33 - 4.30	3 - 5 years
PT Star Rubber	An indirect subsidiary	28	915	2.65 - 4.18	2 - 5 years
Total		<u>78</u>	<u>2,542</u>		

Movements in the balance of long-term loans to subsidiaries during the year ended 31 December 2018 were as follows.

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2018
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Unrealised loss on exchange rate	
Subsidiaries	2,541,603	893,204	(883,600)	(32,993)	2,518,214

### **Outstanding balances arising from a loan from a subsidiary**

Movements in the balance of a short-term loan from a subsidiary during the year ended 31 December 2018 were as follows.

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2018
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	
Subsidiary	-	600,000	(300,000)	300,000

### **Directors and management's benefits**

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	258,264	204,378	51,247	43,631
Post-employment benefits	5,758	3,567	1,287	1,246
Total	264,022	207,945	52,534	44,877

### **Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in Note 36.3.1 to the financial statements.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	12,910	109,973	4,450	23,281
Bank deposits	4,184,390	2,131,927	377,365	245,738
<b>Total</b>	<b>4,197,300</b>	<b>2,241,900</b>	<b>381,815</b>	<b>269,019</b>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 3.50 percent per annum (2017: between 0.10 and 4.50 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	28,380	4,138	876,843	767,717
Past due				
Up to 30 days	358	-	83,311	14
31 - 60 days	-	2	876	1
61 - 90 days	-	-	519	-
91 - 120 days	-	-	-	-
121 - 365 days	-	-	1,605	7,234
Over 365 days	-	-	-	-
<b>Total trade accounts receivable - related parties, net</b>	<b>28,738</b>	<b>4,140</b>	<b>963,154</b>	<b>774,966</b>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	4,566,862	5,392,887	1,851,651	2,428,577
Past due				
Up to 30 days	445,065	832,691	191,475	629,149
31 - 60 days	22,505	50,049	14,385	26,301
61 - 90 days	25,926	24,029	4,122	13,499
91 - 120 days	-	13,486	-	10,180
121 - 365 days	35,084	15,832	34,513	11,452
Over 365 days	54,044	55,332	47,553	40,537
Total	5,149,486	6,384,306	2,143,699	3,159,695
Less: Allowance for doubtful debts	(41,442)	(49,056)	(27,636)	(33,421)
Total trade accounts receivable - unrelated parties, net	5,108,044	6,335,250	2,116,063	3,126,274
Total trade accounts receivable, net	<u>5,136,782</u>	<u>6,339,390</u>	<u>3,079,217</u>	<u>3,901,240</u>
<u>Other receivables</u>				
Advance payments for goods - related parties (Note 6)	153	-	45,375	4,914
Advance payments for goods - unrelated parties	256,820	169,166	11,459	74,620
Prepaid expenses	113,630	199,790	39,663	64,276
Interest receivables - related parties (Note 6)	-	-	2,621	9,969
Accrued income - related parties (Note 6)	80,256	561	14,267	28,285
Accrued income - unrelated parties	32,186	36,098	28,845	15,414
Advance payments - related parties (Note 6)	2	-	3,148	9,259
Advance payments - unrelated parties	29,097	39,960	4,831	2,666
Other receivables - related parties (Note 6)	2,090	807	1,951	756
Other receivables - unrelated parties	40,997	426,536	1,765	11,094
Total other receivables	555,231	872,918	153,925	221,253
Total trade and other receivables, net	<u>5,692,013</u>	<u>7,212,308</u>	<u>3,233,143</u>	<u>4,122,493</u>

## 9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories, net	
	2018	2017	2018	2017	2018	2017
Finished goods	4,038,359	6,911,670	(99,937)	(316,017)	3,938,422	6,595,653
Work in process	3,639,983	3,845,619	(118,272)	(85,419)	3,521,711	3,760,200
Raw materials, packaging and chemicals	4,545,867	6,487,633	(11,153)	(5,724)	4,534,714	6,481,909
Spare parts and supplies	332,546	372,348	(15,973)	(87,131)	316,573	285,217
<b>Total</b>	<b>12,556,755</b>	<b>17,617,270</b>	<b>(245,335)</b>	<b>(494,291)</b>	<b>12,311,420</b>	<b>17,122,979</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories, net	
	2018	2017	2018	2017	2018	2017
Finished goods	1,798,791	3,079,210	(31,681)	(232,449)	1,767,110	2,846,761
Work in process	1,802,141	1,989,626	(41,406)	(7,233)	1,760,735	1,982,393
Raw materials, packaging and chemicals	2,488,170	2,795,540	(6,228)	(287)	2,481,942	2,795,253
Spare parts and supplies	53,793	55,325	-	-	53,793	55,325
<b>Total</b>	<b>6,142,895</b>	<b>7,919,701</b>	<b>(79,315)</b>	<b>(239,969)</b>	<b>6,063,580</b>	<b>7,679,732</b>

During the current year, the Group reversed the write-down of cost of inventories by Baht 172 million (2017: Reduced cost of inventories Baht 344 million, to reflect the net realisable value. This was included in cost of sales.) (The Company only: Baht 161 million (2017: Reduced cost of inventories Baht 236 million, to reflect the net realisable value. This was included in cost of sales.)), and reduced the amount of inventories recognised as expenses during the year.



### Additional information

Information on inventory balances of the Group, for only ribbed smoked sheets, concentrated latex and block rubber, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Inventories at net realisable value (NRV)*	10,411,061	15,979,154	5,886,610	7,773,263
Inventories at lower of cost or net realisable value (NRV) - as measured and included in the financial statements	<u>10,201,733</u>	<u>15,394,383</u>	<u>5,793,784</u>	<u>7,467,859</u>
Difference	<u>209,328</u>	<u>584,771</u>	<u>92,826</u>	<u>305,404</u>

\* For reporting purposes, inventories are stated at the lower of cost or net realisable value, while for inventory management purposes the Group uses net realisable value (NRV) which is the estimated selling price in the ordinary course of business less the necessary costs of completion and cost to make the sale. The use of different valuation methods for these two purposes resulted in a difference at the reporting date.

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

## 10. Derivative financial instruments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Cross currency swaps	-	(4,479)	23,778	(55,844)
Foreign exchange options	641	(14,483)	-	(65,293)
Rubber options	127	(157)	14,161	(58,646)
Forward foreign exchange contracts	10,642	(45,743)	113,261	(5,183)
Rubber futures	45,413	(106,524)	256,739	(45,338)
Physical forward contracts	2,778	(17)	-	(939)
Total derivative financial instruments	59,601	(171,403)	407,939	(231,243)

(Unit: Thousand Baht)

	Separate financial statements			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Cross currency swaps	-	(4,479)	23,778	(55,844)
Foreign exchange options	641	(11,394)	-	(48,665)
Rubber options	127	(157)	14,161	(58,646)
Forward foreign exchange contracts	1,569	-	64,804	(971)
Rubber futures	30,742	(95,302)	153,777	(34,004)
Total derivative financial instruments	33,079	(111,332)	256,520	(198,130)

## 11. Restricted bank deposits

As at 31 December 2018, the subsidiaries had fixed deposits pledged as collateral amounting to Baht 2 million (2017: Baht 12 million).

Fixed deposits, which were opened with a bank on behalf of the subsidiary, were pledged as collateral for contract compliance with government agencies.

## 12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Million Baht) Dividend received during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(%)	(%)				
<b>Subsidiaries</b>								
Sri Trang USA, Inc.	179	114	100.00	100.00	179	114	-	-
PT Sri Trang Lingga Indonesia	359	359	90.00	90.00	330	330	-	-
Anvar Parawood Co., Ltd.	10	10	99.94	99.94	26	26	-	-
Rubberland Products Co., Ltd.	1,600	1,600	99.99	99.99	1,935	1,935	500	500
Namhua Rubber Co., Ltd.	500	500	99.99	99.99	560	560	-	-
Sadao P.S. Rubber Co., Ltd.	40	40	99.99	99.99	54	54	-	-
Startex Rubber Co., Ltd.	2,198	2,115	99.99	99.99	2,196	2,113	-	-
Premier System Engineering Co., Ltd.	50	50	82.00	82.00	100	100	-	-
Starlight Express Transport Co., Ltd.	15	15	76.67	76.67	39	39	23	25
Sri Trang Rubber & Plantation Co., Ltd.	6,495	6,298	99.99	99.99	6,495	6,297	-	-
Shi Dong Shanghai Rubber Co., Ltd.	155	155	100.00	100.00	155	155	-	-
Sri Trang Gloves (Thailand) Co., Ltd.	200	200	81.50	81.50	6,430	6,430	408	2,707
Total					18,499	18,153	931	3,232

12.1.1 Details of investments in subsidiary that have material non-controlling interests.

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year		(Unit: Million Baht) Dividend paid to non-controlling interests during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(%)	(%)						
Sri Trang Gloves (Thailand) Co., Ltd.	9.77	9.77	313	270	92	(25)	49	293

12.1.2 Summarised financial information that based on amounts before inter-company elimination of subsidiary that has material non-controlling

Summarised information about financial position

	(Unit: Million Baht)	
	Sri Trang Gloves (Thailand) Co., Ltd.	
	<u>2018</u>	<u>2017</u>
Current assets	3,326	2,738
Non-current assets	5,062	4,362
Current liabilities	1,473	1,073
Non-current liabilities	3,701	3,254

Summarised information about comprehensive income

	(Unit: Million Baht)	
	Sri Trang Gloves (Thailand) Co., Ltd.	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	10,529	6,866
Profit (loss)	941	(255)
Other comprehensive income	(1)	-
Total comprehensive income	<u>940</u>	<u>(255)</u>

Summarised information about cash flow

	(Unit: Million Baht)	
	Sri Trang Gloves (Thailand) Co., Ltd.	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Cash flow provided by (used in) operating activities	1,106	(1,096)
Cash flow provided by (used in) investing activities	(1,360)	1,557
Cash flow provided by financing activities	150	-
Net increase (decrease) in cash and cash equivalents	<u>(104)</u>	<u>461</u>

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

### **12.2.1 Business acquisition in 2017**

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

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

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

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

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

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

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

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

### Consideration transferred as at 15 March 2017

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

(Unit: Thousand Baht)

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

#### Assets

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

(Unit: Thousand Baht)

Liabilities

Short-term borrowings from financial institutions	500,000
Trade accounts and other payables	1,161,345
Deferred tax liabilities	333,021
Provision for retirement benefit obligations	76,962
<b>Total identifiable net assets</b>	<b>5,941,284</b>
Fair value of non-controlling interests	(587,900)
Goodwill (Note 20)	2,953,782
<b>Total consideration transferred</b>	<b>8,307,166</b>

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

Other significant information related to business acquisition was as follows.

**(a) Call Option**

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

**(b) Acquired property, plant and equipment**

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

**(c) Non-controlling interests**

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

**(d) Revenues and profit contribution**

Revenues had been included in the consolidated statement of comprehensive income from 15 March 2017 (The date that the Company assumed control over the acquiree) to 31 December 2017 contributed by acquiree was Baht 6,866 million and also the contributed loss of Baht 255 million, which was included compensation expenses for the demerger of Baht 532 million. If Sri Trang Gloves has been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the period ended 31 December 2017 would show the revenues of Baht 8,815 million and net profit of Baht 315 million, respectively.

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

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

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

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



### **12.2.2 Investment in Rubber Glove Manufacturing Business**

On 10 July 2018, the Board of Directors Meeting of the Company passed a resolution not to object to the proposed investment by Dr. Viyavood Sincharoenkul (“Dr. Viyavood”), who is the Chairman and Managing Director of the Company, in Thaikong Co., Ltd. (“TK”), which is in the rubber glove manufacturing business, through the acquisition of shares held by Thaikong Group Co., Ltd. (“TKG”) by using his own funds. The Board of Directors also passed a resolution to conduct due diligence on TKG and TK as well as to study the investment structure in details. Dr. Viyavood requested the Company to issue a written confirmation of the Company’s investment in TK as well as the structure of the investment within 31 December 2018. This granted an exclusive right to the Company to invest in TK, whether directly or indirectly, in order to incorporate TK into the Group, at the cost at which TK’s shares were acquired by Dr. Viyavood (including finance costs). Dr. Viyavood also allowed the Company to determine an appropriate structure for the investment. During the decision making period of the Company, Dr. Viyavood undertook not to cause TK to make any dividend payments or reduce its capital. In addition, any transactions between the Group and TK were to be conducted on an arm’s length basis and there must be no transfer of benefits and no conflicts of interest in accordance with the applicable law and regulations.

Subsequently, on 30 August 2018, the Board of Directors resolved to approve the Company’s investment in TK, through the amalgamation of TK and Sri Trang Gloves (Thailand) Co., Ltd. (“Sri Trang Gloves”), which is a subsidiary of the Company. Following the amalgamation, Sri Trang Gloves will cease to be a subsidiary of the Company and the company formed by amalgamation will be a new subsidiary (the “New Merged Co.”). The New Merged Co., by virtue of law on the amalgamation, will assume all assets, liabilities, rights, duties, and responsibilities of both TK and Sri Trang Gloves. The Company and Rubberland Co., Ltd. will together hold 81.08 percent of the total shares of New Merged Co. The Company expects the amalgamation to be completed by 1 April 2019 and will incur costs of this transaction amounting to Baht 1,232.82 million, representing the cost of acquisition of Dr. Viyavood and the financing costs to be paid by Dr. Viyavood for the loan used to make this acquisition.

In addition, TK changed its juristic person from a limited company to a public limited company under the Public Limited Companies Act and registered the company’s conversion from “Thaikong Company Limited” to “Thaikong Public Company Limited” with the Ministry of Commerce on 19 September 2018.

Subsequently, on 9 October 2018, the Extraordinary General Meeting of Shareholders of Sri Trang Gloves passed special resolutions approving the following matters:

1. A change in a par value of Sri Trang Gloves's shares from Baht 10,000 to Baht 100 per share, as a result of which Sri Trang Gloves registered and paid-up capital of Baht 200 million comprising 2 million shares with a par value of Baht 100 per share. Sri Trang Gloves registered the change in a par value and amendment of the memorandum of association with the Ministry of Commerce on 9 October 2018.
2. The amalgamation of Sri Trang Gloves and TK.

### **12.3 Sri Trang Rubber & Plantation Co., Ltd. ("SRP")**

On 13 March 2018, the Extraordinary Shareholder's Meeting of SRP passed a resolution to approve on the increase of its registered capital of Baht 200 million by issuing 2,000,000 newly issued ordinary shares at the par value of Baht 100 per share. As a result, SRP has the new registered capital of 65,550,000 shares. During the year 2018, the Company paid of Baht 140 million for the additional shares.

In addition, during the year 2018, the Company already paid in a further Baht 58 million called-up in respect of the additional shares of SRP in 2017.

### **12.4 Startex Rubber Company Limited**

In November 2018, the Company already paid in a further of USD 2.5 million or approximately Baht 83 million called-up in respect of the additional shares of Startex Rubber Company Limited (a direct subsidiary) in 2016 for the purpose of increasing the registered share capital of Shi Dong Shanghai Medical Equipment Company Limited (an indirect subsidiary) to expand glove distribution business in China.

### **12.5 Sri Trang USA, Inc.**

On 12 May 2017, the Board of Directors Meeting of the Company passed a resolution to approve an increase of USD 3 million in the registered share capital of Sri Trang USA Inc. (a direct subsidiary). During the year 2017, the Company paid USD 1 million, or approximately Baht 34 million, for the additional shares. Subsequently, in December 2018, the Company paid the remaining USD 2 million, or approximately Baht 65 million, for the additional shares.

### 13. Investments in associates

#### 13.1 Details of associates:

(Unit: Million Baht)

Associates	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements			
					Carrying amounts				Cost	
					based on equity method				2018	2017
2018	2017	2018	2017	2018	2017					
				(%)	(%)					
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	42.50	42.50	387	360	143	143		
(Shareholding held by the Company 37.50% and by a subsidiary 5.00%)										
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	40.00	40.00	8	8	15	15		
Total					395	368	158	158		

#### 13.2 Share of comprehensive income and dividend received

During the years, the Group has recognised its share of profit (loss) from investments in associate companies and dividend income in the consolidated financial statements and dividend income in the separate financial statements as follows.

(Unit: Million Baht)

Associates	Consolidated financial statements		Dividend received		Separate financial statements	
	Share of profit (loss) from investments in associates during the years		during the years		Dividend received during the years	
	2018	2017	2018	2017	2018	2017
Semperflex Asia Co., Ltd.	179.3	159.5	152	621	134	548
Pattana Agro Futures Co., Ltd.	0.1	0.1	-	-	-	-
Sempermed USA, Inc.*	-	11.2	-	-	-	-
Semperflex Shanghai Co., Ltd.*	-	2.5	-	-	-	-
Sempermed Singapore Pte Ltd.*	-	(2.5)	-	-	-	-
Sempermed Brazil Comercio Exterior LTDA.* (Held by Sempermed Singapore Pte Ltd.)	-	(19.9)	-	-	-	-
Formtech Engineering (M) Sdn. Bhd.* (Held by Sempermed Singapore Pte Ltd.)	-	4.5	-	-	-	-
Total	179.4	155.4	152	621	134	548

\* In March 2017, the Company disposed its investment in associates to Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit"). Therefore, profits (losses) from operation of associates had been recognised as profit (loss) sharing in consolidated financial statements until the Group disposed the investments.

### 13.3 Summarised financial information about material associate

#### Summarised information about financial position

(Unit: Million Baht)

	Semperflex Asia Co., Ltd.	
	<u>2018</u>	<u>2017</u>
Current assets	870	814
Non-current assets	303	295
Current liabilities	(233)	(234)
Non-current liabilities	(15)	(13)
Net assets	925	862
Shareholding percentage (%)	42.50%	42.50%
Share of net assets	393	366
Adjustments on consolidated financial statements	(6)	(6)
Carrying amounts of associate based on equity method	<u>387</u>	<u>360</u>

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Semperflex Asia Co., Ltd.	
	<u>2018</u>	<u>2017</u>
Revenue	1,682	1,591
Profit	422	375
Other comprehensive income	(2)	(1)
Total comprehensive income	<u>420</u>	<u>374</u>

## 14. Investment in joint venture

### 14.1 Details of investment in joint venture:

Investment in joint venture represent investment in entity which is jointly controlled by the Company and other companies. Details of this investment are as follows.

(Unit: Million Baht)

Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2018	2017	Carrying amounts based on equity method		Cost	
			(%)	(%)	2018	2017	2018	2017
Thaitech Rubber Corp., Ltd.	Manufacture of rubber products	Thailand	42.51	42.51	406	362	135	135

### 14.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)

Joint ventures	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in joint ventures during the years		Dividend received during the years	
	2018	2017	2018	2017
Thaitech Rubber Corp., Ltd.	44	(145)	-	-
Sri Trang Gloves (Thailand) Co., Ltd.*	-	119	-	1,313
<b>Total</b>	<b>44</b>	<b>(26)</b>	<b>-</b>	<b>1,313</b>

\* In March 2017, Sri Trang Gloves had been classified from joint venture to subsidiary as described in Note 12.1.1 to the financial statements.

### 14.3 Summarised financial information about material joint venture

#### Summarised information about financial position

	(Unit: Million Baht)	
	Thaitech Rubber Corp., Ltd.	
	<u>2018</u>	<u>2017</u>
Current assets	1,326	2,176
Non-current assets	1,006	1,015
Current liabilities	(1,498)	(2,381)
Non-current liabilities	(17)	(47)
Net assets	817	763
Shareholding percentage (%)	42.51%	42.51%
Share of net assets	347	325
Adjustments on consolidated financial statements	59	37
Carrying amounts of joint venture based on equity method	406	362

#### Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the year ended 31 December	
	Thaitech Rubber Corp., Ltd.	
	<u>2018</u>	<u>2017</u>
Revenue	6,522	8,759
Profit (loss)	119	(356)
Other comprehensive income	(36)	(50)
Total comprehensive income	83	(406)

## 15. Long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Available-for-sale investments				
Equity securities	32,467	32,758	32,177	32,294
<u>Add</u> Cumulative changes in fair value	14,031	20,541	14,005	19,803
Total available-for-sale investments				
- Fair value	46,498	53,299	46,182	52,097
General investments	100,000	100,000	100,000	100,000
<u>Less</u> Allowance for impairment	(10,000)	-	(10,000)	-
General investments - Net	90,000	100,000	90,000	100,000
Total long-term investments	<u>136,498</u>	<u>153,299</u>	<u>136,182</u>	<u>152,097</u>

## 16. Investment properties

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	188,910	151,932	75,663	27,770
Acquisition of assets	156	-	-	-
Gain on change in fair value	13,367	47,893	-	47,893
Translation adjustment	(905)	(10,915)	-	-
Net book value at end of year	<u>201,528</u>	<u>188,910</u>	<u>75,663</u>	<u>75,663</u>

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

The Group's land not used in operations was revalued by an independent appraiser using the market approach.

Investment properties are carried at fair value, determined at the date of the statement of financial position based on the market value of properties in the same category and location as the subsidiary's property.

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Revaluation basis		Cost basis				
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
<b>As at 1 January 2017</b>							
Cost / Revalued amount	7,719,359	5,410,631	6,187,249	911,553	589,116	1,206,187	22,024,095
<u>Less</u> Accumulated depreciation	(494,167)	(1,142,620)	(3,619,235)	(623,189)	(373,313)	-	(6,252,524)
<u>Less</u> Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	<u>7,225,192</u>	<u>4,268,011</u>	<u>2,561,957</u>	<u>288,364</u>	<u>215,803</u>	<u>1,206,187</u>	<u>15,765,514</u>
<b>For the year ended 31 December 2017</b>							
Net book value at beginning of year	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514
Increase from business acquisition	438,254	973,659	2,565,616	66,204	26,669	64,425	4,134,827
Additions	128,206	63,784	123,614	117,560	38,940	2,494,460	2,966,564
Transfers in (out)	233,035	300,038	1,304,951	17,920	45,372	(1,901,316)	-
Reclassification, net	518,258	(518,258)	-	-	-	-	-
Disposals and write-off, net	(77,759)	(36,055)	(27,788)	(5,651)	(1,500)	(16,681)	(165,434)
Additions of revaluation	2,469,633	1,259,893	-	-	-	-	3,729,526
Reductions of revaluation	(39,592)	(77,011)	-	-	-	-	(116,603)
Depreciation for the year	(180,413)	(324,331)	(1,070,496)	(117,378)	(91,040)	-	(1,783,658)
Depreciation capitalised to assets (Note 18)	(60,710)	(9,226)	(2,569)	-	-	-	(72,505)
Increase in allowance for impairment during the year	(49,700)	-	-	-	-	-	(49,700)
Translation adjustment, net	(32,397)	(78,593)	(53,028)	(11,585)	(4,732)	(38,505)	(218,840)
Net book value at end of year	<u>10,572,007</u>	<u>5,821,911</u>	<u>5,402,257</u>	<u>355,434</u>	<u>229,512</u>	<u>1,808,570</u>	<u>24,189,691</u>



(Unit: Thousand Baht)

## Consolidated financial statements

	Revaluation basis		Cost basis				Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
<b>As at 31 December 2017</b>							
Cost / Revalued amount	11,068,818	6,409,049	9,921,850	1,057,193	666,282	1,808,570	30,931,762
<u>Less</u> Accumulated depreciation	(447,111)	(587,138)	(4,513,703)	(701,759)	(436,770)	-	(6,686,481)
<u>Less</u> Allowance for impairment	(49,700)	-	(5,890)	-	-	-	(55,590)
Net book value	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691
<b>For the year ended 31 December 2018</b>							
Net book value at beginning of year	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691
Additions	45,537	9,275	126,592	72,555	24,752	2,327,599	2,606,310
Transfers in (out)	273,898	700,110	2,042,240	29,235	26,373	(3,071,856)	-
Reclassification, net	215	(215)	-	-	-	-	-
Transfers to intangible assets (Note 19)	-	-	-	-	-	(4,910)	(4,910)
Disposals and write-off, net	(6,052)	(6,175)	(18,294)	(6,820)	(2,179)	(24,029)	(63,549)
Additions of revaluation	296,513	1,927	-	-	-	-	298,440
Reductions of revaluation	(10,866)	(2,342)	-	-	-	-	(13,208)
Depreciation for the year	(244,346)	(457,954)	(1,400,214)	(118,271)	(88,431)	-	(2,309,216)
Depreciation capitalised to assets (Note 18)	(64,973)	(6,321)	(3,127)	(2,621)	-	-	(77,042)
Reversal of allowance for impairment	-	-	334	-	-	-	334
Translation adjustment, net	(25,609)	(56,068)	(42,716)	(7,809)	(3,143)	(35,451)	(170,796)
Net book value at end of year	10,836,324	6,004,148	6,107,072	321,703	186,884	999,923	24,456,054

(Unit: Thousand Baht)

**Consolidated financial statements**

	Revaluation basis		Cost basis				Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
<b>As at 31 December 2018</b>							
Cost / Revalued amount	11,802,415	6,878,212	11,890,516	1,097,993	687,308	999,923	33,356,367
<u>Less</u> Accumulated depreciation	(916,391)	(874,064)	(5,777,888)	(776,290)	(500,424)	-	(8,845,057)
<u>Less</u> Allowance for impairment	(49,700)	-	(5,556)	-	-	-	(55,256)
Net book value	<u>10,836,324</u>	<u>6,004,148</u>	<u>6,107,072</u>	<u>321,703</u>	<u>186,884</u>	<u>999,923</u>	<u>24,456,054</u>

**Depreciation for the year**

2017 (Baht 1,584 million included in manufacturing cost, and the balance in selling and administrative expenses)

1,783,658

2018 (Baht 2,012 million included in manufacturing cost, and the balance in selling and administrative expenses)

2,309,216

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis				Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
<b>As at 1 January 2017</b>							
Cost / Revalued amount	2,624,454	2,250,191	3,260,045	262,959	347,297	836,009	9,580,955
<u>Less</u> Accumulated depreciation	(222,940)	(425,277)	(1,720,396)	(177,871)	(223,710)	-	(2,770,194)
<u>Less</u> Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	<u>2,401,514</u>	<u>1,824,914</u>	<u>1,533,592</u>	<u>85,088</u>	<u>123,587</u>	<u>836,009</u>	<u>6,804,704</u>
<b>For the year ended 31 December 2017</b>							
Net book value at beginning of year	2,401,514	1,824,914	1,533,592	85,088	123,587	836,009	6,804,704
Additions	23,183	17,330	42,946	21,266	9,949	955,883	1,070,557
Transfers in (out)	90,109	169,119	737,088	5,919	25,694	(1,027,929)	-
Disposals and write-off, net	(1,240)	(1,145)	(5,767)	(1,034)	(488)	(7,336)	(17,010)
Additions of revaluation	1,289,975	560,396	-	-	-	-	1,850,371
Reductions of revaluation	(11,203)	(44,173)	-	-	-	-	(55,376)
Depreciation for the year	(95,525)	(136,919)	(394,099)	(31,125)	(51,461)	-	(709,129)
Net book value at end of year	<u>3,696,813</u>	<u>2,389,522</u>	<u>1,913,760</u>	<u>80,114</u>	<u>107,281</u>	<u>756,627</u>	<u>8,944,117</u>
<b>As at 31 December 2017</b>							
Cost / Revalued amount	3,910,485	2,569,006	3,991,022	279,052	378,308	756,627	11,884,500
<u>Less</u> Accumulated depreciation	(213,672)	(179,484)	(2,071,372)	(198,938)	(271,027)	-	(2,934,493)
<u>Less</u> Allowance for impairment	-	-	(5,890)	-	-	-	(5,890)
Net book value	<u>3,696,813</u>	<u>2,389,522</u>	<u>1,913,760</u>	<u>80,114</u>	<u>107,281</u>	<u>756,627</u>	<u>8,944,117</u>

(Unit: Thousand Baht)

**Separate financial statements**

	Revaluation basis		Cost basis				Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
<b>For the year ended 31 December 2018</b>							
Net book value at beginning of year	3,696,813	2,389,522	1,913,760	80,114	107,281	756,627	8,944,117
Additions	1,599	1,392	35,227	5,264	7,735	690,362	741,579
Transfers in (out)	156,719	290,986	617,518	18,550	18,020	(1,101,793)	-
Disposals and write-off, net	(480)	(970)	(4,053)	(988)	(1,061)	(2,743)	(10,295)
Additions of revaluation	253,508	-	-	-	-	-	253,508
Depreciation for the year	(127,638)	(174,203)	(461,205)	(30,874)	(42,277)	-	(836,197)
Reversal of allowance for impairment	176	-	334	-	-	-	510
Net book value at end of year	<u>3,980,697</u>	<u>2,506,727</u>	<u>2,101,581</u>	<u>72,066</u>	<u>89,698</u>	<u>342,453</u>	<u>9,093,222</u>
<b>As at 31 December 2018</b>							
Cost / Revalued amount	4,321,874	2,860,101	4,611,482	300,501	391,256	342,453	12,827,667
<u>Less</u> Accumulated depreciation	(341,177)	(353,374)	(2,504,345)	(228,435)	(301,558)	-	(3,728,889)
<u>Less</u> Allowance for impairment	-	-	(5,556)	-	-	-	(5,556)
Net book value	<u>3,980,697</u>	<u>2,506,727</u>	<u>2,101,581</u>	<u>72,066</u>	<u>89,698</u>	<u>342,453</u>	<u>9,093,222</u>

**Depreciation for the year**

2017 (Baht 632 million included in manufacturing cost, and the balance in selling and administrative expenses)

709,129

2018 (Baht 758 million included in manufacturing cost, and the balance in selling and administrative expenses)

836,197

The Group arranged for independent professional appraisers to appraise the value of certain assets in 2017 and 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land and land improvements were revalued using the market approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment and highest best and use. The most significant input into this valuation approach is price per Rai and size of land.
- Buildings and structures were revalued the depreciated replacement cost approach. Replacement value is calculated from construction prices in the market to build the similar characteristics of properties in close proximity and adjusted for depreciation which calculated from utilised period and remaining expected useful lives. The most significant input into this valuation approach is construction price per square meter, utility spaces and useful lives of buildings.

The asset revaluation surplus net of applicable deferred income tax was credited to other component of equity.

Had the land and buildings been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2018 and 2017 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land improvement	7,258,610	7,174,097	2,145,005	2,068,479
Building and structures	4,306,450	3,965,605	1,716,936	1,545,006

As at 31 December 2018, the Group had machinery, vehicles and equipment with net book value of Baht 61 million (2017: Baht 58 million) (The Company only: Baht 12 million (2017: Baht 17 million)) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 3,472 million (2017: Baht 2,647 million) (The Company only: Baht 1,679 million (2017: Baht 1,281 million)).

As at 31 December 2018, net book value of property and plant of the subsidiaries with collateral against credit facilities, short-term and long-term borrowings received from a commercial bank was approximately Baht 169 million (2017: Baht 167 million) as described in Note 22 to the financial statements.

## 18. Rubber and palm plantations

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>				
	Rubber		Palm		Total
	Mature	Immature	Mature	Immature	
<b>As at 1 January 2017</b>					
Cost	16,523	1,559,408	8,721	948	1,585,600
<u>Less</u> Accumulated amortisation	(7,215)	-	(4,909)	(72)	(12,196)
Net book value	<u>9,308</u>	<u>1,559,408</u>	<u>3,812</u>	<u>876</u>	<u>1,573,404</u>
<b>For the year ended 31 December 2017</b>					
Net book value at beginning of year	9,308	1,559,408	3,812	876	1,573,404
Additions	-	191,774	-	-	191,774
Transfers in (out)	25,573	(25,780)	1,083	(876)	-
Disposals and write-off, net	-	(1,068)	-	-	(1,068)
Amortisation (Note 29)	(3,719)	-	(520)	-	(4,239)
Depreciation capitalised to assets (Note 17)	-	72,505	-	-	72,505
Net book value at end of year	<u>31,162</u>	<u>1,796,839</u>	<u>4,375</u>	<u>-</u>	<u>1,832,376</u>
<b>As at 31 December 2017</b>					
Cost	42,097	1,796,839	9,875	-	1,848,811
<u>Less</u> Accumulated amortisation	(10,935)	-	(5,500)	-	(16,435)
Net book value	<u>31,162</u>	<u>1,796,839</u>	<u>4,375</u>	<u>-</u>	<u>1,832,376</u>
<b>For the year ended 31 December 2018</b>					
Net book value at beginning of year	31,162	1,796,839	4,375	-	1,832,376
Acquisition	-	144,122	-	3,355	147,477
Transfer in (out)	95,472	(95,472)	2,549	(2,549)	-
Disposals and write-off, net	-	(1,403)	-	-	(1,403)
Amortisation (Note 29)	(3,487)	-	(513)	-	(4,000)
Depreciation capitalised to assets (Note 17)	-	77,042	-	-	77,042
Net book value at end of year	<u>123,174</u>	<u>1,921,128</u>	<u>6,411</u>	<u>806</u>	<u>2,051,492</u>
<b>As at 31 December 2018</b>					
Cost	137,569	1,921,128	12,424	806	2,071,927
<u>Less</u> Accumulated amortisation	(14,422)	-	(6,013)	-	(20,435)
Net book value	<u>123,147</u>	<u>1,921,128</u>	<u>6,411</u>	<u>806</u>	<u>2,051,492</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Rubber		Palm		Total
	Mature	Immature	Mature	Immature	
<b>As at 1 January 2017</b>					
Cost	3,584	-	3,182	-	6,766
<u>Less</u> Accumulated amortisation	(2,005)	-	(2,210)	-	(4,215)
Net book value	<u>1,579</u>	<u>-</u>	<u>972</u>	<u>-</u>	<u>2,551</u>
For the year ended 31 December 2017					
Net book value at beginning of year	1,579	-	972	-	2,551
Additions	-	2,075	-	-	2,075
Amortisation (Note 29)	(91)	-	(192)	-	(283)
Net book value at end of year	<u>1,488</u>	<u>2,075</u>	<u>780</u>	<u>-</u>	<u>4,343</u>
<b>As at 31 December 2017</b>					
Cost	3,584	2,075	3,182	-	8,841
<u>Less</u> Accumulated amortisation	(2,096)	-	(2,402)	-	(4,498)
Net book value	<u>1,488</u>	<u>2,075</u>	<u>780</u>	<u>-</u>	<u>4,343</u>
<b>For the year ended 31 December 2018</b>					
Net book value at beginning of year	1,488	2,075	780	-	4,343
Additions	-	894	-	3,355	4,248
Transfer in (out)	-	-	2,549	(2,549)	-
Amortisation (Note 29)	(91)	-	(190)	-	(281)
Net book value at end of year	<u>1,397</u>	<u>2,968</u>	<u>3,139</u>	<u>806</u>	<u>8,310</u>
<b>As at 31 December 2018</b>					
Cost	3,584	2,968	5,731	806	13,089
<u>Less</u> Accumulated amortisation	(2,187)	-	(2,592)	-	(4,779)
Net book value	<u>1,397</u>	<u>2,968</u>	<u>3,139</u>	<u>806</u>	<u>8,310</u>

## 19. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
<b>As at 1 January 2017</b>		
Cost	612,869	566,583
<u>Less</u> Accumulated amortisation	(132,064)	(96,602)
Net book value	<u>480,805</u>	<u>469,981</u>
<b>For the year ended 31 December 2017</b>		
Net book value at beginning of year	480,805	469,981
Additions	37,787	27,096
Increase from business acquisition	6,701	-
Write-off, net	(186)	(135)
Amortisation (Note 29)	(64,490)	(56,361)
Translation adjustment	(823)	-
Net book value at beginning of year	<u>459,794</u>	<u>440,581</u>
<b>As at 31 December 2017</b>		
Cost	653,730	592,545
<u>Less</u> Accumulated amortisation	(193,936)	(151,964)
Net book value	<u>459,794</u>	<u>440,581</u>
<b>For the year ended 31 December 2018</b>		
Net book value at beginning of year	459,794	440,581
Additions	26,448	13,446
Transfers from equipment (Note 17)	4,910	-
Write-off, net	(57)	(10)
Amortisation (Note 29)	(70,280)	(58,437)
Translation adjustment	(127)	-
Net book value at beginning of year	<u>420,688</u>	<u>395,580</u>
<b>As at 31 December 2018</b>		
Cost	673,503	594,963
<u>Less</u> Accumulated amortisation	(252,815)	(199,383)
Net book value	<u>420,688</u>	<u>395,580</u>



## 20. Goodwill

The Company determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period. The cash flow projections after the fifth-year period are extrapolated using the estimated growth rates stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operates.

Key assumptions used in the value in use calculation of the cash generating units are summarised below:

Terminal growth rate	0.0% per annum
Pre-tax discount rate	8.7% per annum

The management determined gross margin from the budget based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to cash generating unit.

The management determined that goodwill is not impaired.

## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	64,110	179,733	383,080	791,558
Trade payables - unrelated parties	1,314,201	1,221,484	491,518	349,392
Accrued expenses - related parties (Note 6)	-	-	35,890	5,000
Accrued expenses - unrelated parties	643,494	621,595	248,476	274,817
Deferred income - related parties (Note 6)	6,940	-	-	-
Deferred income for goods and others	395,576	279,897	184,081	170,467
Deposits and retentions received from customers	139,358	99,906	25,424	19,601
Other payables - related parties (Note 6)	383	4	17,892	50,159
Other payables - unrelated parties	109,454	211,638	31,315	58,108
Others	523	583	103	155
Total trade and other payables	2,674,039	2,614,840	1,417,779	1,719,257

## 22. Borrowings

Movements in the borrowing account during the year 2018 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	32,306,079	22,246,873
Decrease in short-term borrowings from financial institutions	(5,962,683)	(3,434,271)
Additions of long-term borrowings from financial institutions	2,279,400	629,400
Repayments of long-term borrowings from financial institutions	(1,300,654)	(300,000)
Repayments of debenture	(600,000)	(600,000)
Additions of finance lease liabilities	11,017	-
Repayments of finance lease liabilities	(10,245)	(4,092)
Unrealised loss on exchange rates	12,299	11,276
Translation adjustment	(208,043)	-
Balance as at 31 December 2018	<u>26,527,170</u>	<u>18,549,186</u>

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

As at 31 December 2018, certain of short-term borrowings of a local subsidiary totaling Baht 31 million (2017: Baht 26 million) were secured by certain of land, land improvement, building and structures thereon of this subsidiary and another subsidiary in Thailand as described in Note 17, and by the guarantee of certain Company's directors. According to a condition of the borrowing agreements, the Company and the subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens.

An overseas subsidiary has a credit facility with a financial institution totaling USD 19 million or approximately Baht 616 million (2017: USD 35 million or approximately Baht 1,144 million). As at 31 December 2018, the balance of short-term borrowings USD 10.5 million or approximately Baht 341 million (2017: USD 15.3 million or approximately Baht 498 million) were guaranteed by standby-letters of credit of a commercial bank as referred in Note 36.3.3 to the financial statements.

## 22.1 Long-term loans from financial institutions

As at 31 December 2018 and 2017, the Group had entered into long-term borrowing agreements with commercial banks with details as follows.

No.	Company	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Outstanding balances as at 31 December			
						Consolidated financial statements		Separate financial statements	
						<u>2018</u> (Thousand Baht)	<u>2017</u> (Thousand Baht)	<u>2018</u> (Thousand Baht)	<u>2017</u> (Thousand Baht)
1	Sri Trang Agro-Industry Public Co., Ltd.	Baht 3,800 Million granted in 2012	10 years	MLR less fixed rate per annum	Principal is repayable quarterly from September 2012 and interest is repayable monthly.	2,671,350	2,971,350	2,671,350	2,971,350
2	Sri Trang Agro-Industry Public Co., Ltd.	USD 15 Million granted in 2016	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	489,222	492,708	489,222	492,708
3	Sri Trang Agro-Industry Public Co., Ltd.	USD 15 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly	489,222	492,708	489,222	492,708
4	Sri Trang Agro-Industry Public Co., Ltd.	USD 20 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	652,296	656,944	652,296	656,944
5	Sri Trang Agro-Industry Public Co., Ltd.	USD 20 Million granted in 2018	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	652,296	-	652,296	-
6	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 3,000 Million granted in 2017	7 years	MLR less fixed rate per annum	Principal is repayable quarterly from March 2017 and interest is repayable quarterly.	2,020,000	3,000,000	-	-

No.	Company	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Outstanding balances as at 31 December			
						Consolidated financial statements		Separate financial statements	
						<u>2018</u> (Thousand Baht)	<u>2017</u> (Thousand Baht)	<u>2018</u> (Thousand Baht)	<u>2017</u> (Thousand Baht)
7	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 950 Million granted in 2018	7 year 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from September 2018 and interest is repayable quarterly.	930,000	-	-	-
8	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 700 Million granted in 2018	4 year 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from June 2019 and interest is repayable quarterly.	700,000	-	-	-
9	Anvar Parawood Co., Ltd.	Baht 8 Million granted in 2013	5 year 6 months	MLR less fixed rate per annum	Principal is repayable monthly from January 2014 and interest is repayable monthly.	-	654	-	-
Total						8,604,386	7,614,364	4,954,386	4,613,710
<u>Less</u> Current portion of long-term borrowing						1,260,000	420,654	965,000	300,000
Long-term borrowing - net from current portion						<u>7,344,386</u>	<u>7,193,710</u>	<u>3,989,386</u>	<u>4,313,710</u>

These loans are unsecured. In addition, the borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain financial ratios.

## 22.2 Debentures

(Unit: Thousand Baht)

Debentures	Issued date	Matured date	Quantity (Units)	Par value (Baht per unit)	Interest rate (Percent per annum)	Consolidated financial statements/ Separate financial statements	
						2018	2017
STA182A	13 February 2013	13 February 2018	600,000	1,000	4.50	-	600,000
STA195A	18 May 2016	18 May 2019	810,000	1,000	2.55	810,000	810,000
STA215A	18 May 2016	18 May 2021	1,455,000	1,000	3.10	1,455,000	1,455,000
Total						2,265,000	2,865,000
<u>Less</u> current portion						(810,000)	(600,000)
Debentures, net of current portion						1,455,000	2,265,000

On 13 February 2018, the Company repaid Baht 600 million of unsubordinated and unsecured debentures, consisting of 600,000 units with a face value of Baht 1,000 each.

The debentures are unsubordinated and unsecured debentures, with interest payable every 6 months.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Net book value		Fair value	
	2018	2017	2018	2017
Debentures	2,265,000	2,865,000	2,256,828	2,867,023

## 22.3 Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	44,003	43,839	10,196	14,781
<u>Less</u> Deferred interest expenses	(2,606)	(3,151)	(654)	(1,147)
Total	41,397	40,688	9,542	13,634
<u>Less</u> Portion due within one year	(16,248)	(13,167)	(3,786)	(4,092)
Liabilities under finance lease agreements - net of current portion	25,149	27,521	5,756	9,542

Finance leases of the Group is mainly related to the lease of vehicles. The terms of the lease agreements are generally 3 - 5 years.

Future minimum lease payments required under the finance lease agreements were as follows.

(Unit: Million Baht)

	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	17,725	26,278	44,003	4,124	6,072	10,196
Deferred interest expenses	(1,477)	(1,129)	(2,606)	(338)	(316)	(654)
Present value of future minimum lease payments	16,248	25,149	41,397	3,786	5,756	9,542

(Unit: Million Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	14,736	29,103	43,839	4,585	10,196	14,781
Deferred interest expenses	(1,569)	(1,582)	(3,151)	(493)	(654)	(1,147)
Present value of future minimum lease payments	13,167	27,521	40,688	4,092	9,542	13,634

## 23. Provision for retirement benefit obligations

Provision for retirement benefit obligations, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Provision for retirement benefit obligations at beginning of year</b>	308,188	185,233	93,046	83,947
Increase from business acquisition	-	76,962	-	-
Included in profit or loss:				
Current service cost	32,917	20,200	9,329	8,914
Interest cost	8,776	7,836	2,063	2,073
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	8,186	-	3,300	-
Financial assumptions changes	(25,798)	23,731	(1,846)	(11)
Experience adjustments	1,383	-	14,285	-
Benefits paid during the year	(4,637)	(5,774)	(2,061)	(1,877)
<b>Provision for retirement benefit obligations at end of year</b>	<b>329,015</b>	<b>308,188</b>	<b>118,116</b>	<b>93,046</b>

The Group expect to pay Baht 31 million of long-term employee benefits during the next year (Separate financial statements: Baht 19 million) (2017: Baht 5 million, separate financial statements: Baht 2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit was 13.7 years (Separate financial statements: 13.7 years) (2017: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	1.73 - 4.38	1.46 - 3.97	1.73 - 4.38	1.46 - 3.97
Future salary increase rate	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0
Turnover rate	0 - 30.0	0 - 30.0	0 - 30.0	0 - 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the provision for retirement benefit obligations as at 31 December 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(62,592)	80,697	(9,180)	10,539
Salary increase rate	80,013	(62,336)	10,254	(9,123)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(15,933)	18,791	(6,575)	7,737

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(70,774)	95,153	(7,382)	8,562
Salary increase rate	99,169	(74,715)	10,180	(8,877)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(20,936)	25,137	(7,510)	9,015

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional provision for retirement benefit obligations of Baht 79 million (The Company only: Baht 30 million). The Group will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

## 24. Share capital

### Year 2017

On 31 August 2017, the Extraordinary Shareholders' meeting passed a resolution to approve an increase in the Company's registered share capital from 1,280,000,000 ordinary shares with a par value of Baht 1 each to 1,535,999,998 ordinary shares with a par value of Baht 1 each. On 6 October 2017, the Company received shares subscription of 255,999,998 additional ordinary shares with a par value of Baht 1 each, at a price of Baht 10 per share. The paid-up share capital and premium on ordinary shares totaling Baht 256 million and Baht 2,301 million, respectively. The Company registered the increase in its issued and fully paid share capital with the Ministry of Commerce on 16 October 2017.



## Year 2018

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

### **25. Revaluation surplus**

This represents surplus arising from revaluation of land, land improvements, buildings and structures. The surplus is amortised to retained earnings on a straight-line basis over the remaining lives of the related assets.

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Balance at beginning of year - net of income tax	4,049,446	1,296,860	1,944,873	552,827
Increase from revaluation of assets				
- net of income tax	240,462	2,848,898	202,806	1,423,477
Decrease from sale of assets				
- net of income tax	(2,116)	(34,721)	(394)	-
<u>Less</u> depreciation on assets revaluation				
- net of income tax	(185,133)	(61,591)	(89,375)	(31,431)
Balance at end of year - net of income tax	<u>4,102,659</u>	<u>4,049,446</u>	<u>2,057,910</u>	<u>1,944,873</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

### **26. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. The statutory reserve has fully been set aside.

## 27 Other income

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Income from insurance claim	69,066	505,680	27,353	40,419
Income from computer software	8,610	14,318	21,509	62,754
Rental income	23,952	22,120	12,052	9,009
Income from guaranteed loans	-	-	14,267	28,285
Office service income	-	5,553	17,196	22,068
Others	136,107	136,038	66,547	43,012
Total other income	<u>237,735</u>	<u>683,709</u>	<u>158,924</u>	<u>205,547</u>

Income from insurance claim in consolidated financial statements in 2017 totaling Baht 506 million included income from insurance claim from fire accident of PT Star Rubber in Indonesia amounting Baht 463 million.

## 28 Other gain (loss), net

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Gain (loss) from rubber derivative financial instruments	1,202,808	100,303	538,119	(92,055)
Gain (loss) from disposals and write-off fixed assets	(12,876)	(788)	(4,066)	3,889
Total other gain (loss), net	<u>1,189,932</u>	<u>99,515</u>	<u>534,053</u>	<u>(88,166)</u>

## 29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changes in inventories of finished goods and work in progress	3,078,947	(2,080,846)	1,467,903	(539,789)
Raw materials and consumables used	48,087,041	60,917,781	24,936,677	32,994,781
Reduction of inventory cost to net realisable value (reversal)	(172,328)	343,698	(160,655)	236,074
Salaries and wages and other employee benefits	3,270,556	2,946,006	946,603	921,792
Depreciation	2,309,216	1,783,658	836,197	709,129
Amortisation - rubber and plantations	4,000	4,239	281	283
Amortisation - intangible assets	70,280	64,490	58,437	56,361
Transportation and distribution expense	1,770,811	1,689,920	931,537	839,637
Energy expense	2,325,151	1,889,132	585,267	540,335
Cess expense*	1,393,135	1,294,826	1,007,141	897,431

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

### 30. Income tax

Tax expenses (income) for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	406,365	151,653	4,621	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(165,376)	(131,023)	(57,542)	(126,037)
<b>Tax expense (income) reported in the statement of comprehensive income</b>	<u>240,989</u>	<u>20,630</u>	<u>(52,921)</u>	<u>(126,037)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(1,302)	919	(1,159)	902
Deferred tax on gain from revaluation of land and buildings	59,688	738,338	50,701	335,869
Deferred tax on actuarial gain (loss)	4,548	(5,809)	(3,148)	3
Deferred tax on exchange differences from translating foreign currency financial statements	7,028	29,549	-	-
	<u>69,962</u>	<u>762,997</u>	<u>46,394</u>	<u>356,774</u>

The reconciliation between accounting profit (loss) and tax expense (income) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	2,386,963	(1,397,911)	1,620,219	2,542,439
Applicable tax rate	17 - 25%	17 - 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	502,614	(260,893)	324,044	508,488
Share of profit from investments in associates and joint venture	(44,741)	(25,968)	-	-
Tax losses which were not recognised as deferred tax assets during the year	152,422	497,780	111,201	339,318
Utilisation of previously unrecognised tax losses	(216,642)	(40,950)	(187,087)	-
Write-off deferred tax asset which was previously recognised	-	10,771	-	-
Effects of:				
Promotional privileges (Note 31)	(53,775)	(13,565)	(21,389)	-
Exemption of income	(11,430)	(184,687)	(213,348)	(965,419)
Non-deductible expenses	27,431	143,673	(12,292)	31,335
Additional expense deductions allowed	(96,123)	(69,518)	(56,966)	(39,759)
Tax at concessionary rate of 10% see note (a)	(47,912)	(23,895)	-	-
Others	29,145	(12,118)	2,916	-
Total	(152,664)	(160,110)	(301,079)	(973,843)
Tax expense (income) reported in the statement of comprehensive income	<u>240,989</u>	<u>20,630</u>	<u>(52,921)</u>	<u>(126,037)</u>

### Additional information

- (a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to a subsidiary of the Group 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 to 31 December 2019.

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>				
Unused tax losses	666,728	623,105	382,724	373,073
Unrealised losses on derivative financial instruments	24,138	35,156	22,053	30,636
Allowance for diminution in value of inventories	55,616	71,726	10,227	22,644
Cumulative loss from assets revaluation and allowance for asset impairment	41,747	49,352	17,711	17,815
Provision for retirement benefit obligations	68,170	64,620	23,623	18,609
Others	24,845	23,426	46	46
<b>Total</b>	<u>881,244</u>	<u>867,385</u>	<u>456,384</u>	<u>462,823</u>
<b>Deferred tax liabilities</b>				
Assets revaluation surplus	1,310,493	1,337,441	514,477	486,218
Fair value estimation of investment properties	12,578	12,578	12,578	12,578
Unrealised gains on derivative financial instruments	6,616	59,866	6,616	51,304
Others	3,182	4,540	2,801	3,960
<b>Total</b>	<u>1,332,869</u>	<u>1,414,425</u>	<u>536,472</u>	<u>554,060</u>
	<u>(451,625)</u>	<u>(547,040)</u>	<u>(80,088)</u>	<u>(91,237)</u>
<b>Deferred tax assets (liabilities) presented in the statements of financial position:</b>				
Deferred tax asset	236,110	197,989	-	-
Deferred tax liabilities	(687,735)	(745,029)	(80,088)	(91,237)
	<u>(451,625)</u>	<u>(547,040)</u>	<u>(80,088)</u>	<u>(91,237)</u>

As at 31 December 2018, the Group had deductible temporary differences and unused tax losses totaling Baht 1,784 million (the Company only: Baht 756 million) (2017: Baht 1,343 million, the Company only: Baht 550 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Group had the unused tax losses amounting to Baht 1,690 million which will expire by 2037 (the Company only: Baht 746 million by 2022).

### 31. Promotional privileges

The Group were granted certain privileges on their manufactures of concentrated latex, block rubber Skim Crepe and rubber gloves, which included among others, as follows:

- (a) Exemption from payment of import duty on imported machinery and equipment as approved by BOI committee
- (b) 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 must comply with certain conditions and restrictions provided for in the promotional certificates.

The Group operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and service income						
Domestic sales and service income	6,297,128	10,703,714	13,290,733	12,749,057	19,587,861	23,452,771
Export sales and service income	25,945,426	30,932,620	51,164,933	64,864,259	77,110,359	95,796,879
Total sales and service income	<u>32,242,554</u>	<u>41,636,334</u>	<u>64,455,666</u>	<u>77,613,316</u>	<u>96,698,220</u>	<u>119,249,650</u>
Elimination					(23,205,419)	(29,862,656)
Total					<u>73,492,801</u>	<u>89,386,994</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and service income						
Domestic sales and service income	4,445,770	5,228,626	7,628,030	10,794,088	12,073,800	16,022,714
Export sales and service income	14,027,881	9,959,097	15,026,218	26,061,929	29,054,099	36,021,026
Total sales and service income	<u>18,473,651</u>	<u>15,187,723</u>	<u>22,654,248</u>	<u>36,856,017</u>	<u>41,127,899</u>	<u>52,043,740</u>

### 32. Earnings per share

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

The basic earnings per share are as follows.

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) attributable to owners of the Company (Thousand Baht)	2,064,358	(1,437,051)	1,673,139	2,668,476
Weighted average number of ordinary shares (Thousand shares)	1,536,000	1,370,204	1,536,000	1,370,204
Basic earnings (losses) per share (Baht)	1.34	(1.05)	1.09	1.95

### 33. Segment information

The chief operating decision-maker has been identified as the Managing Director. The Managing Director reviews the Group's internal reporting regularly in order to assess performance and allocate resources. The Managing Director 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 Managing Director.

There are four reportable segments as follows:

- 1) Natural Rubber Products: This segment is engaged in manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- 2) Engineering Business: This segment is engaged in the engineering services including research and development of machinery and production processes, and also providing information system services.
- 3) Plantation: This segment is engaged in plantations including rubber, palm and temperate fruits.
- 4) Other Businesses: This segment is engaged in logistics services and other services. These services are provided mainly to the Group, with minor services provided externally.

The Group operates across four business segments in seven main geographical areas. The allocation of revenue to each geographical area is based on the origin of sales.



Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2018 and 2017 are as follow:

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Natural rubber and gloves							Engineering	Plantation	Others	Elimination	Consolidation
	United states of							Thailand	Thailand	Thailand		
	Thailand	Indonesia	Singapore	America	China	Vietnam	Myanmar					
<b>Revenues</b>												
Revenues from external customers	50,580,984	2,743,088	16,628,389	307,914	2,890,650	-	1,014	309,121	1,708	29,933	-	73,492,801
Inter-segment revenues	12,617,171	7,629,132	403,897	-	29,179	-	375,971	1,118,801	7,493	1,023,775	(23,205,419)	-
<b>Total revenues</b>	<b>63,198,155</b>	<b>10,372,220</b>	<b>17,032,286</b>	<b>307,914</b>	<b>2,919,829</b>	<b>-</b>	<b>376,985</b>	<b>1,427,922</b>	<b>9,201</b>	<b>1,053,708</b>	<b>(23,205,419)</b>	<b>73,492,801</b>
<b>Unallocated income and expenses</b>												
Depreciation and amortisation	(1,914,031)	(370,109)	(8,334)	(557)	(1,845)	-	(5,020)	(23,522)	(32,342)	(27,737)	-	(2,383,497)
Finance income	114,617	7,922	15,425	-	1,008	1	-	3,607	118	424	(114,400)	28,722
Finance cost	(701,738)	(310,947)	(3,566)	(17,796)	-	-	(8,371)	-	(42)	(1,893)	128,667	(915,686)
Share of profit from investments in associates and joint venture	223,703	-	-	-	-	-	-	-	-	-	-	223,703
<b>Profit (loss) before tax income (expense)</b>	<b>3,319,781</b>	<b>(336,494)</b>	<b>600,502</b>	<b>(137,434)</b>	<b>162,971</b>	<b>346</b>	<b>12,329</b>	<b>47,230</b>	<b>(122,373)</b>	<b>(6,174)</b>	<b>(1,153,721)</b>	<b>2,386,963</b>
Tax income (expense)	(162,850)	33,348	(85,181)	27,456	(36,363)	-	-	(7,900)	(7,210)	(2,289)	-	(240,989)
<b>Profit (loss) for the year</b>	<b>3,156,931</b>	<b>(303,146)</b>	<b>515,321</b>	<b>(109,978)</b>	<b>126,608</b>	<b>346</b>	<b>12,329</b>	<b>39,330</b>	<b>(129,583)</b>	<b>(8,463)</b>	<b>(1,153,721)</b>	<b>2,145,974</b>
<b>Total assets</b>	<b>55,704,913</b>	<b>6,327,992</b>	<b>5,433,558</b>	<b>304,113</b>	<b>1,498,375</b>	<b>25,795</b>	<b>138,167</b>	<b>1,504,078</b>	<b>6,673,199</b>	<b>4,195,464</b>	<b>(26,057,549)</b>	<b>55,748,105</b>

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Natural rubber and gloves							Engineering	Plantation	Others	Elimination	Consolidation
	United states of							Thailand	Thailand	Thailand		
	Thailand	Indonesia	Singapore	America	China	Vietnam	Myanmar					
<b>Revenues</b>												
Revenues from external customers	59,848,686	2,152,713	22,871,059	2,349,048	1,784,205	-	-	144,087	1,788	235,408	-	89,386,994
Inter-segment revenues	13,973,051	10,659,499	2,996,449	-	49,653	-	352,323	937,127	1,609	893,137	(29,862,848)	-
<b>Total revenues</b>	<b>73,821,737</b>	<b>12,812,212</b>	<b>25,867,508</b>	<b>2,349,048</b>	<b>1,833,858</b>	<b>-</b>	<b>352,323</b>	<b>1,081,214</b>	<b>3,397</b>	<b>1,128,545</b>	<b>(29,862,848)</b>	<b>89,386,994</b>
<b>Unallocated income and expenses</b>												
Depreciation and amortisation	(1,468,993)	(279,109)	(6,586)	(1,605)	(2,728)	-	(5,116)	(22,076)	(35,749)	(30,425)	-	(1,852,387)
Finance income	45,355	1,711	384	-	801	1	-	970	88	351	-	49,661
Finance cost	(827,668)	(299,791)	(18,496)	(34,166)	-	-	(3,974)	(21,264)	-	(734)	-	(1,206,093)
Share of profit from investments in associates and joint ventures	129,841	-	-	-	-	-	-	-	-	-	-	129,841
<b>Profit (loss) before tax income (expense)</b>	<b>2,505,829</b>	<b>903,738</b>	<b>784,367</b>	<b>(107,669)</b>	<b>(49,611)</b>	<b>(1,805)</b>	<b>7,628</b>	<b>33,099</b>	<b>(175,873)</b>	<b>4,070</b>	<b>(5,301,684)</b>	<b>(1,397,911)</b>
Tax income (expense)	222,258	(235,277)	(33,031)	5,592	12,176	-	-	(873)	12,063	(3,538)	-	(20,630)
<b>Profit (loss) for the year</b>	<b>2,728,087</b>	<b>668,461</b>	<b>751,336</b>	<b>(102,077)</b>	<b>(37,435)</b>	<b>(1,805)</b>	<b>7,628</b>	<b>32,226</b>	<b>(163,810)</b>	<b>532</b>	<b>(5,301,684)</b>	<b>(1,418,541)</b>
<b>Total assets</b>	<b>58,032,182</b>	<b>7,463,181</b>	<b>6,039,550</b>	<b>461,647</b>	<b>1,437,773</b>	<b>25,644</b>	<b>157,835</b>	<b>1,255,111</b>	<b>6,561,032</b>	<b>4,138,569</b>	<b>(25,864,743)</b>	<b>59,707,781</b>

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	11,479,772	15,858,283
China	30,743,411	37,089,072
Others	31,269,618	36,439,639
Total	<u>73,492,801</u>	<u>89,386,994</u>
Non-current assets (other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts)		
Thailand	27,183,006	26,642,434
Indonesia	2,785,370	2,817,865
Others	203,515	211,463
Total	<u>30,171,891</u>	<u>29,671,762</u>

## Major customers

For the year 2018 and 2017, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

### **34. Provident fund**

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and its employees contribute to the fund monthly at the fix rate of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Group contributed Baht 31 million (2017: Baht 24 million) to the fund, and the Company only contributed Baht 11 million (2017: Baht 11 million). These contributions were recognised as expenses.

### 35. Dividends

		(Unit: Million Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2017	512	0.40
Interim dividends from the operating for the six-month period ended 30 June 2018	Board of Directors' meeting on 30 August 2018	384	0.25

### 36. Commitments and contingent liabilities

#### 36.1 Sales and purchases commitments

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

		(Unit: Thousand Baht)	
		As at 31 December 2018	
		Consolidated financial statements	Separate financial statements
<b>Purchases from:</b>			
Joint venture		327,657	-
Related parties		65,921	65,921
Third parties		321,950	-
		<u>715,528</u>	<u>65,921</u>
<b>Sales to:</b>			
Subsidiaries		-	2,139,137
Related parties		949,725	949,725
Third parties		12,137,479	6,759,148
		<u>13,087,204</u>	<u>9,848,010</u>

## 36.2 Capital commitments

The Group had capital commitments as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2018	
	Consolidated financial statements	Separate financial statements
Capital commitments - purchase of fixed assets	585,548	46,296

## 36.3 Commitments from guarantees on borrowings of subsidiaries and contingent liabilities

36.3.1 The Company had outstanding balance of commitments from guarantees on the borrowings of subsidiaries as follows.

	As at 31 December 2018	
	Consolidated financial statements / Separate financial statements	
Currencies	Amount	(Equivalent) Million Baht
Million USD	11	341
Billion IDR	876	1,971
Total		2,312

36.3.2 As at 31 December 2018, there were outstanding bank guarantees of Baht 153 million issued by banks on behalf of the Group primarily to guarantee electricity usage. The subsidiaries had pledged its fixed deposits of Baht 1 million to guarantee electricity usage.

36.3.3 As at 31 December 2018, the Group had a credit facility of standby-letters of credit totaling USD 20 million, or approximately Baht 649 million.

## 36.4 Operating lease commitments - where the Group are the lessee

The future aggregate minimum lease payments under non-cancellable operating leases of the Group was as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2018	
	Consolidated financial statements	Separate financial statements
Not later than 1 year	151,721	94,521
Later than 1 year but not later than 5 years	157,577	105,252
Total	309,298	199,773

### 37. Fair value measurements

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	46,498	-	-	46,498
Derivative financial instruments (Note 10)	-	59,601	-	59,601
Property, plant and equipment	-	-	16,840,472	16,840,472
Investment properties	-	-	201,528	201,528
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	106,524	64,879	-	171,403
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,256,828	-	2,256,828

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	53,299	-	-	53,299
Derivative financial instruments (Note 10)	256,739	151,200	-	407,939
Property, plant and equipment	-	-	16,393,918	16,393,918
Investment properties	-	-	188,910	188,910
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	45,338	185,905	-	231,243
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,867,023	-	2,867,023

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	46,182	-	-	46,182
Derivative financial instruments (Note 10)	30,742	2,337	-	33,079
Property, plant and equipment	-	-	6,487,424	6,487,424
Investment properties	-	-	75,663	75,663
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	95,302	16,030	-	111,332
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,256,828	-	2,256,828

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	52,097	-	-	52,097
Derivative financial instruments (Note 10)	153,777	102,743	-	256,520
Property, plant and equipment	-	-	6,086,335	6,086,335
Investment properties	-	-	75,663	75,663
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	34,004	164,126	-	198,130
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,867,023	-	2,867,023

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

## **38. Financial instruments**

### **38.1 Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Thus, risk management plan for the Group focusing on the fluctuation of financial market to reduce the effect of risk to the Group's operations. The Group used financial instruments to protect potential risk.

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

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

#### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.



As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

((Unit: Thousand Baht))

Consolidated financial statements as at 31 December 2018							
	Fixed interest rates					Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<u>Financial Assets</u>							
Cash and cash equivalent	1,027,474	-	-	703,086	2,466,740	4,197,300	0.1 - 3.5
Trade and other receivables	-	-	-	-	5,692,013	5,692,013	
Amounts due from future brokers	976,275	-	-	-	-	976,275	(1)
Deposits at bank with restrictions	-	2,143	-	-	-	2,143	0.9 - 1.4
Long-term investments	-	-	-	-	136,498	136,498	-
<b>Total</b>	<b>2,003,749</b>	<b>2,143</b>	<b>-</b>	<b>703,086</b>	<b>8,295,251</b>	<b>11,004,229</b>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,674,039	2,674,039	-
Short-term borrowings from financial institutions	13,304,953	-	-	2,311,434	-	15,616,387	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	16,248	25,149	-	-	-	41,397	(1)
Long-term borrowings from financial institutions	489,222	1,793,814	-	6,321,350	-	8,604,386	(2)
<b>Total</b>	<b>14,620,423</b>	<b>3,273,963</b>	<b>-</b>	<b>8,632,784</b>	<b>2,674,039</b>	<b>29,201,209</b>	

(Unit: Thousand Baht)

## Consolidated financial statements as at 31 December 2017

	Fixed interest rates						Effective interest rate
	Within	1 - 5	Over	Floating	Non- interest	Total	
	1 year	years	5 years	interest rate	bearing		
<u>Financial Assets</u>							
Cash and cash equivalent	4,243	-	-	1,140,186	1,097,471	2,241,900	0.1 - 4.5
Trade and other receivables	-	-	-	-	7,212,308	7,212,308	-
Amounts due from future brokers	810,540	-	-	-	-	810,540	(1)
Deposits at bank with restrictions	10,010	2,129	-	-	-	12,139	0.1 - 1.5
Long-term investments	-	-	-	-	153,299	153,299	-
<b>Total</b>	<b>824,793</b>	<b>2,129</b>	<b>-</b>	<b>1,140,186</b>	<b>8,463,078</b>	<b>10,430,186</b>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,614,840	2,614,840	-
Short-term borrowings from financial institutions	18,212,966	-	-	3,573,060	-	21,786,026	(1)
Debentures	600,000	2,265,000	-	-	-	2,865,000	(1)
Finance lease liabilities	13,167	27,521	-	-	-	40,688	(1)
Long-term borrowings from financial institutions	654	1,642,360	-	5,971,350	-	7,614,364	(2)
<b>Total</b>	<b>18,826,787</b>	<b>3,934,881</b>	<b>-</b>	<b>9,544,410</b>	<b>2,614,840</b>	<b>34,920,918</b>	

(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2018

	Fixed interest rates						Effective interest rate
	Within	1 - 5	Over	Floating	Non - interest	Total	
	1 year	years	5 years	interest rate	bearing		
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	106,024	275,791	381,815	(1)
Trade and other receivables	-	-	-	-	3,233,143	3,233,143	-
Amounts due from future brokers	31,300	-	-	-	-	31,300	(1)
Long-term loans to subsidiaries	742,550	1,775,664	-	-	-	2,518,214	(1)
Long-term investments	-	-	-	-	136,182	136,182	-
<b>Total</b>	<b>773,850</b>	<b>1,775,664</b>	<b>-</b>	<b>106,024</b>	<b>3,645,116</b>	<b>6,300,654</b>	

(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2018

	Fixed interest rates						Effective interest rate
	Within	1 - 5	Over	Floating	Non - interest	Total	
	1 year	years	5 years	interest rate	bearing		
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	1,417,779	1,417,779	-
Short-term borrowings from financial institutions	11,320,258	-	-	-	-	11,320,258	(1)
Short-term borrowings from subsidiaries	300,000	-	-	-	-	300,000	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	3,786	5,756	-	-	-	9,542	(1)
Long-term borrowings from financial institutions	489,222	1,793,814	-	2,671,350	-	4,954,386	(2)
<b>Total</b>	<b>12,923,266</b>	<b>3,254,570</b>	<b>-</b>	<b>2,671,350</b>	<b>1,417,779</b>	<b>20,266,965</b>	

(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates						Effective interest rate
	Within	1 - 5	Over	Floating	Non - interest	Total	
	1 year	years	5 years	interest rate	bearing		
<u>Financial Assets</u>							
Cash and cash equivalent	3,864	-	-	90,877	174,278	269,019	0.0 - 1.1
Trade and other receivables	-	-	-	-	4,122,493	4,122,493	-
Amounts due from future brokers	16,177	-	-	-	-	16,177	(1)
Long-term loans to subsidiaries	915,873	1,625,730	-	-	-	2,541,603	2.7 - 4.3
Long-term investments	-	-	-	-	152,097	152,097	-
<b>Total</b>	<b>935,914</b>	<b>1,625,730</b>	<b>-</b>	<b>90,877</b>	<b>4,448,868</b>	<b>7,101,389</b>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	1,719,257	1,719,257	-
Short-term borrowings from financial institutions	14,754,529	-	-	-	-	14,754,529	(1)
Debentures	600,000	2,265,000	-	-	-	2,865,000	(1)
Finance lease liabilities	4,092	9,542	-	-	-	13,634	(1)
Long-term borrowings from financial institutions	-	1,642,360	-	2,971,350	-	4,613,710	(2)
<b>Total</b>	<b>15,358,621</b>	<b>3,916,902</b>	<b>-</b>	<b>2,971,350</b>	<b>1,719,257</b>	<b>23,966,130</b>	

(1) Fixed rate per annum

(2) MLR less fixed rate per annum

### Interest rate sensitivity analysis

The Group's interest rate risk arises from borrowings. Borrowings on which interest is charged at floating rates expose the Group to risk in respect of interest cash flows.

If the interest rate changes by 0.25% per annum (2017: 0.25% per annum), with all other variables held constant, the impact of floating rate borrowings on profit before tax would be as follows:

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
- Decrease in interest rate by 0.25%				
Pre-tax profit increase	15,803	14,928	6,678	7,428
- Increase in interest rate by 0.25%				
Pre-tax profit decrease	(15,803)	(14,928)	(6,678)	(7,428)

### ***Foreign currency risk***

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	149.5	103.7	92.0	99.0	32.4498	32.6809
Japan yen	1,086.5	465.4	-	-	0.2931	0.2989
Singapore dollar	2.9	2.7	0.3	0.4	23.6943	24.4503
China yuan	10.6	-	-	0.1	4.7237	5.0145

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	147.1	159.0	83.6	65.3	32.4498	32.6809
Singapore dollar	2.5	2.2	-	-	23.6943	24.4503

In addition, the Group's exposures to foreign currency risk arises from investments in overseas subsidiaries companies and an indirect joint venture which were unhedged. The management of the Group intend to hold such investments for the long term, and have no plans to dispose of them in the future.

#### Foreign currency sensitivity analysis

The Group operates internationally and is exposed to foreign exchange risk in respect of various foreign currencies, primarily the US dollar and Indonesian rupiah. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. If the exchange rate of the Thai Baht changes by 2.83% (2017: 2.37%) against the US dollar and by 7.72% (2017: 3.15%) against the Indonesian rupiah, with all other variables held constant, profit before tax and shareholders' equity would be affected as follows:

	(Unit: Thousand Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
THB against USD				
- Weakened	9,438	35,738	(686)	16,747
- Strengthened	(9,438)	(35,738)	686	(16,747)
THB against IDR				
- Weakened	(77,626)	(49,435)	-	-
- Strengthened	77,626	49,435	-	-

(Unit: Thousand Baht)

As at 31 December

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Impact to shareholders' equity</b>				
<b>in the statements of financial position</b>				
THB against USD				
- Weakened	15,240	130,563	-	-
- Strengthened	(15,240)	(130,563)	-	-
THB against IDR				
- Weakened	60,816	58,294	-	-
- Strengthened	(60,816)	(58,294)	-	-

***Risk from fluctuation in raw materials and finished goods prices***

The Group is exposed to commodity price risk from the natural rubber industry. The Group have managed the risks arising from price fluctuations by managing raw material sourcing using rubber options, rubber futures, and physical forward contracts to hedge the risk from fluctuation in such prices.

Commodity price sensitivity analysis

The Group uses derivative instruments to manage commodity price risk exposure. If the price of natural rubber changes by 4.11% (2017: 5.44%), with all other variables held constant, profit before tax for the years would be affected as follows:

(Unit: Thousand Baht)

As at 31 December

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
- Decrease in price of natural rubber				
Pre-tax profit decrease	(167,811)	(424,177)	(137,227)	(331,439)
- Increase in price of natural rubber				
Pre-tax profit increase	167,811	424,177	137,227	331,439

## 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.

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018				Total
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	
Short-term borrowings					
from financial institutions	(15,647,718)	-	-	-	(15,647,718)
Trade accounts payable	(1,395,638)	-	-	-	(1,395,638)
Accrued expenses	(736,004)	-	-	-	(736,004)
Long-term borrowings					
from financial institutions	(1,541,381)	(2,511,510)	(4,338,015)	(1,106,384)	(9,497,290)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(19,025)	(18,506)	(5,491)	-	(43,023)
Derivative financial instruments					
- Cross currency swaps	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(300,211)	-	-	-	(300,211)
- Rubber futures (Sell)	3,657,860	-	-	-	3,657,860
- Forward foreign exchange contracts (Buy)	(476,985)	-	-	-	(476,985)
- Forward foreign exchange contracts (Sell)	2,113,955	-	-	-	2,113,955
- Physical forward contracts (Buy)	(10,346)	-	-	-	(10,346)
- Physical forward contracts (Sell)	24,499	-	-	-	24,499
- Foreign exchange options (Buy)	(1,297,992)	-	-	-	(1,297,992)
- Foreign exchange options (Sell)	2,368,835	-	-	-	2,368,835
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

(Unit: Thousand Baht)

## Consolidated financial statements as at 31 December 2017

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(24,707,198)	-	-	-	(24,707,198)
Trade accounts payable	(1,438,212)	-	-	-	(1,438,212)
Accrued expenses	(796,242)	-	-	-	(796,242)
Long-term borrowings					
from financial institutions	(724,995)	(1,317,825)	(5,029,083)	(1,588,546)	(8,660,449)
Debentures	(683,973)	(863,022)	(1,520,320)	-	(3,067,315)
Finance lease liabilities	(14,736)	(29,103)	-	-	(43,839)
Derivative financial instruments					
- Cross currency swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(121,174)	-	-	-	(121,174)
- Rubber futures (Sell)	5,105,420	-	-	-	5,105,420
- Forward foreign exchange contracts (Sell)	8,615,656	-	-	-	8,615,656
- Physical forward contracts (Buy)	(44,818)	-	-	-	(44,818)
- Foreign exchange options (Buy)	(4,379,240)	-	-	-	(4,379,240)
- Foreign exchange options (Sell)	12,549,466	-	-	-	12,549,466
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392

(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2018

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(11,332,805)	-	-	-	(11,332,805)
Trade accounts payable	(888,311)	-	-	-	(888,311)
Accrued expenses	(319,860)	-	-	-	(319,860)
Long-term borrowings					
from financial institutions	(1,113,298)	(2,098,764)	(2,118,367)	-	(5,330,429)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(3,786)	(5,817)	-	-	(9,603)
Derivative financial instruments					
- Cross currency swaps	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(230,998)	-	-	-	(230,998)
- Rubber futures (Sell)	3,017,759	-	-	-	3,017,759



(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2018

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
- Forward foreign exchange contracts (Buy)	(476,985)	-	-	-	(476,985)
- Forward foreign exchange contracts (Sell)	2,008,153	-	-	-	2,008,153
- Foreign exchange options (Buy)	(713,896)	-	-	-	(713,896)
- Foreign exchange options (Sell)	2,239,036	-	-	-	2,239,036
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

(Unit: Thousand Baht)

## Separate financial statements as at 31 December 2017

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(17,649,531)	-	-	-	(17,649,531)
Trade accounts payable	(1,168,260)	-	-	-	(1,168,260)
Accrued expenses	(360,774)	-	-	-	(360,774)
Long-term borrowings					
from financial institutions	(493,426)	(1,077,900)	(3,550,501)	-	(5,121,827)
Debentures	(683,972)	(863,022)	(1,520,320)	-	(3,067,314)
Finance lease liabilities	(4,585)	(10,196)	-	-	(14,781)
Derivative financial instruments					
- Cross currency swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(86,694)	-	-	-	(86,694)
- Rubber futures (Sell)	3,480,532	-	-	-	3,480,532
- Forward foreign exchange contracts (Sell)	4,941,931	-	-	-	4,941,931
- Foreign exchange options (Buy)	(2,549,110)	-	-	-	(2,549,110)
- Foreign exchange options (Sell)	9,869,632	-	-	-	9,869,632
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392

**38.2. Fair values of financial instruments**

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available. Most of the inputs used for the valuation are observable in the relevant market.

During the current year, there were no transfers within the fair value hierarchy.

### 39. Financial instruments by category

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2018				
Assets at fair value				
	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	4,197,300	4,197,300
Derivative financial instruments	59,601	-	-	59,601
Trade accounts receivable, net	-	-	5,136,782	5,136,782
Amounts due from future brokers	-	-	976,275	976,275
Fixed deposits pledged as collateral	-	-	2,143	2,143
Long-term investments	-	46,498	90,000	136,498
<b>Total</b>	<b>59,601</b>	<b>46,498</b>	<b>10,402,500</b>	<b>10,508,599</b>

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2018				
Liabilities at fair value				
	through the profit and loss		Other financial liabilities	Total
<b>Liabilities as per statement of financial position</b>				
Trade accounts payable	-		1,378,311	1,378,311
Short-term borrowings from financial institutions	-		15,616,387	15,616,387
Current portion of long-term borrowings from financial institutions	-		1,260,000	1,260,000
Current portion of debentures	-		810,000	810,000
Current portion of finance lease liabilities	-		16,248	16,248
Derivative financial instruments	171,403		-	171,403
Long-term borrowings from financial institutions	-		7,344,386	7,344,386
Debentures	-		1,455,000	1,455,000
Finance lease liabilities	-		25,149	25,149
<b>Total</b>	<b>171,403</b>		<b>27,905,481</b>	<b>28,076,884</b>

(Unit: Thousand Baht)

## Consolidated financial statements

31 December 2017

## Assets at fair value

	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	2,241,900	2,241,900
Derivative financial instruments	407,939	-	-	407,939
Trade accounts receivable, net	-	-	6,339,390	6,339,390
Amounts due from future brokers	-	-	810,540	810,540
Fixed deposits pledged as collateral	-	-	12,139	12,139
Long-term investments	-	53,299	100,000	153,299
<b>Total</b>	<b>407,939</b>	<b>53,299</b>	<b>9,503,969</b>	<b>9,965,207</b>

(Unit: Thousand Baht)

## Consolidated financial statements

31 December 2017

Liabilities  
at fair value

	through the profit and loss	Other financial liabilities	Total
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,401,217	1,401,217
Short-term borrowings from financial institutions	-	21,786,026	21,786,026
Current portion of long-term borrowings from financial institutions	-	420,654	420,654
Current portion of debentures	-	600,000	600,000
Current portion of finance lease liabilities	-	13,167	13,167
Derivative financial instruments	231,243	-	231,243
Long-term borrowings from financial institutions	-	7,193,710	7,193,710
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	27,521	27,521
<b>Total</b>	<b>231,243</b>	<b>33,707,295</b>	<b>33,938,538</b>

(Unit: Thousand Baht)

Separate financial statements			
31 December 2018			
Assets at fair value			
Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>			
Cash and cash equivalents	-	-	381,815
Derivative financial instruments	33,079	-	33,079
Trade accounts receivable, net	-	-	3,079,217
Amounts due from future brokers	-	-	31,300
Current portion of long-term borrowings to subsidiaries	-	-	742,550
Long-term borrowings to subsidiaries	-	-	1,775,664
Long-term investments	-	46,182	90,000
<b>Total</b>	<b>33,079</b>	<b>46,182</b>	<b>6,100,546</b>

(Unit: Thousand Baht)

Separate financial statements			
31 December 2018			
Liabilities at fair value			
through the profit and loss	Other financial liabilities	Total	
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	874,598	874,598
Short-term borrowings from financial institutions	-	11,320,258	11,320,258
Current portion of long-term borrowings from financial institutions	-	965,000	965,000
Current portion of debentures	-	810,000	810,000
Current portion of finance lease liabilities	-	3,786	3,786
Derivative financial instruments	111,332	-	111,332
Long-term borrowings from financial institutions	-	3,989,386	3,989,386
Debentures	-	1,455,000	1,455,000
Finance lease liabilities	-	5,756	5,756
<b>Total</b>	<b>111,332</b>	<b>19,423,784</b>	<b>19,535,116</b>

(Unit: Thousand Baht)

Separate financial statements				
31 December 2017				
Assets at fair value				
	Through the profit and loss	Through the other comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	269,019	269,019
Derivative financial instruments	256,520	-	-	256,520
Trade accounts receivable, net	-	-	3,901,240	3,901,240
Amounts due from future brokers	-	-	16,177	16,177
Current portion of long-term borrowings to subsidiaries	-	-	915,873	915,873
Long-term borrowings to subsidiaries	-	-	1,625,730	1,625,730
Long-term investments	-	52,097	100,000	152,097
<b>Total</b>	<b>256,520</b>	<b>52,097</b>	<b>6,828,039</b>	<b>7,136,656</b>

(Unit: Thousand Baht)

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

#### 40. Credit quality of financial assets

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

Group 1: New other customers/related parties (less than 6 months)

Group 2: Existing customers/related parties (more than 6 months) with no defaults in the past

Group 3: Existing customers/related parties (more than 6 months) with some defaults in the past that were fully recovered

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deposits held at call with banks</b>				
Aa1	705,142	156,200	-	11,938
Aa2	-	78,636	-	-
Aa3	502,224	20,918	689	-
A1	511,612	237,900	4,797	686
Ba1	208	-	173	-
Ba3	126,197	-	-	-
Baa1	1,069,195	1,362,131	340,521	218,480
Baa2	1,266,632	54,705	31,185	14,634
Baa3	-	215,969	-	-
No rating	3,180	5,468	-	-
Total deposits held at call with banks	<u>4,184,390</u>	<u>2,131,927</u>	<u>377,365</u>	<u>245,738</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Trade accounts receivable</b>				
Counterparties without external credit rating				
Group 1	355,425	735,927	141,208	389,191
Group 2	4,763,895	5,544,719	2,938,009	3,512,049
Group 3	17,462	58,744	-	-
Total unimpaired trade accounts receivable	<u>5,136,782</u>	<u>6,339,390</u>	<u>3,079,217</u>	<u>3,901,240</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Derivative financial instruments</b>				
Counterparties with external credit rating				
Aa1	43,477	60	26,552	-
Aa3	8,884	9,655	-	8,781
A3	-	5,380	-	5,380
Baa1	2,337	131,690	2,337	86,100
Baa2	-	4,416	-	2,482
Counterparties without external credit rating				
Group 2	4,903	256,738	4,190	153,777
Total derivative financial instruments (Note 10)	<u>59,601</u>	<u>407,939</u>	<u>33,079</u>	<u>256,520</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Fixed deposits pledged as collateral</b>				
Aa2	-	10,010	-	-
Baa1	2,143	2,129	-	-
Total fixed deposits pledged as collateral (Note 11)	<u>2,143</u>	<u>12,139</u>	<u>-</u>	<u>-</u>

#### 41. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio were 1.22 (2017: 1.57:1) and the Company's was 1.00 (2017: 1.27:1).

#### 42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.