

2017

ANNUAL REPORT

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED



TEAMWORK | ACTION | RENEW | GROW | EXCELLENT | TOGETHER



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MISSION

2017
Target 9.5

“ Passionately,
we drive possibilities
The green rubber
company ”

“

2017: Target 9.5

Teamwork | Action | Renew |
Grow | Excellent | Together

The implementation of the “standardization” in 2016 has inspired all employees of STA to increase the effectiveness and efficiency of their works towards “single cost” and “single technology”. For the year 2017, STA encouraged all employees to further improve their performance to their self-perfection or “Target 9.5” in order to drive the Company to the ultimate common goal for a market share of 20% of global natural rubber consumption or “STA 20.”

”



SPECIALIST

We are the best in what we do.



TEAMWORK

We work with tireless determination together as a team.



ACCOUNTABILITY

We value honesty and have a strong sense of responsibility.



GREEN RUBBER COMPANY

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

“Taking a Step Forward as the Green Rubber Company”



Green Procurement



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



Green Products



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



Green Company

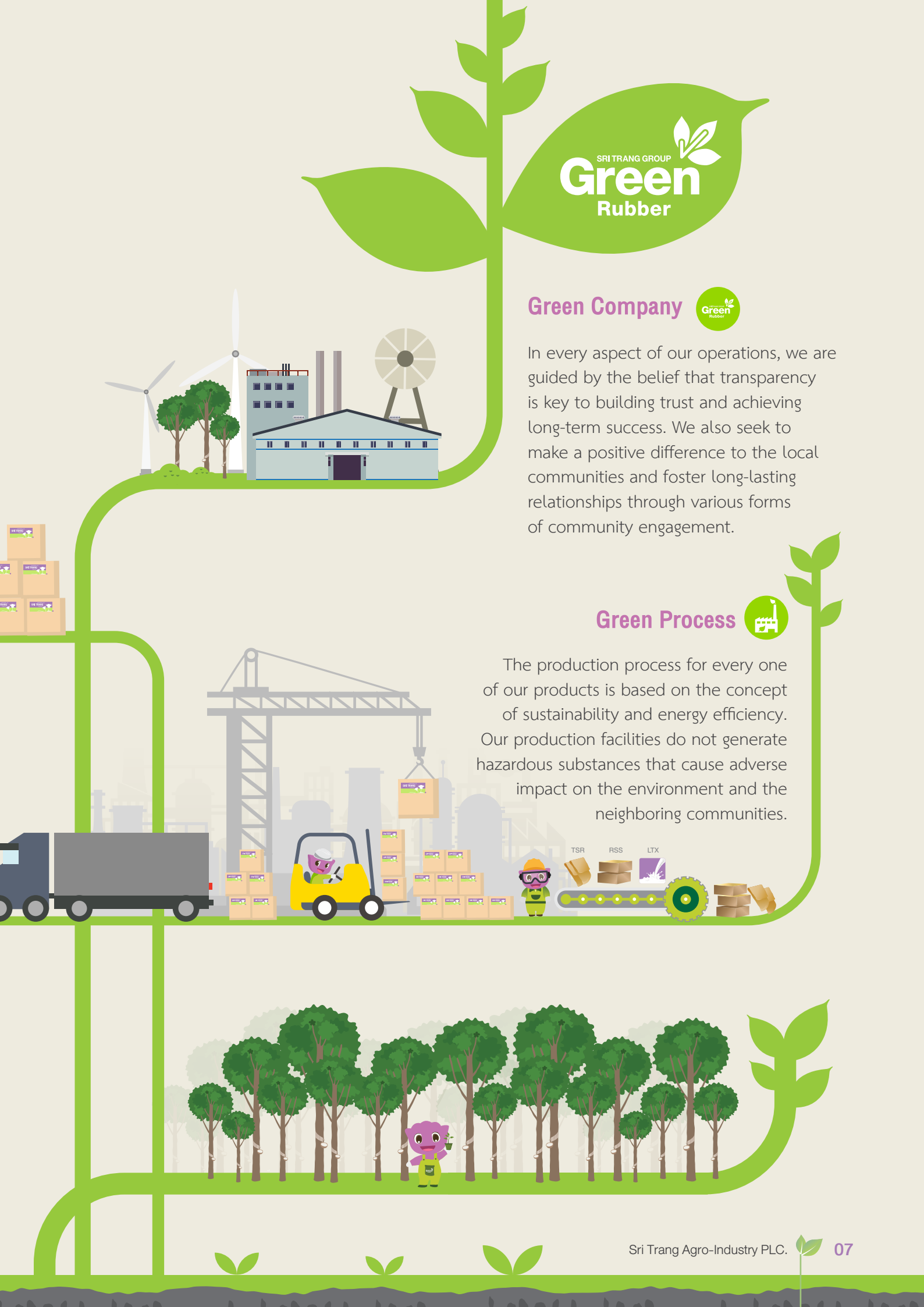


In every aspect of our operations, we are guided by the belief that transparency is key to building trust and achieving long-term success. We also seek to make a positive difference to the local communities and foster long-lasting relationships through various forms of community engagement.

Green Process



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



MESSAGE FROM CHAIRMAN

“

We will continue to strengthen our operations throughout the supply chain to gain better market share and wider name recognition in the industry and reinforce our position as the world’s leading fully integrated natural rubber company.”

STA had an especially challenging year in 2017 as a turbulent natural rubber market was a real test of our mettle. While STA has been in the rubber industry for 30 years and has grown accustomed to volatility in rubber prices, the development of the market in 2017 had elements of surprise we had never before experienced. An excess of speculative activities in the futures market, particularly in Shanghai, had the effect of distorting prices, which no longer reflected the fundamentals of supply and demand and were prone to extreme volatility.

This was particularly evident in the first quarter of the year when rubber prices, which started

out the year strong and reached a three-year high in February, fueling optimism and hope for a turnaround after years of downward cycle, started dropping precipitously. In response to this unexpected turn of events, we acted promptly to reevaluate our previously laid out plans and quickly came up with a turnaround strategy.

In addition to battling volatility, we also had to contend with another year of persistently low rubber prices. But because of our experience and expertise, we managed to record 1.3 million tons in sales volume despite the inhospitable industry climate.



Mr. Viyavood Sincharoenkul

Chairman and Managing Director

A significant development for STA in 2017 is that we finally assumed full control of our glove business, Sri Trang Gloves (Thailand) Co., Ltd. (STGT), which has been operating for nearly 30 years and is currently Thailand's largest and a world-leading glove producer.

While we have always been closely involved in the operations of STGT, we strongly believe that having the ability to independently manage the operations and execute our expansion plan will further strengthen the "Sri Trang Gloves" brand. We also expect significant synergy between the operations of STGT and STA's midstream operations.

This is an opportune moment for us to expand the presence of STGT. The global glove industry is growing steadily as heightened awareness of hygiene fuels demand, particularly in emerging markets like China, India, Africa, etc. Prices of

gloves are also not subject to volatility, a factor that should make our overall bottom line look more attractive.

We believe that we are well positioned to take steps to expand our STGT operations, having accumulated nearly 30 years of know-how and industry experience. We also have a strong sale and marketing team who will be instrumental in our strategy to increase market share and gain a foothold in new markets. In 2017, we managed to achieve a record sales volume of 16 billion pieces.

Going forward, we will continue to strengthen our operations throughout the supply chain to gain better market share and wider name recognition in the industry and reinforce our position as the world's leading fully integrated natural rubber company.





FINANCIAL HIGHLIGHTS

Financial Statements

(UNIT : Baht million)

FY 2017

FY 2016

FY 2015

FY 2014

FY 2013

STATEMENT OF COMPREHENSIVE INCOME

Revenue from sales of goods and services	89,387	77,266	61,292	75,530	92,185
EBITDA	1,650	794	3,008	2,568	3,747
Profit (loss) before tax	(1,398)	(1,073)	1,143	1,076	1,987
Net (loss) profit	(1,437)	(758)	1,118	1,038	1,820

STATEMENT OF FINANCIAL POSITION

Total assets	59,708	55,959	43,879	37,791	44,237
Total liabilities	36,431	36,047	22,545	17,199	24,246
Total equities	23,277	19,912	21,334	20,592	19,991

FINANCIAL RATIOS

Gross profit margin (%)	4.2	7.0	5.7	4.4	5.6
Net profit margin (%)	(1.6)	(1.0)	1.8	1.4	2.0
Current ratio (times)	1.1	1.0	1.2	1.4	1.3
Net debt to equity ratio (times)	1.5	1.7	1.0	0.7	1.1

Note : Financial statements for FY2014 – FY2017 have been prepared in accordance with the IFRS Accounting Standard, while Financial statements for FY2013 were prepared based on the early adoption of generally acceptable accounting standards.

REVENUE FROM SALES OF
GOODS AND SERVICES

89,387

Million Baht



TOTAL ASSETS

59,708

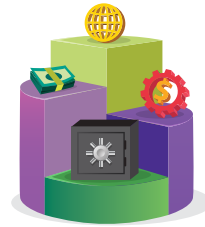
Million Baht



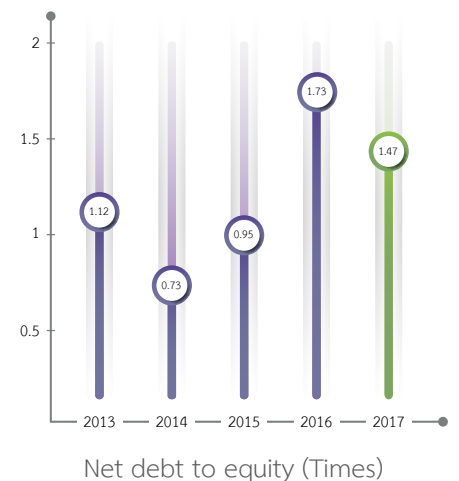
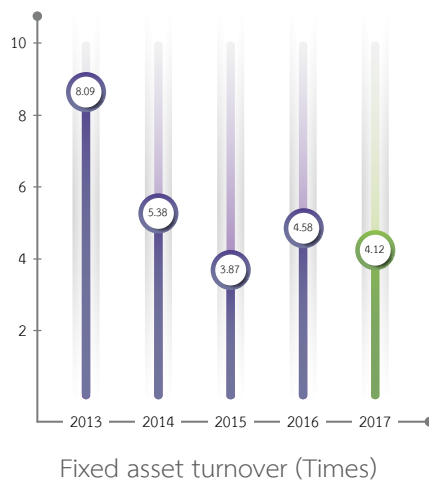
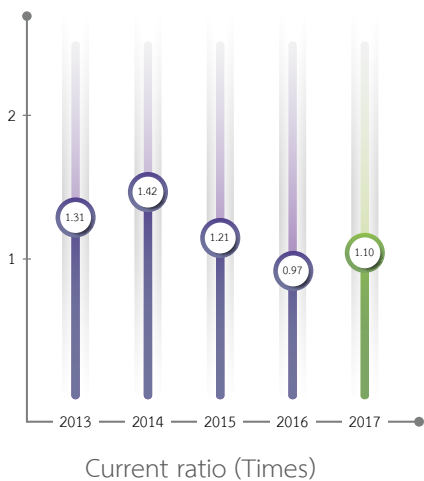
SALES VOLUME

1,323,873

Tons



REVENUE & SALES VOLUME





TOTAL GREEN PROCESS

FROM UPSTREAM THROUGH DOWNSTREAM

Sri Trang Agro-Industry Public Company Limited (“STA”) is the world’s leading fully integrated natural rubber company with a market share of 10% of global consumption. STA offers a full range of Natural Rubber Products, including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex, with a total production capacity of 2.6 million tons per annum.





THE WORLD'S LEADING FULLY INTEGRATED NATURAL RUBBER PROCESSING COMPANY



UPSTREAM

Our rubber plantations are managed by a team of highly experienced managers. We currently have approximately 8,000 hectares of rubber plantations in 19 provinces of Thailand.



MIDSTREAM

Our 36 processing facilities in Thailand, Indonesia and Myanmar have a total production capacity of 2.6 million tons of natural rubber products, including TSR, RSS and Concentrated Latex per annum.



DOWNSTREAM

Our four glove production facilities in Thailand have a total production capacity of 14 billion pieces of natural rubber and nitrile gloves per annum.



SALES & DISTRIBUTION

Our six trading and distribution centers are located key strategic locations, namely China, Singapore, Thailand, Indonesia, USA, and Vietnam.



MULTI- NATIONAL PLATFORM

NATURAL RUBBER

14% share of China's natural rubber imports contributed by STA

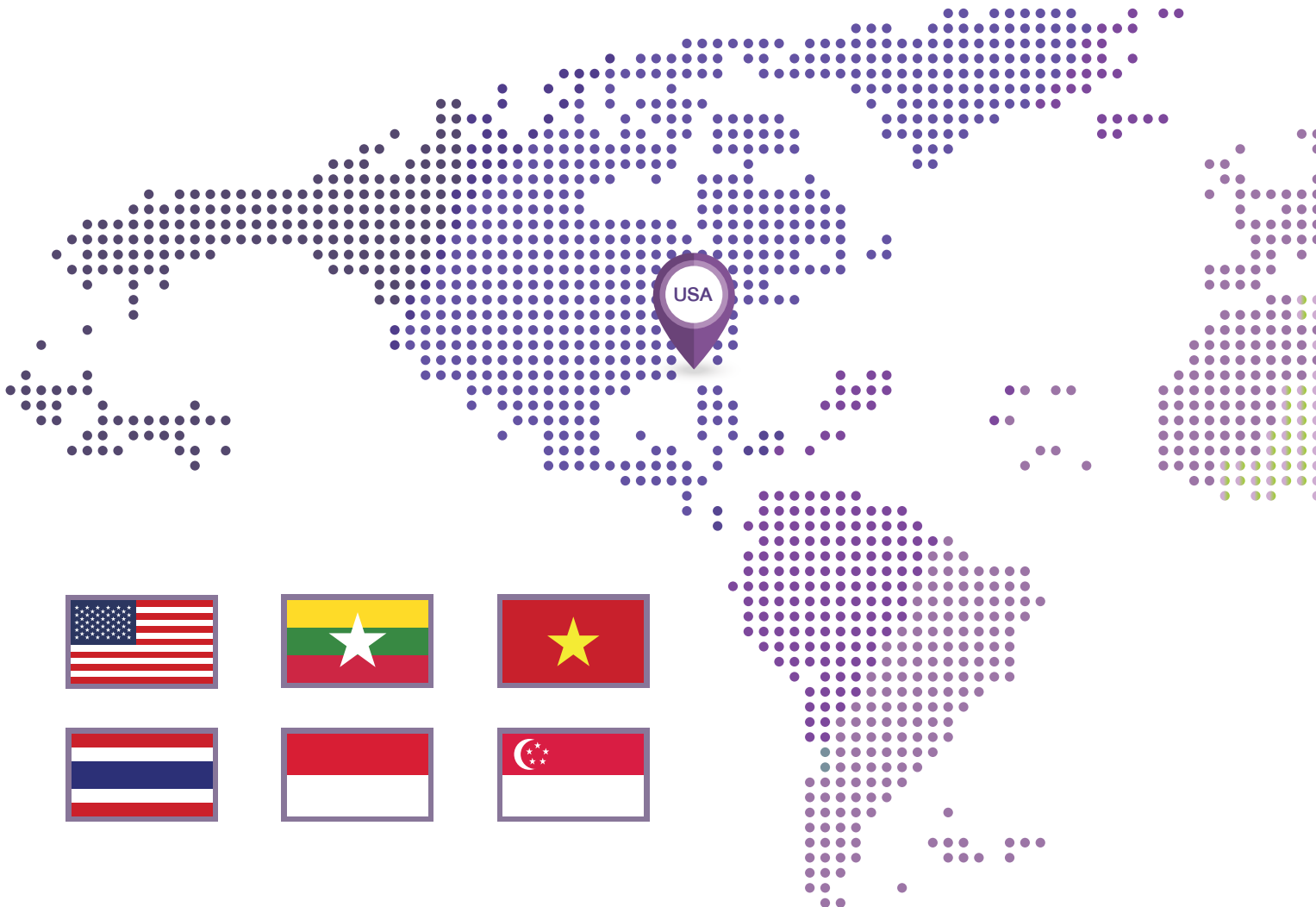
10% market share of global natural rubber consumption in 2017

29% of Thailand's natural rubber production volume in 2017



36 processing facilities for natural rubber in Thailand, Indonesia, and Myanmar

1,323,873 tons in sales volume of natural rubber products in 2017



GLOVES

8% market share of global glove consumption in 2017



4 glove production facilities in Thailand, the world's largest source of concentrated latex

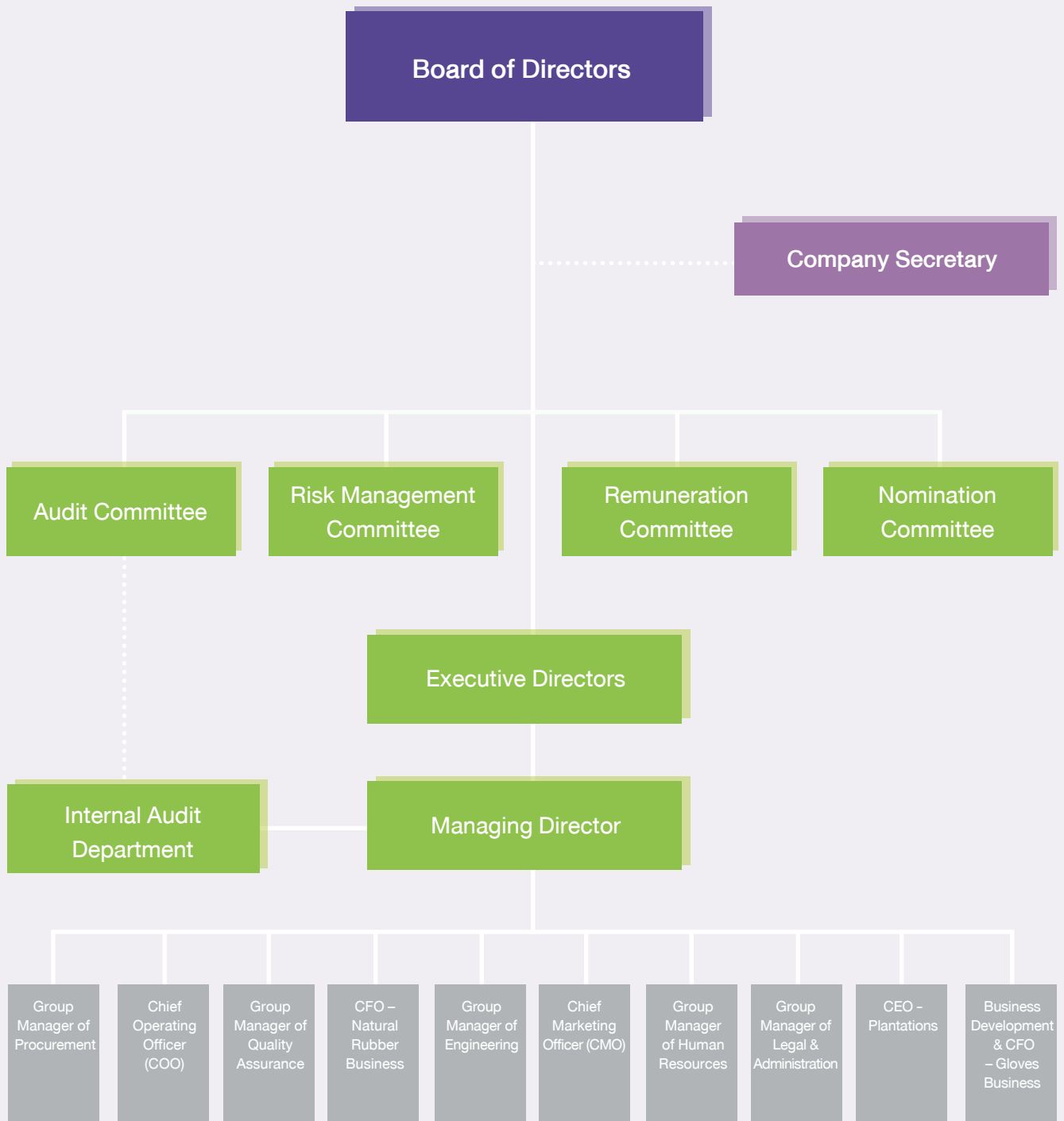
14,000 million pieces per annum in production capacity

16,344 million pieces of gloves sold in 2017



CORPORATE STRUCTURE

As of 31 December 2017





BUSINESS OVERVIEW

Established in 1987, Sri Trang Agro-Industry Public Company Limited (STA) is the world's leading fully integrated natural rubber company with a market share of 10% of global natural rubber consumption. Our operations span all sectors of the natural rubber industry from rubber plantations and rubber processing to the manufacture of rubber-based finished products.

In the midstream sector, our 36 processing facilities in Thailand, Indonesia and Myanmar produce a complete range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex and have a total production capacity of 2.6 million tons per annum. We have a market share of 10% of global natural rubber consumption.

In addition to rubber processing, we are Thailand's largest and a world-leading producer of examination gloves with a market share of 8% of global glove consumption. Our four production facilities in Thailand have a total production capacity of 14 billion pieces of gloves per annum. Our joint venture operation is also Thailand's largest manufacturer of high-pressure hydraulic hoses.

Furthermore, we have successfully established our presence within the upstream sector of rubber cultivation with approximately 8,000 hectares of rubber plantations that are located in many provinces of Thailand.

Additionally, we have various subsidiaries that provide operational support to the aforementioned core business.

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



COMPANY MILESTONES

1987

April

Commenced operation as producer of ribbed smoked sheets in Hat Yai, Thailand with Baht 31 million in registered capital.



October

Established Anvar Parawood to produce rubberwood used for making furniture, and to produce pallets to be used within Sri Trang Group.

1988

March

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

1989

January

Jointly established SSC (Presently called Sri Trang Gloves (Thailand Co., Ltd.)) with an Austria-based company to produce latex examination gloves.

1990

March

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

1991

August

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

1994



January

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

March

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

1995



September

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

1996

March

Jointly established Semperflex Asia with an Austria-based company to produce high-pressure hydraulic hoses.

2002

April

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

2004



March

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

July

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

2005



January

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

December

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



August

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



August

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



January

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



October

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



December

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



April

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



September

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

March



STA and Semperit Technische Produkte completed the demerger of the joint venture and associate companies*. The demerger resulted in STA increasing its shares in Siam Sempermed Corporation which was subsequently renamed Sri Trang Gloves (Thailand) Co., Ltd to 90.2% of the total shares.

May

Startex Rubber established a subsidiary, Shidong Medical Equipment, in the PRC with USD 1,650,000 in registered capital to manage the sales and distribution of gloves in the PRC.

June

Sri Trang USA, Inc. increased its registered capital from USD 2,000,000 to USD 3,000,000 to expand the distribution of gloves and medical equipment in USA and other countries.

July

STA jointly established Thai Rubber Joint Venture Limited with the Rubber Authority of Thailand (RAOT) and four other natural rubber producers and exporters following the government policy to engage in the domestic and international trade of rubber with Baht 1,200 million in registered capital, with STA investing in the amount of Baht 200,000,000.

October

STA offered the allotment of newly-issued ordinary shares to existing shareholders in proportion to their respective shareholding (Rights Offering), with the ratio of 5 existing ordinary shares for 1 newly-issued ordinary share at the offering price Baht 10 per share. As the result of this, the paid-up capital was increased from Baht 1,280,000,000 to Baht 1,535,999,998.

Notice: *with the exception of Semperflex Asia, which will continue to operate as a joint venture company until Semperit Technische Produkte exercises the call option to buy the shares from STA and other shareholders between 2019 and 2021.

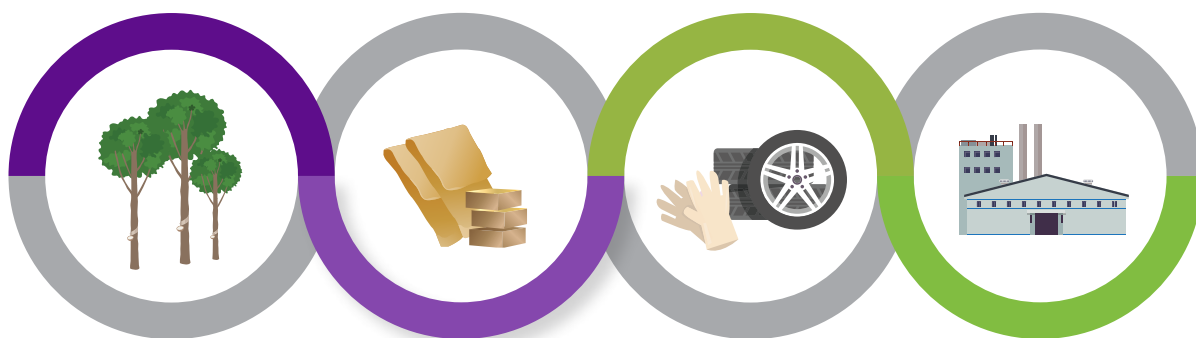


PRODUCTS AND SERVICES



PRODUCTS AND SERVICES

As of 31 December 2017



UPSTREAM SECTOR

Rubber Plantations

MIDSTREAM SECTOR

Natural Rubber Processing

DOWNSTREAM SECTOR

Rubber-based finished products

ANCILLARY DIVISION

Providing operational support to our primary operations



UPSTREAM SECTOR

Rubber Plantations

As of 31 December 2017, Sri Trang Group had obtained approximately 50,000 rai (8,000 hectares) of land suitable for the cultivation of rubber trees in 19 provinces of Thailand. 89% of the lot had already been planted with rubber trees and a small area had been already started to provide yield since 2015. The majority of our rubber plantations are located in the northern and northeastern regions of Thailand. Our plantations are complementary to our midstream business both in terms of raw material procurement and NR production.



MIDSTREAM SECTOR

Natural Rubber Processing

As of 31 December 2017, Sri Trang Group had a total of 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one is in Myanmar. Altogether, the facilities provided a total production capacity of approximately 2.6 million tons per annum. In 2017, our utilization rate was at approximately 67% of total production capacity.

Natural rubber processing is the core business of Sri Trang Group, accounting for about 89% of the Group’s total revenues in 2017. We produce a complete range of natural rubber products, namely, Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex to serve demand from all types of customers including tire manufacturers and glove producers from all over the world.



Technically Specified Rubber (TSR)

Product Type

Produced in Thailand:

- STR
- STR CV
- STR Mixture

Produced in Indonesia:

- SIR
- SIR Mixture

Produced in Myanmar:

- Myanmar Block Rubber

Use

Raw material for the manufacture of automotive tires.

Ribbed Smoked Sheets (RSS)

Product Type

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

Use

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

Concentrated Latex

Product Type

60% Concentrated Latex

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

Use

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

The raw materials used in the production of TSR, RSS and Concentrated Latex are cup lump, unsmoked rubber sheets and field latex, respectively. Because raw materials account for 90% of our production costs, we have established procurement centres in the vicinity of raw material sources to reduce costs, ensure access to the raw materials and expand our procurement network.



“

With four production facilities in Thailand that provide a total production capacity of 14 billion pieces of gloves per annum, we are Thailand's largest and a world-leading glove producer. Our joint venture company is also Thailand's largest manufacturer of high-pressure hydraulic hoses.

”

DOWNSTREAM SECTOR

Sri Trang Group produces two finished products, namely examination gloves and high-pressure hydraulic hoses.



Examination Gloves

Sri Trang Gloves (Thailand) Co., Ltd. (STGT) produces a wide variety of medical examination gloves, industrial gloves, and general purpose gloves from both latex and nitrile rubber. The gloves are available powdered or powder-free to suit various uses and user preferences.

In addition to supplying products as an OEM (Original Equipment Manufacturer), we also market and distribute our products under our own “Sri Trang Gloves” brand, both in the domestic and overseas markets.

Our four production facilities in Thailand provide a total production capacity of approximately 14 billion pieces of gloves per annum. We are widely regarded as Thailand's largest and a world-leading glove producer.



High-pressure Hydraulic Hoses

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



SALES AND DISTRIBUTION

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



Sales and Distribution

We have established four trading and distribution centres for natural rubber and gloves in Singapore, PRC, US and Vietnam, namely Sri Trang International, Sri Trang USA, Shi Dong Shanghai, Shi Dong Shanghai Medical Equipment and Sri Trang Indochina.



Logistics

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



Parawood Processing

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

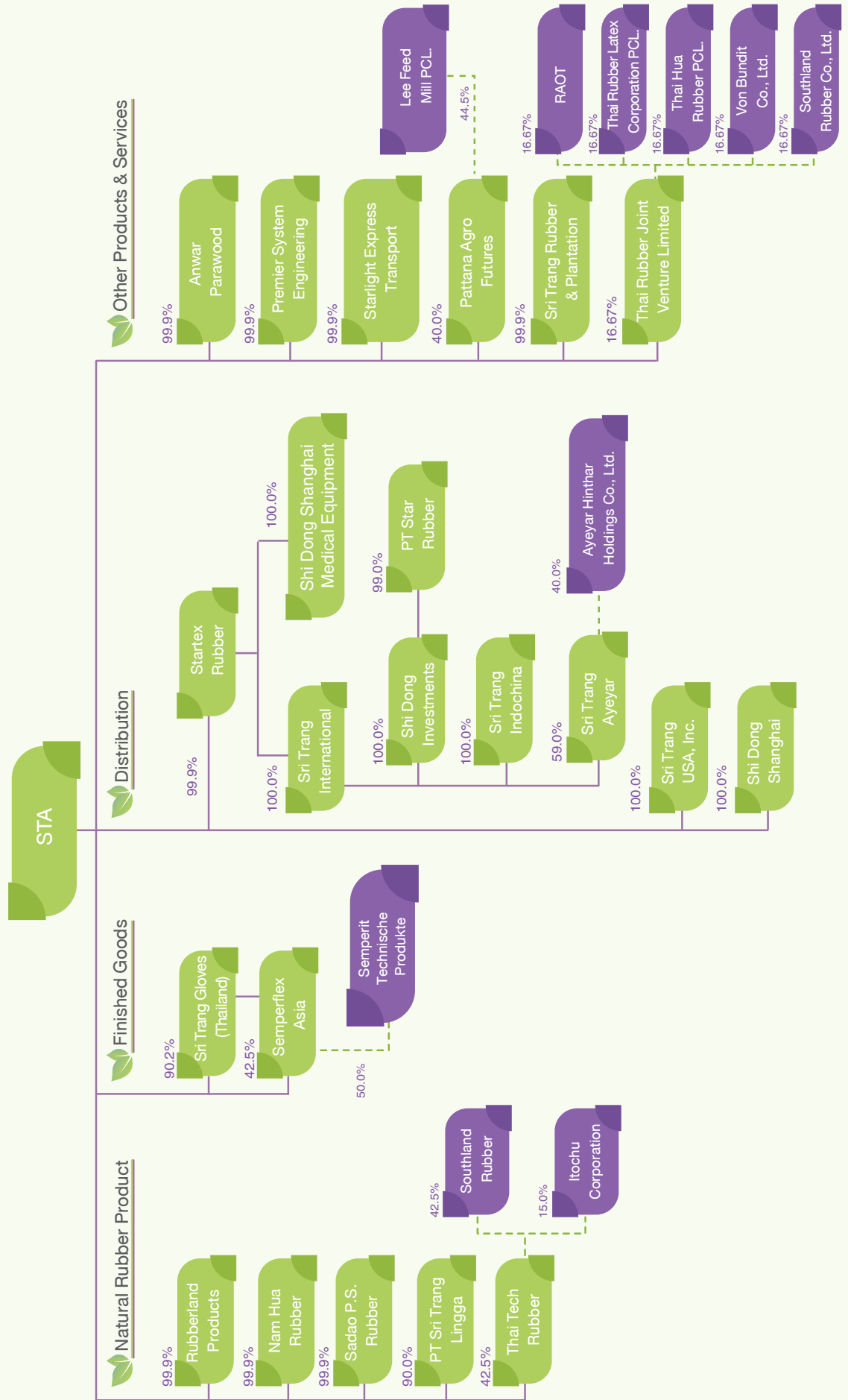


Engineering and Research & Development

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

GROUP STRUCTURE

The group structure of the Company as of 31 December 2017 is shown in the diagram below.



REVENUE STRUCTURE OF SRI TRANG GROUP

Type of Business / Operated by	% Shareholding by STA	Year ended 31 December					
		2015		2016		2017	
		Baht million	%	Baht million	%	Baht million	%
Revenue from TSR products		44,482.7	72.3	56,133.4	72.5	63,183.1	70.1
STA	-						
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.00						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						
PT Sri Trang Lingga	90.00						
Shi Dong Shanghai	100.00						
PT Star Rubber	98.99						
Sri Trang Ayeyar	58.99						
Revenue from RSS products		5,462.4	8.9	7,305.3	9.4	9,653.1	10.7
STA	-						
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.00						
Nam Hua Rubber	99.99						
Shi Dong Shanghai	100.00						
Sadao P.S. Rubber	99.99						
Revenue from Concentrated Latex products		4,774.2	7.8	6,088.0	7.9	6,285.5	7.0
STA	-						
Sri Trang International	99.99						
Shi Dong Shanghai	100.00						
Sri Trang USA, Inc.	100.00						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						

Type of Business / Operated by	% Shareholding by STA	Year ended 31 December					
		2015		2016		2017	
		Baht million	%	Baht million	%	Baht million	%
Revenue from Examination Glove products*		-	-	-	-	9,858.7	10.9
STA	-						
Sri Trang Gloves (Thailand)	90.23						
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.0						
Shi Dong Shanghai	100.00						
Shi Dong Shanghai Medical Equipment	99.99						
Revenue from other products and services**		6,572.5	10.7	7,738.8	10.0	406.6	0.5
STA	-						
Anvar Parawood	99.94						
Sri Trang International	99.99						
Premier System Engineering	99.99						
Starlight Express Transport	99.99						
Startex Rubber	99.99						
Rubberland Products	99.99						
Sri Trang USA, Inc.	100.00						
Shi Dong Shanghai	100.00						
Sri Trang Rubber & Plantation	99.99						
Other income		186.3	0.3	197.5	0.2	685.5	0.8
Total revenue		61,478.1	100.0	77,463.0	100.0	90,072.5	100.0
Share of profit from investments in associates and joint ventures		648.8		402.8		129.8	

Notice :

* In March 2017, Sri Trang Gloves (Thailand) became our subsidiary (previously it was a joint venture company). The revenues from examination glove products therefore have been recorded in the consolidated financial statement after 15 March 2017 onwards.

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



OUR BUSINESS STRATEGY AND FUTURE GROWTH PLAN

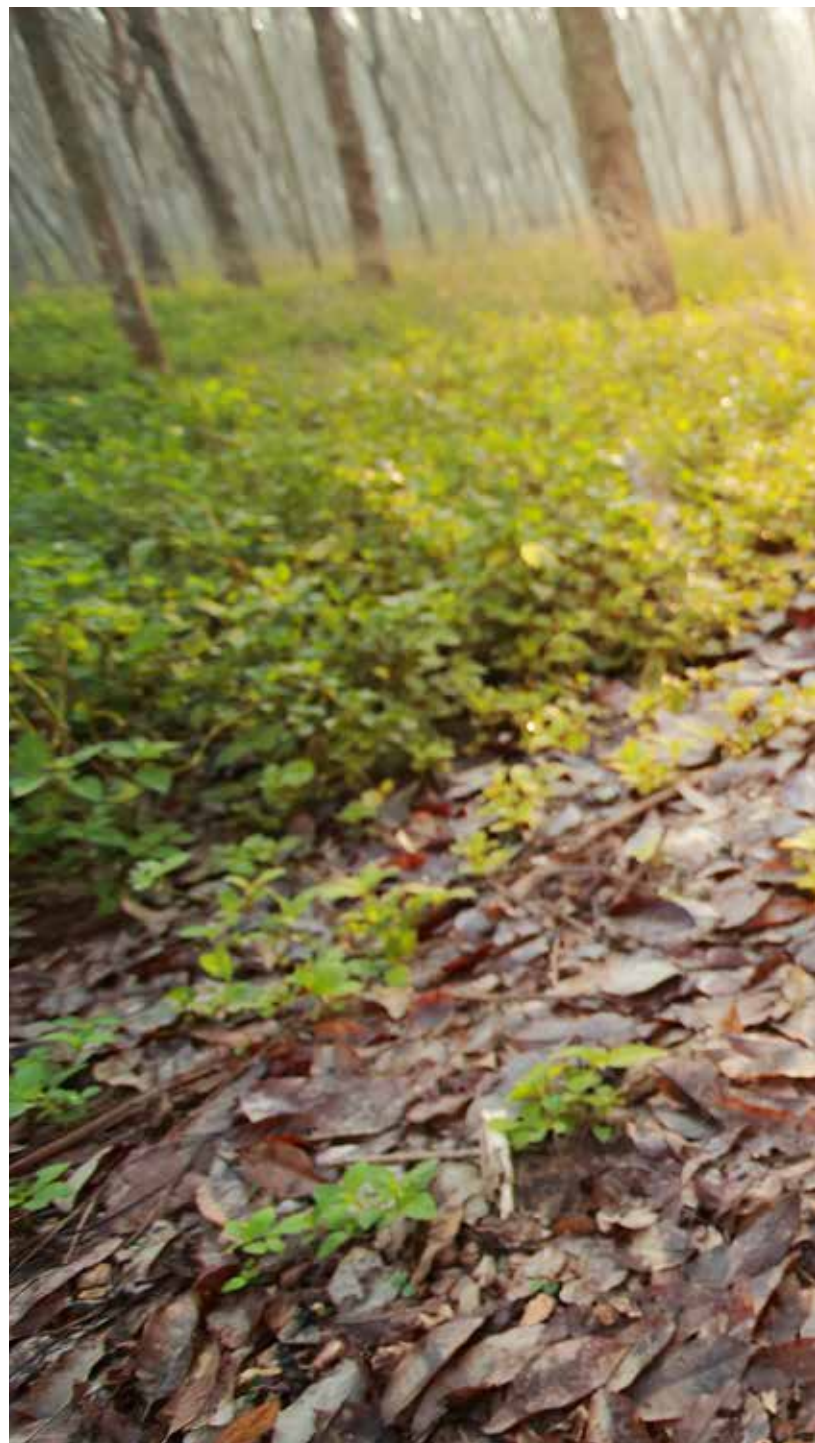
“

With our strong commitment and united of our teams, we are confident that we will be able to achieve a new record in sales volume which will enable us to ultimately attain “STA 20”.

”

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

Going forward, we will continue with the expansion of our production capacity by setting up processing facilities with cutting-edge technology in new strategic locations, for example, in the north of Thailand. With our strong sales and marketing R&D, quality control and CSR teams who are committed to working collaboratively to ensure customers' satisfaction, we are confident that we will be able to achieve a new



record in sales volume. Ultimately, this will enable STA to attain “STA 20,” that is, to capture a market share of 20% of global NR consumption.

As for the gloves business, STA intends to capitalize on its competitive advantage over competitors, which is access to high-quality concentrated latex, which is the main raw material for glove production. STA will also continue to produce nitrile gloves to satisfy customer demands from all over the world. To that end, STA



has increased its production capacity, which is expected to reach 18 billion pieces of gloves per annum within 2019.

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



NATURAL RUBBER INDUSTRY AND COMPETITION

Natural Rubber Industry

In 2017, the Natural Rubber (NR) industry underwent a period of market volatility and had to contend with various external uncertainties, including the world political economy, the appreciation of Thai Baht, unfavorable weather conditions and higher speculation in the natural rubber future markets including TOCOM, Shanghai Future (SHFE) and SICOM. These affected natural rubber prices to continuously increase since the end-2016 and hit a three-year high in mid of February 2017 after that the natural rubber prices went down to level off in the mid of 3Q 2017 to the 4Q 2017. However, the average natural rubber prices in 2017 generally showed the higher trend comparing to the average in 2016.

Demand and Supply of Natural Rubber in 2017

According to the World Rubber Industry Outlook, Review and Prospects to 2026, published by the International Rubber Study Group (IRSG) in December 2017, the global demand for natural rubber (NR) in 2017 was 13,028,000 tons, up 3.5% YoY, in line with the growth of the tire industry, which accounted for approximately 70% of total NR demand. Meanwhile, the global NR supply in 2017 was 13,210,000 tons, up 6.5% or almost double from demand growth. The supply growth was mainly contributed by Thailand, Vietnam, India and Indonesia counted as 74% of total NR supply.

Natural Rubber Demand and Supply Trend in 2018

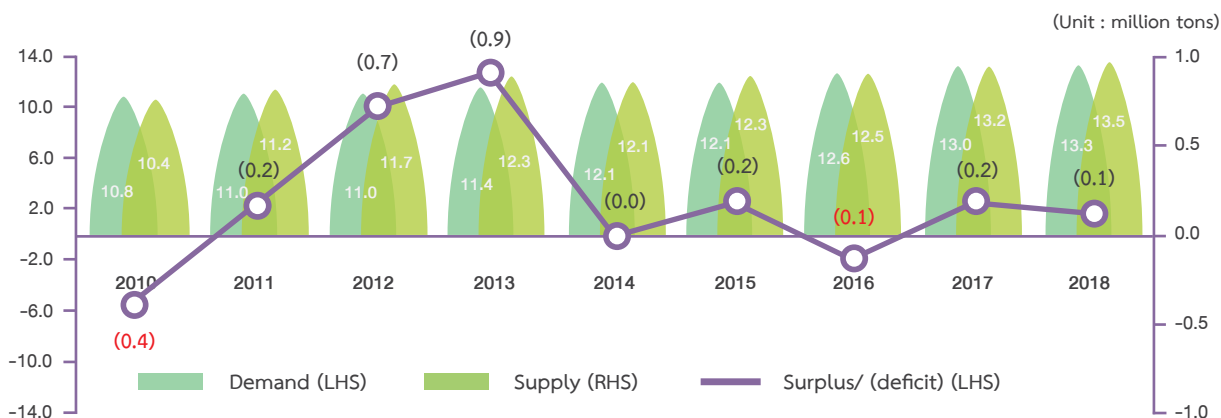
IRSG projected global NR demand in 2018 to be 13,336,000 tons, increasing 2.4% YoY. The growth will mainly be driven by China, the world's largest consumer of natural rubber. As for NR supply, IRSG forecasted that NR production will grow at the rate of 1.9%, reaching 13,462,000 tons in 2018. The largest sources of additional supply volumes will be the CAMAL* countries, Thailand, India and Vietnam. While supply from Thailand, the world's largest NR producing country, will be curtailed by the decrease in new planting and replanting of natural rubber.

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

Balance of Demand and Supply

From 2018 onwards, NR supply from new rubber trees is expected to grow at a slower rate as there have been much fewer planting activities since 2011, when prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has induced rubber farmers to switch to other more profitable crops, delay planting/re-planting activities and reduce the tapping frequency. The extended period of low prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand continues to be healthy, supported by the solid growth of the tire industry. The IRSG therefore anticipates that NR supply surplus in 2018 will hover around 126,000 tons, dropped from 182,000 tons in 2017.

Diagram exhibits Demand and Supply of Natural Rubber during 2010 – 2018



Source: IRSG



Rubber Glove Industry

The Malaysian Rubber Glove Manufacturers Association (MARGMA) projects the rubber glove demand in 2017 at approximately 201,000 million pieces per annum, and expects such demand to grow at the rate of 6-8% YoY. The main rubber gloves consuming countries are US, Europe, Japan, and South America, whereby rubber glove consumption per capita is higher than that of emerging markets. Nevertheless, the growth rate of rubber glove consumption per capita in emerging market is thriving at a considerably higher rate. Generally, there are three types of gloves that are commonly used including natural rubber gloves, nitrile gloves and vinyl gloves. The demand for each type of gloves is attributed by the purpose of uses, its unique properties and prices of each type of gloves.

Not just only the increase in demand from medical industry, the demand for rubber gloves is also trending upward from the widely use of other segments such as food industry, electronics industry, and aesthetic industry etc.

Competition



It has been over half a decade that the natural rubber industry has had to contend with numerous challenges, including the slowdown of the global economy, the slowing economic growth in China, fluctuations of the USD and the volatility of commodity prices. Many of our competitors were unable to withstand this inhospitable industry climate and had

to cease operation. The important factors enable us to retain our competitive edge consisting of the quality of our products, the size of our production scale, excellent customer service, the geographical diversification of our operations, our experienced management and effective strategies for risk management.



With a market share of 10% of global NR consumption in 2017, we are widely regarded as the world's largest fully integrated natural rubber processing company. Our operations are based in the top three NR producing and exporting countries, namely Thailand, Indonesia and Vietnam. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited, which are based in Thailand, and the Kirana Group, Halcyon Agri Corporation (Sinochem Group), and China Hainan Rubber Industry Group, which are based in other countries. For STGT, the Company's subsidiary, the rubber glove manufacturer under current production capacity at 14,000 million pieces per annum as of 31 December, 2017, accounting for 8² of market share based on consumption demand globally. Its main competitors are located in Malaysia, namely Top Glove, Hartalega, Supermax, and Kossan etc.





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

As a midstream player in the NR industry, it is crucial that we are able to effectively coordinate with our upstream and downstream counterparts. We have, therefore, strategically set up production bases in Thailand and Indonesia, the world's two largest NR producing countries, collectively contributing more than 60% of global NR production, as well as in Myanmar, where there is strong potential for growth in NR production. Crucially, we have established an extensive network of raw material procurement that covers various strategic areas. For sales and distribution, we have established subsidiaries in China, Singapore and Vietnam to carry out sales and marketing activities. With the quality of our products, we can count among our customers all of the world's leading tire manufacturers.

Having our sales and distribution centers based in various strategic locations has enabled us to provide

superior services to our customers as we are able to respond to customers from all over the world in a timely manner. Our ultimate goal is to achieve zero customer complaints.

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

¹ Based on our sales volume of Natural Rubber Products approximately 1,323,873 tons for the financial year ended 31 December 2017 and the total global demand for natural rubber products approximately 13,336,000 tons in 2017. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2026, December 2017)

² Based on our sales volume of Gloves, assuming STGT's performance consolidated since 2 January 2017, approximately 16,344 million pieces, resulting from our own manufacturing and outsourcing, for the financial year ended 31 December 2017 and the total global demand for natural rubber products approximately 201,000 million pieces in 2017. (Source : The Malaysian Rubber Glove Manufacturers Association)

CORE STRENGTHS



The world's largest natural rubber processing company

With an engineering capacity of 2.6 million tons per year (as of December 2017), we can produce a complete range of natural rubber products that satisfy the demands of all types of customers from all over the world, enabling us to capture a market share of 10% of global natural rubber consumption. We are also able to achieve economies of scale and afforded bargaining power with both suppliers and customers thanks to our large production capacity.



Fully integrated supply chain business model

Having operations in every sector of the natural rubber industry, from rubber cultivation and rubber processing to the manufacture of finished products-- examination gloves --provides us with synergy and insights that enable us to effectively manage our operations and readily respond to changes in market conditions, resulting in competitive edge. Moreover, we are able to create value-added to our mid-stream products which is one of our main businesses. This strengthens our aim to become *“a fully integrated natural rubber company and emphasize our position as a leading player in the natural rubber business globally”*.



Extensive network of sales and distribution

We have an extensive network of sales and distribution that provides us with direct access to customers from all over the world and allows us to gauge demand flow and market sentiment as well as promptly respond to customers need in each country with appropriate strategies.



Production bases in strategic locations

With production facilities in the Northeast and South of Thailand, in Indonesia, and in Myanmar, we are not hindered by the seasonality of rubber tapping and are able to have year-round production. Locating our production facilities in Thailand and Indonesia also provides us with ample access to raw materials, as the two countries are the world's top natural rubber producers, collectively accounting for more than 35% of global production volume. Myanmar is also regarded as high growth potential of natural rubber production.



Cutting-edge technology and strong R&D capabilities

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



Commitment to sustainability and community engagement

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



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

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



Highly experienced management

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



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BOARD OF DIRECTORS

As of 31 December 2017

01

Dr. Viyavood Sincharoenkul

Chairman/ Managing Director

02

Mr. Prakob Visitkitjakarn

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

03

Mr. Chaiyos Sincharoenkul

Director/ Executive Director

04

Mr. Kitichai Sincharoenkul

Director/ Executive Director/
Nomination Committee Member

05

Mr. Veerasith Sinchareonkul

Director / Executive Director /
Chairman of Risk Management Committee

06

Mr. Paul Sumade Lee

Director/ Executive Director

07

Mr. Patrawut Panitkul

Director/ Executive Director/
Risk Management Committee
Member

08

Mr. Li Shiqiang

Director

09

Mr. Chalernpop Khanjan

Director/ Executive Director/
Risk Management Committee Member

10

Mr. Kriang Yanyongdilok

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

11

Mr. Samacha Potavorn

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

12

Miss Anusra Chittmitrapap

Independent Director





Dr. Viyavood Sincharoenkul

Age: 62 years Date of Appointment 27 December 1993

Chairman/ Managing Director

Academic Background

Ph.D. in Chemistry,
Queen Elizabeth's College,
University of London

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

Training Program

None

Present Position

Chairman, STA
Managing Director, STA

Work Experience

2010 – Present

Chairman, STA

1993 – Present

Managing Director, STA

1989 – Present

Director, Sri Trang Gloves
(Thailand)

2013 – 2017

Director, Sri Trang Ayeyar

1999 – 2017

Director, T.R.I Global Co., Ltd.

1987 – 1993

Managing Director,
Sri Trang Agro-Industry Co., Ltd.

1985 – 1987

General Manager,
Paktai Rubber Co., Ltd.

Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber
- Director, Semperflex Asia
- Director, Pattana Agro Futures
- Director, STH
- Director, Sri Trang Gloves (Thailand)

Positions in Non-Listed Companies in Foreign Countries

- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment
- Director, Sri Trang Indochina

Positions in Other Listed Companies

None

Mr. Prakob Visitkitjakarn

Age: 77 years Date of Appointment 27 December 1993

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



Academic Background

Master of Business Administration,
Indiana University, USA

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

Present Position

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

Work Experience

2016 – Present

Vice Chairman,
STA

2010 – Present

Chairman of Remuneration Committee,
STA

2008 – Present

Chairman of Audit Committee,
STA

2009 – Present

Independent Director and Chairman of
Audit Committee, ARIP PLC.

2015 – Present

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

2008 – 2015

Independent Director and Audit Committee
Member, Lease It PLC.

1999 – 2011

Independent Director and Chairman of
Audit Committee, Siam City Cement PLC.

1999 – 2008

Audit Committee,
STA

1999 – 2002

Executive Vice President,
Bank of Ayudhya PLC.

Training Program

• Thai Institute of Directors Association

Audit Committee Program (ACP) 27/2009

Monitoring the Quality of Financial Reporting (MFR) 8/2009

Monitoring Fraud Risk Management (MFM) 8/2009

Chartered Director Class (CDC) 3/2008

Director Certification Program (DCP) 33/2003

Role of the Chairman Program (RCP) 5/2001

• SGX Listed Companies Development Programme

Understanding the Regulatory Environment in Singapore:
What Every Director Ought to Know

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

None

Positions in Other Listed Companies

• Independent Director and Chairman of Audit Committee,
ARIP PLC.

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



Mr. Chaiyos Sincharoenkul

Age: 67 years Date of Appointment 27 December 1993

Director/ Executive Director



Academic Background

Executive Micro MBA,
Thammasat University

Present Position

Director, STA

Training Program

DAP 66/2007 by
Thai Institute of Directors Association

Work Experience

1993 – Present

Director, STA

2014 – 2015

Member of Ad Hoc Subcommittee for Considering Rubber Organization under the Bill on Rubber of Thailand, under the Ad Hoc Committee for Considering the Bill on Rubber of Thailand, National Legislative Assembly

2008 – 2014

Director, The Federations of Thai Industries

2008 – 2012

Chairman, The Federations of Thai Industries, Songkhla Province

2008 – 2010

Co-Chairman,
IMT-GT Joint Business Council, Thailand

2008 – 2010

Chairman, Working Group on Agriculture, Agro-Based Industry and Environment

1990 – 2004

Director, Thai Tech Rubber

2008 – 2010

Co-Chairman, IMT-GT Joint Business Council, Thailand

2008 – 2010

Chairman, Working Group on Agriculture, Agro-Based Industry and Environment

1987 – 1993

Director, Sri Trang Agro-Industry Co., Ltd.

Positions in Non-Listed Companies in Thailand

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

Positions in Non-Listed Companies in Foreign Countries

- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment

Positions in Other Listed Companies

None

Mr. Kitichai Sincharoenkul

Age: 58 years Date of Appointment 10 April 1995

Director/ Executive Director/
Nomination Committee Member

Academic Background

Master of Business Administration,
Indiana State University, United States

Bachelor in Economics,
Thammasat University

Present Position

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



Work Experience

2010 – Present

Group Manager of Legal & Administration

2010 – Present

Nomination Committee Member,
STA

1995 – Present

Director,
STA

1988 – 2006

Branch Manager,
STA

1984 – 1987

Credit Department of Citibank

Positions in Non-Listed Companies in Thailand

- Director, Semperflex Asia
- Director, STH
- Director, Pattana Agro Futures
- Director, Sri Trang Gloves (Thailand)

Positions in Non-Listed Companies in Foreign Countries

- Director, Sri Trang Indochina
- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Sri Trang Ayeyar

Positions in Other Listed Companies

None

Training Program

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





Mr. Veerasith Sinchareonkul

Age: 33 years Date of Appointment 28 April 2010

Director / Executive Director /
Chairman of Risk Management Committee

Academic Background

Master of Business Administration
(Finance and Marketing),
Sasin Graduate Institute of Business Administration,
Chulalongkorn University, Thailand

Bachelor of Computer Science and Cybernetics,
University of Reading, United Kingdom

Present Position

Director, STA
Chairman of Risk Management Committee, STA

Training Program

- **Thai Institute of Directors Association**
DAP 85/2010
FSD 26/2014
- **Thai Listed Companies Association**
TLCA Executive Development Program (EDP)
class 10

Work Experience

- ◆ **2013 – Present**
Chairman of Risk Management Committee,
STA
- ◆ **2010 – Present**
Director,
STA
- ◆ **2008 – 2011**
Corporate Credit Analyst,
Kasikornbank Pcl.

Positions in Non-Listed Companies in Thailand

- Director, Sri Trang Gloves (Thailand)
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation
- Director, Semperflex Asia
- Director, Thai Tech Rubber

Positions in Non-Listed Companies in Foreign Countries

- Director, Sri Trang USA, Inc.
- Director, Sri Trang Ayeyar
- Director, PT Sri Trang Lingga

Positions in Other Listed Companies

None

Mr. Paul Sumade Lee

Age: 63 years Date of Appointment 28 June 2010

Director/ Executive Director

Academic Background

Master of Business Administration,
International Institute for Management
Development, Lausanne, Switzerland

Bachelor of Commerce University of
New South Wales, (Sydney) Australia

Present Position

Director, STA

Chief Marketing Officer, STA



Work Experience

2010 – Present

Director/ Chief Marketing Officer,
STA

1988 – 2003

Global Market Director, ELDERS Finance/
DRESNER Bank

1983 – 1987

Programmer,
Macquarie Bank

1982

Programmer,
Custom Credit Corporation

1979 – 1981

Programmer,
Computer Installation Development

Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber

Positions in Non-Listed Companies in Foreign Countries

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

Positions in Other Listed Companies

None

Training Program

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



Mr. Patrawut Panitkul

Age: 49 years Date of Appointment 7 May 2014

Director/ Executive Director/
Risk Management Committee Member



Academic Background

Bachelor Degree of Business
Administration Accounting,
Prince of Songkhla University

Present Position

Director, STA
Risk Management Committee Member, STA
CFO – Natural Rubber Business, STA

Training Program

- Thai Institute of Directors Association
DCP 195/2014
SFE 24/2015 Successful Formulation &
Execution of Strategy

Work Experience

2014 – Present

Director,
STA

2013 – Present

Risk Management Committee,
STA

2010 – Present

CFO – Natural Rubber Business,
STA

2016 – 2017

Director, Sri Trang Gloves (Thailand)

2001 – 2009

Accounting Manager of STA

1992 – 2000

Accounting Manager of Siam
Sempermed Corp., Ltd.

Positions in Non-Listed Companies in Thailand

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

Positions in Non-Listed Companies in Foreign Countries

- Chairman, PT Sri Trang Lingga

Positions in Other Listed Companies

None

Mr. Li Shiqiang

Age: 45 years Date of Appointment 7 May 2014

Director

Academic Background

Master degree in Business Management,
Shanghai University, China

Bachelor degree in Business English,
Qingdao University, China

Present Position

Director, STA



Work Experience

- ◆ 2014 – Present
Director,
STA
- ◆ 2017 – Present
Director,
Shi Dong Shanghai Medical Equipment
- ◆ 2012 – Present
Vice Chairman of China rubber Association
- ◆ 2010 – Present
Director and General Manager,
Shi Dong Shanghai
- ◆ 2004 – 2010
Consulting Representative
of Sri Trang Group in China
- ◆ 2002 – 2003
Import and Export Manager of
Qingdao Sentaida Rubber Co., Ltd.
- ◆ 2000 – 2002
Natural Rubber Manager of Sinochem
International Corp. (Qingdao office)
- ◆ 1997 – 2000
Assistance General Manager of
Qingdao Tizong Rubber Tyre Co., Ltd.

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

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

Positions in Other Listed Companies

None

Training Program

- Thai Institute of Directors Association
DAP 125/2016



Mr. Chalernpop Khanjan

Age: 47 years Date of Appointment 29 October 2015

Director/ Executive Director/
Risk Management Committee Member

Academic Background

Executive Micro MBA,
Thammasat University

Diploma in General Management from
Industrial and Community Education College

Present Position

Director, STA
Risk Management Committee Member, STA
Production Group Manager, STA

Training Program

- Thai Institute of Directors Association
DAP 132/2016

Work Experience

2015 – Present

Director,
STA

2013 – Present

Risk Management Committee Member,
STA

2010 – Present

Production Group Manager,
STA

2006 – Present

Production Group Manager,
Rubberland Products

1998 – 2005

Factory Manager,
Rubberland Products

1994 – 1997

Assistant LTX Factory Manager,
STA

Positions in Non-Listed Companies in Thailand

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

Positions in Non-Listed Companies in Foreign Countries

None

Positions in Other Listed Companies

None

Mr. Kriang Yanyongdilok

Age: 79 years Date of Appointment 25 January 2000

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

Academic Background

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

Present Position

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



Work Experience

2010 – Present

Chairman of Nomination Committee,
STA

2010 – Present

Remuneration Committee Member,
STA

2010 – Present

Director,
March Auto 2010 Co., Ltd.

2000 – Present

Audit Committee Member,
STA

1993 – Present

Director,
J M P Group (1993) Co., Ltd.

2004 – 2005

Audit Committee Member,
Oishi Group PLC.

1985 – 1998

Provincial Revenue, Area Revenue Office,
Regional Revenue Office 3, Revenue Office

1968

Ombudsman, third class, Revenue Office,
Phuket

1965

Class-three auditor official,
Office of the Auditor-General of Thailand

Positions in Non-Listed Companies in Thailand

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

Positions in Non-Listed Companies in Foreign Countries

None

Positions in Other Listed Companies

None

Training Program

- Thai Institute of Directors Association
DAP 11/2004





Mr. Samacha Potavorn

Age: 74 years Date of Appointment 1 February 2008

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

Academic Background

Master Degree in Governmental
Administration, Thammasat University

Thai barrister-at-law

Bachelor of Laws, Thammasat University

Present Position

Independent Director and Audit Committee Member, STA

Nomination Committee Member, STA

Remuneration Committee Member, STA

Work Experience

2015 – Present

Aor.Kor.Por. SorAor.Bor.Tor.,
The Prime Minister's Office

2011 – Present

University Council,
Rajamangala University
of Technology Srivijaya

2010 – Present

Remuneration Committee Member and
Nomination Committee Member, STA

2008 – Present

Independent Director and
Audit Committee Member, STA

2006 – 2008

Assistant Secretary to Minister of Interior

2006 – 2008

Governor, Phang-nga province

2003 – 2004

Legal counsel,
Ministry of Interior

2000 – 2002

Assistant Secretary, Vice-Director of
Southern Border Provinces
Administration Center, Ministry of Interior

1997 – 2000

Vice-Governor,
Pattalung Province, Trang Province

1996 – 1997

Assistant Governor

1984 – 1996

Sheriff

1969 – 1983

Assistant District Officer

Positions in Non-Listed Companies in Thailand

- University Council, Rajamangala University of Technology Srivijaya

Positions in Non-Listed Companies in Foreign Countries

None

Positions in Other Listed Companies

None

Training Program

- Thai Institute of Directors Association

DAP 75/2008

- SGX Listed Companies Development Programme

Understanding the Regulatory Environment in Singapore:
What Every Director Ought to Know

Miss Anusra Chittmittrapap

Age: 63 years Date of Appointment 21 September 2017

Independent Director

Academic Background

Bachelor of Communication Arts (Honors),
Chulalongkorn University

Certified Degree by King Prajadhipok's
Institute (2005)

Present Position

Independent Director, STA



Work Experience

2017 – Present

Independent Director,
STA

2017 – Present

Advisor,
Berli Jucker Plc.

2016 – Present

Independent Director and
Audit Committee Member, CMO Plc.

2015 – 2016

Director,
The Queen Sirikit Botanic Garden

2015

Chairman,
Thailandpost Distribution Co., Ltd.

2014 – 2015

Vice Chairman,
Thailandpost Co., Ltd.

2011 – 2014

Managing Director, Thailandpost Co., Ltd.

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

None

Positions in Other Listed Companies

- Independent Director and Audit Committee Member, CMO Plc.
- Advisor, Berli Jucker Plc.

Training Program

- Thai Institute of Directors Association
Chartered Director Class 2014
Role of the Compensation Committee (RCC) 2014
Director Certification Program (DCP) 2011



EXECUTIVE MANAGEMENT



Mrs. Prapai Srisuttiphong

Group Manager of Procurement

Age: 64 years

Academic Background

Vocational Certificate in Accountancy
from the Polytechnic Bangkok College

Training Program

Executive Micro MBA, Thammasat University

Director Position in Other Companies

None

Work Experience

2005 – Present

Procurement Manager,
STA

1997 – 2004

Head of Accounting, Raw Materials
Verification Division, STA

1993 – 1996

Accountant,
STA



Mr. Arsom Aksornnam

Group Manager of Production

Age: 50 years

Academic Background

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

Training Program

Executive Micro MBA, Thammasat University

Director Position in Other Companies

Director, Sri Trang Gloves (Thailand)

Work Experience

Present

Group Manager of Production,
STA

2017 – Present

Director,
Sri Trang Gloves (Thailand)

2017 – Present

Factory Manager,
Sri Trang Gloves (Thailand)

2004 – 2008

Factory Manager,
Shanghai Sempermed

1998 – 2003

Factory Manager,
Sri Trang Gloves (Thailand)

1995 – 1997

Production Manager,
Sri Trang Gloves (Thailand)

1989 – 1994

Line Chemist,
Siam Sempermed



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Mr. Chaidet Pruksanusak
 Group Manager of Quality Assurance
 Age: 49 years

Academic Background

Diploma in Finance and Banking,
 Bangkok Commercial College

Training Program

Executive Micro MBA, Thammasat University

Director Position in Other Companies

Director, Prueksa Rubber Co., Ltd.

Work Experience

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



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Mr. Rattapong Laparojkit
 Group Manager of Engineering
 Age: 44 years

Academic Background

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

Training Program

None

Director Position in Other Companies

Director, Premier System Engineering

Work Experience

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





Mr. Phanlert Wangsuphadilok

Group Manager of Engineering

Age: 46 years

Academic Background

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

Training Program

None

Director Position in Other Companies

Director, Premier System Engineering
Director, Sri Trang Gloves (Thailand)

Work Experience

Present

Group Manager of Engineering,
STA

2017 – Present

Director,
Sri Trang Gloves (Thailand)

2015 – Present

Director,
Premier System Engineering

2009 – Present

Factory Manager of Technical,
Premier System Engineering

2006 – 2009

Factory Manager,
Semperflex Asia

1998 – 2006

Production Manager,
Semperflex Asia



Mr. Udom Pruksanusak

CEO - Plantation

Age: 56 years

Academic Background

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

Training Program

None

Director Position in Other Companies

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

Work Experience

2013 – Present

CEO – Plantation,
STA

2015 – Present

Director, Sri Trang Rubber & Plantation

2015 – Present

Director, Startex Rubber

2008 – Present

Director, Prueksa Isarn Co., Ltd.

2003 – Present

Director, Prueksa Rubber Co., Ltd.

2010 – 2015

Group Manager of Human Resources,
STA

2000 – 2012

Human Resources Manager,
Siam Sempermed

1998 – 1999

Factory Manager,
Semperflex Asia

1997 – 1998

Production Manager,
Siam Sempermed



Miss Nuchanart Chaiyarat

Group Manager of Human Resources

Age: 50 years

Academic Background

Bachelor of Marketing Science,
Prince of Songkhla University

Training Program

None

Director Position in Other Companies

Director, STH

Work Experience

2008 – Present

Group Manager of Human Resources,
STA

2015 – Present

Director,
STH

2000 – 2007

Purchasing Manager,
Sri Trang Gloves (Thailand)



Miss Thanawan Sa-ngiamsak, CFA

Business Development and CFO – Gloves Business

Age: 39 years

Academic Background

Master of Science in Finance, the University of Strathclyde,
UK, with Distinction

Bachelor of Science in Accounting,
Thammasat University, 1st Class Honor

Training Program

None

Director Position in Other Companies

Director, Sri Trang Gloves (Thailand)

Work Experience

2017 – Present

Director,
Sri Trang Gloves (Thailand)

2017 – Present

Business Development and
CFO – Gloves Business, STA

2011 – 2017

Vice President - Business Development &
Investor Relations, STA

2005 – 2011

Vice President - Investment Banking,
Kasikorn Securities PCL

2004

Assist Manager - Investment Banking,
Kasikorn Bank PCL.

2001 – 2002

Excise Tax & Duty Planner,
The Shell Company of Thailand Limited

2000 – 2001

Auditor,
Ernst & Young Office Limited



MANAGEMENT STRUCTURE

Committees of STA

As of 31 December 2017, the corporate structure of STA consists of six committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee.

The Board of Directors of STA

As of 31 December 2017, the Board of Directors of STA consists of 12 directors as follows:

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

Note :

(1) Ms. Anusra Chittmittrapap was appointed as an Independent Director regarding to the resolution of the Board of Directors' meeting no. 6/2017, held on 21 September 2017, in replacement of Mr. Neo Ah Chap who resigned from this position on 24 August, 2017.

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

Authorized Directors of STA

Any two of the seven following directors of STA, namely, Mr. Viyavood Sincharoenkul, Mr. Chaiyos Sincharoenkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul, Mr. Paul Sumade Lee, Mr. Patrawut Panitkul and Mr. Chalernpop Khanjan shall affix their signatures and STA's seal.

Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting No. 2/2018, held on 9 March 2018, resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as Honorary Adviser of STA for another 2 years. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the business plans, investment plans and policies of the Company, both domestically and internationally.
3. Advise on strategies in relation to the use of raw materials, procurement, prices and quantities in each period and taking into account the local conditions.
4. Advise on dealings with the media, local authorities and government agencies in the south of Thailand.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operations. His remuneration starting from 6 May 2018 to 6 May 2020 is Baht 428,000 per month or Baht 5,136,000 per year. This transaction is considered as a connected transaction.

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

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

1. The Board of Directors have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives, Articles of Association, the resolutions of Board

and the resolutions of the general meeting of shareholders. The Board of Directors shall make prudent business decisions. They shall perform their duty responsibly with care and honesty for the best interests of the Company.

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



However, in the granting of powers, duties and responsibilities, the Board of Directors shall not grant or sub-grant power to a grantee that causes the Board of Directors or the grantee to approve transactions in which the Board of Directors or the grantee, or any person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders.

Composition and Appointment of the Board of Directors of STA

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

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Of the total number of Board members, at least one-third and no fewer than three persons must be independent directors;
3. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:
 - (1) Each shareholder shall have one vote for one share.
 - (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
 - (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number,

causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.

4. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.

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

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

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

The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion on the basis of board diversity in terms of knowledge, skills, experiences, ages, and genders of directors bringing about the reasonable decision making. In this regard, STA's directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry in order to perform their duties effectively.

Selection of Independent Directors

Independent Directors Qualifications

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, or a major shareholder or controlling person of STA, including shares held by related persons of such independent director.
2. Not having any relationship with (a) STA; (b) STA's holding company, subsidiary or a subsidiary of a subsidiary of STA; (c) any person who has an interest who holds not less than ten percent of the total voting shares in STA; and/or (d) any officers of STA who can interfere with the exercise of any Director's independent judgment.
3. Neither being nor having an immediate family member who is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which STA or any of its subsidiaries made, or from which STA or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
4. Not being or having been directly associated with a shareholder who holds more than 10% of the shares of STA in the current or immediately preceding financial year.
5. Not being or having been an executive director, employee, staff, advisor who receives salary, or a controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA, unless the foregoing status ended not less than three financial years prior to the appointment as independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit that was a major shareholder or controlling person of STA.
6. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, of a director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of STA or its subsidiary company.
7. Not having an immediate family member including spouse, child, adopted child, stepchild, sibling and parent, who is, or has been in any of the past three financial years, employed by STA or any of its related companies and whose remuneration is or was determined by the remuneration committee.
8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, child of spouse, sibling, and parent who accepts or has accepted compensation from STA or any of its related companies for the provision of services, other than services as director, for the current or immediately preceding financial year.
9. Not having or having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in a manner which might interfere with his independent judgement, and not being or having been a significant shareholder or controlling person of any person having a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
10. Not being or having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.



11. Not being or having been a provider of any professional services including those as legal advisor or financial advisor who receives or received service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of such professional services, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
12. Not being a director appointed as representative of directors of STA, a major shareholder or a shareholder who is related to a major shareholder of STA, or a director who is or has been directly associated with a shareholder who holds 10% or more of the shares of STA, in the current or immediately preceding financial year. A director will be considered “directly associated” with a shareholder who holds 10% or more of the share of STA when the director is accustomed to or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of such shareholder in relation to the corporate affairs of STA.
13. Not undertaking any business that is of the same nature as and in competition to the business of STA or its subsidiary company, and not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of any other company that engages in business that is of the same nature as and in competition to the business of STA or its subsidiary company.
14. Not having any other characteristic that could cause the inability to express independent opinions with regard to the business operations of STA.

The qualifications of the Independent Director of STA are more stringent than the definitions as specified in the notification of the Capital Market Supervisory Board. Additionally, The Board of Directors is of the opinion that

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

EXECUTIVE COMMITTEE

As of 31 December 2017, the list of Executives of STA is as follows:

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

Scope of Duties and Responsibilities of the Executive Committee

STA has specified scope of duties and responsibilities of the Executive Committee as follows:

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

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

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

AUDIT COMMITTEE

The Audit Committee consists of three independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2017, the Audit Committee consists of the following directors:

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

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

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

Scope of Duties and Responsibilities of the Audit Committee

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, and the laws relating to business of STA.
4. To consider the election, the nomination, and the removal of persons with independence, reliability, acceptable qualification and are auditors approved by SEC to act as an auditor of STA and to determine the remuneration of such person as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, interested person transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and in the best interests of STA.
6. To prepare, and to disclose in our Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (1) an opinion on the accuracy, completeness and credibility of the company's financial report;
 - (2) an opinion on the adequacy of the company's internal control system;

- (3) an opinion on the compliance with the law on securities and exchange, the regulations of the SET, or the laws relating to the STA's business;
 - (4) an opinion on the suitability of the auditor of STA;
 - (5) an opinion on the transactions that may lead to conflicts of interests;
 - (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, within the scope of duties and responsibilities assigned by the company's board of directors.
7. To commission and review the findings of significant internal investigations and/or consult with the auditor in relation to such findings and report the findings to the Board of Directors of STA in the event that there is any suspected fraud or irregularity or infringement of any law or regulations of Thailand, the rules of the SET, or other relevant regulations which has or is likely to have a material impact on the results of operations and/or financial position of STA.
 8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
 9. To review the co-operation given by our officers to the external auditors.
 10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
 11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

Apart from the duties listed above, the Audit Committee is required to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the results of operations and/or financial position of STA.

NOMINATION COMMITTEE

As of 31 December 2017, the Nomination Committee of STA consists of 3 Directors as follows:

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

Scope of Duties and Responsibilities of the Nomination Committee

1. Reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board of Directors of STA for the appointment of Directors.
2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of the Directors having regard to the Director's contribution and performance.
3. Determining annually whether or not a Director is independent.
4. Deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

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

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

REMUNERATION COMMITTEE

As of 31 December 2017, the Remuneration Committee consists of three Directors as follows:

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

Scope of Duties and Responsibilities of the Remuneration Committee

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

RISK MANAGEMENT COMMITTEE

As of 31 December 2017, the Remuneration Committee consists of five Directors as follows:

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

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

Scope of Duties and Responsibilities of the Risk Management Committee

1. Scrutinize the risk management policy that is consistent with the Company's strategy and propose to the Board of Directors regularly at least once a year to ensure that that it conforms to and is line with the current business circumstances.
2. Review and amend the charter of the Risk Management Committee to keep it conforms to the current circumstances and environment, and propose to the Board of Directors to approve.

Details of Meeting Attendance of the Board of Directors and Board Committees in 2017

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2017	(%)	2017	(%)	2017	(%)
1. Mr. Viyavood Sincharoenkul	7/7	100	7/7	100	-	-
2. Mr. Chaiyos Sincharoenkul	7/7	100	7/7	100	-	-
3. Mr. Kitichai Sincharoenkul	7/7	100	7/7	100	-	-
4. Mr. Paul Sumade Lee	7/7	100	7/7	100	-	-
5. Mr. Veerasith Sinchareonkul	7/7	100	7/7	100	-	-
6. Mr. Patrawut Panitkul	7/7	100	7/7	100	-	-
7. Mr. Li Shiqiang	7/7	100	-	-	-	-
8. Mr. Chalernpop Khanjan	7/7	100	7/7	100	-	-
9. Mr. Prakob Visitkitjakarn	7/7	100	-	-	10/10	100
10. Mr. Kriang Yanyongdilok	7/7	100	-	-	9/10	90
11. Mr. Samacha Potavorn	7/7	100	-	-	10/10	100
12. Mr. Neo Ah Chap ⁽¹⁾	3/5	60	-	-	-	-
13. Ms. Anusra Chittmittrapap ⁽²⁾	1/1	100	-	-	-	-
Percentage of attendance of each committee		98.33		100		96.67

Note :

(1) Mr. Neo Ah Chap resigned the position as an Independent Director on 24 August, 2017.

(2) Ms. Anusra Chittmittrapap was appointed as an Independent Director regarding to the resolution of the Board of Directors' meeting no. 6/2017, on 21 September 2017.

Details of the meeting attendance for the meetings of the Nominating Committee, the Remuneration Committee, and the Risk Management Committee in 2017 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2017	(%)	2017	(%)	2017	(%)
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
3. Mr. Kitichai Sincharoenkul	2/2	100	-	-	-	-
4. Mr. Paul Sumade Lee	-	-	-	-	-	-
5. Mr. Veerasith Sinchareonkul	-	-	-	-	4/4	100
6. Mr. Patrawut Panitkul	-	-	-	-	3/4	75
7. Mr. Li Shiqiang	-	-	-	-	-	-
8. Mr. Chalernpop Khanjan	-	-	-	-	4/4	100

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2017	(%)	2017	(%)	2017	(%)
9. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
10. Mr. Kriang Yanyongdilok	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	2/2	100	2/2	100	-	-
12. Mr. Neo Ah Chap	-	-	-	-	-	-
13. Ms. Anusra Chittmittrapap	-	-	-	-	-	-
Percentage of meeting attendance of each committee		100		100		91.67

Executives (pursuant to the definition of “Executive⁽¹⁾” in the SEC’s notification no. GorJor. 17/2008 re: Definitions under Notifications relating to the Issuance and Offering of Securities)

As of 31 December 2017, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Chaiyos Sincharoenkul	Director
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer
5. Mr. Veerasith Sinchareonkul	Director and Chairman of the Risk Management Committee
6. Mr. Patrawut Panitkul	Director and CFO – Natural Rubber Business
7. Mr. Li Shiqiang	Director
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer
9. Mr. Prakob Visitkitjakarn	Vice Chairman, Independent Director, and Chairman of the Audit Committee
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
12. Ms. Anusra Chittmittrapap ⁽²⁾	Independent Director
13. Mrs. Prapai Srisuttiphong	Group Manager of Procurement
14. Mr. Arsom Aksornnam	Group Manager of Production
15. Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance
16. Mr. Rattapong Laparojkit	Group Manager of Engineering
17. Mr. Phanlert Wangsuphadilok	Group Manager of Engineering
18. Mr. Udom Pruksanusak	CEO - Plantations
19. Ms. Nuchanart Chaiyarat	Group Manager of Human Resources
20. Ms. Thanawan Sa-ngiamsak	Business Development & CFO – Gloves Business

Note :

- (1) “Executive” means a director, manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or equivalent in the accounting or finance departments.
- (2) Ms. Anusra Chittmittrapap was appointed as an Independent Director regarding to the resolution of the Board of Directors’ meeting no. 6/2017, on 21 September 2017.

Scope of Authorities and Responsibilities of the Managing Director

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

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

Company Secretary

The Board of Directors of STA resolved to appoint Mrs. Pacharin Anuwongwattanachai, who meets the appropriate qualifications, graduated in accounting, has completed company secretary training and other related training programs, and possesses the skills, knowledge, understandings relating to business and the laws and other related regulations, as Company

Secretary (the “Company Secretary”), having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advice on compliance with the relevant laws and regulations to the Board of Directors, organizing Board of Directors activities and ensuring compliance with the resolutions of the Board of Directors. The Company Secretary has to attend and safeguard all meeting documents and ensures procedural compliance with regards to the Board of Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board of Directors.

Note: The profile of the Company Secretary is in the attachment 1.

Remuneration of Directors and Executive Officers

Financial Remuneration

(A) Directors’ Fees

For the fiscal year ending 31 December 2017, STA paid the directors’ fees to the Directors in the amount of Baht 7,993,000 in compensation for the services rendered. The details are as follows:

Name	Amount of Directors’ Fees (Baht)*
	Fiscal year ending 31 December 2017
1. Mr. Viyavood Sincharoenkul	804,000
2. Mr. Chaiyos Sincharoenkul	600,000
3. Mr. Kitichai Sincharoenkul	600,000
4. Mr. Paul Sumade Lee	600,000
5. Mr. Veerasith Sinchareonkul	600,000
6. Mr. Patrawut Panitkul	600,000
7. Mr. Li Shiqiang	600,000
8. Mr. Chalernpop Khanjan	600,000
9. Mr. Prakob Visitkitjakarn	936,000
10. Mr. Kriang Yanyongdilok	744,000
11. Mr. Samacha Potavorn	744,000
12. Mr. Neo Ah Chap	400,000
13. Ms. Anusra Chittmitrapap	165,000

Note*: This remuneration is compensation only for the services rendered as directors and members of the Audit Committee of STA and does include compensation for services rendered as members of the other committees of STA.

(B) Remuneration of the Directors and Executive Officers

For the fiscal year ending 31 December 2017, STA paid the remuneration to the Executive Directors and Executive Officers, totaling 21 persons, in the amount Baht 134.16 million. Such remuneration was in the form of salary, bonus and other compensation comprising benefits in kind and compensation that has already been paid, which includes any deferred compensation accrued for the financial year in question and payable at a later date including bonus or profit-sharing scheme or any other profit-linked agreements or arrangements.

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

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

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

Profit Incentive Scheme

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

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

Other Remuneration

In 2017, the Company has paid contributions to the employee provident fund for the Board of Directors and Executive Officers in the following amount:

	Total list	Amount (Baht)
Contributions to employee provident fund	13	2,567,526

Employees’ Retirement Benefits

STA provides employees’ retirement benefits to employees in accordance with Thai labor laws. Such benefits that each employee is entitled to depend on the salary base and the number of years that the employee has been working for STA until the termination date.

Re-election of Directors

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

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director	27 December 1993	29 April 2015
2. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	28 April 2016
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration	10 April 1995	25 April 2017
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer	28 June 2010	29 April 2015
5. Mr. Veerasith Sinchareonkul	Director and Chairman of the Risk Management Committee	28 April 2010	29 April 2015
6. Mr. Patrawut Panitkul	Director and CFO – Natural Rubber Business	29 April 2014	25 April 2017
7. Mr. Li Shiqiang	Director	29 April 2014	25 April 2017
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer	29 October 2015	28 April 2016
9. Mr. Prakob Visitkitjakarn	Vice Chairman, Independent Director, and Chairman of the Audit Committee	27 December 1993	29 April 2015
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee	25 January 2000	28 April 2016
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee	1 February 2008	25 April 2017
12. Mr. Neo Ah Chap ⁽¹⁾	Independent Director	28 June 2010	28 April 2016
13. Ms. Anusra Chittmittrapap ⁽¹⁾	Independent Director	21 September 2017	21 September 2017

Note :

(1) Ms. Anusra Chittmittrapap was appointed as an Independent Director regarding to the resolution of the Board of Directors' meeting no. 6/2017, held on 21 September 2017, in replacement of Mr. Neo Ah Chap who resigned from this position on 24 August, 2017.



CORPORATE GOVERNANCE

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilising expertise, diligence, and due care to protect the interests of the Company and to comply with the laws, objectives, and the Articles of Association of STA. The Board of Directors of STA has also followed the Principles of Good Corporate Governance for Directors of Listed Companies and the Principles of Good Corporate Governance for Listed Companies 2017. The roles and responsibilities of the Board of Directors of STA are all managed with due care, in particular in the process of decision making. Careful consideration is given using reasonable judgment based on honesty, transparency, ethics, and the concern of stakeholders as well as all aspects of the best interests of shareholders.

Principles of Good Corporate Governance

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies as prescribed by the SET. The details of 5 principles of

good corporate governance areas that are appropriate for current business environment are as follows:

1. Rights of Shareholders

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

(1) Right to Receive Profit Sharing in the Form of Dividend:

STA has a policy on dividend payment which is based on careful consideration of the financial position, results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic

situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit.

(2) Right to Attend the Shareholders' Meeting:

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

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

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

(3) Right to Vote on Agenda Items in the Shareholders' Meeting:

The completed invitation to shareholders' meeting and attachments will be forwarded to shareholders

in advance. The invitation to shareholders' meeting includes details on agenda items, attachments to agenda items, opinions of the Board of Directors of STA, proxy forms as prescribed by the Ministry of Commerce, a name list of all independent directors to whom the shareholders are able to give their proxy, and a map of the meeting venue. The invitation to the shareholders' meeting also includes the information regarding the required documents that shareholders have to present to the meeting in order to protect their right to attend the meeting, the Articles of Association of STA pertaining to the shareholders' meeting, and voting instructions. Furthermore, so that the investors can obtain information thoroughly, the shareholders can access all information with respect to the agenda of the shareholders' meeting at www.sritrangroup.com and the website of the SGX-ST at www.sgx.com ("SGXNET") in advance approximately 28 days prior to the meeting date. Moreover, STA has assigned Thailand Securities Depository Co., Ltd. (TSD) and CDP as its securities registrar to dispatch the meeting invitation and other related documents to shareholders at least 21 days prior to the meeting. The policy of STA is that no additional agenda item is included in the meeting without prior notice to the shareholders.

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

(4) Equal Right to Express Opinions and Make Inquiries in the Shareholders' Meeting:

With respect to agenda items and proposed agenda items, the Chairman of the shareholders' meeting should allocate sufficient time and encourage the shareholders to express their opinions and make inquiries in the meeting. Additionally, to encourage the right of shareholders, the Company opens the opportunities to

shareholders to submit their questions related to the meeting agendas at least seven days prior to the meeting date via registered mail: Sri Trang Agro-industry Public Co., Ltd. 17Fl, Park Ventures Ecoplex, Unit 1701, 1707-1712, 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330 and via email address: corporatesecretary@sritranggroup.com. The Chairman of each sub-committees comprising Mr. Prakob Visitkitjakarn, STA's Lead Independent Director as well as the Chairman of the Audit Committee and Remuneration Committee, Mr. Kriang Yanyongdilok, the Chairman of the Nomination Committee and Independent Director, Mr. Veerasith Sinchareonkul, the Chairman of the Risk Management Committee will be present at the annual general meeting to address questions that shareholders' may have. External auditors will also be present to address queries in relation to the audit of the Company and the auditors' report. STA will note the questions and clarifications in the minutes of the shareholders' meeting for acknowledgement of shareholders who did not attend the meeting.

2. Fair Treatment of Shareholders

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

- (1) The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. STA sends a complete invitation to shareholders' meeting, including attachments, both in Thai and English language with all sufficient information relevant to the meeting to the shareholders. Moreover, STA posts all information which is relevant to the meeting at its website (www.sritranggroup.com) so that the shareholders will have sufficient time to carefully study this information. In addition, the invitation to shareholders' meeting shall be advertised no less than three days prior to the shareholders' meeting in a daily newspaper for at least three consecutive days in order to allow shareholders to have sufficient time to prepare for attending the shareholders' meeting. Before the commencement of each meeting, the Chairman will give instructions on the voting and the counting methods as clearly prescribed. During the meeting, the Chairman allows the shareholders, equally, to make inquiries and express their opinions as well as to make recommendations. The Chairman also answers questions and provides complete information as requested by the shareholders. After the meeting, STA will send the minutes of the shareholders' meeting to the SET within the prescribed period.
- (2) STA gives an opportunity to shareholders to cast their vote on one share one vote approach and encourages the shareholders to use ballots for voting on each agenda item. The ballots shall be kept in the meeting room for vote counting prior to the announcement of the resolutions. For the purpose of transparency, STA makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages and keeps all ballots having signatures of the shareholders or their proxy for future reference.
- (3) Minutes of the shareholders' meeting must be accurately and completely recorded and submitted to the SET within 14 days after the shareholders' meeting. The resolutions of the shareholders' meeting will be posted on the website of STA at www.sritranggroup.com.
- (4) The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.
- (5) Directors, executives and related persons as stated in Section 89-1, the Securities and Exchange Act B.E. 2535, must report changes in securities holding of STA to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within three business days from the first day that securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.

- (6) STA establishes the silent period policy to abstain from securities trading 30 days before the announcement to the Stock Exchange of Thailand and at least 24-48 hours after the public disclosure for directors and executives, as the SEC's prescribed, to strictly comply with.
- (7) Directors and executives are required to report their conflict of interests including their related persons at the first time for newly nominated directors and executives and if any changes during his/her position by assigning Company Secretary to keep the report. If there is any conflict of interest found, Company Secretary shall report to the Chairman of the Board and the Chairman of Audit Committee to acknowledge.
- (8) A full and clear disclosure of shareholding structure in the subsidiaries and associates is made to assure shareholders that the operational structure of STA is transparent and accountable.
- (9) STA places importance on the accurate, full, timely, and transparent disclosure of information on various issues to shareholders. As such, significant information is disclosed on a regular basis.
- (10) STA has established a channel of communication for minority shareholders to directly access information on various issues e.g. the activities of the Board of Directors, supervision and monitoring of the operation, and auditing through the email address of the independent directors. Furthermore, minority shareholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:
- The Audit Committee, E-Mail Address: auditcommittee@sritrangroup.com
 - The Company Secretary, E-Mail Address: corporatesecretary@sritrangroup.com
 - The Investor Relations Office, E-Mail Address: ir@sritrangroup.com
 - Telephone no. +662-207-4500

3. Role of Stakeholders

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

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

In October 2016, STA signed a declaration of intention to join a Collective Action Coalition of Thailand's private sector for the anti-corruption and proclaimed its intention in January 2017.

The followings are details of policies in connection with stakeholders:

Shareholders:

STA is committed to be the representative of its shareholders in conducting its business operation in a transparent manner, and having a reliable accounting and finance system that brings the highest satisfaction

to shareholders by continuously considering the long-term, sustainable growth of STA and an adequate return.

Employees:

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

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

The Board of Directors of STA has established the anti-corruption policy and communicated with employees

to provide better knowledge and understanding for the prevention of corruption. This is to build a good business conscious, right core value, and good corporate culture.

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

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

- The Audit Committee, E-Mail Address: auditcommittee@sritranggroup.com
- The Company Secretary, E-Mail Address: corporatesecretary@sritranggroup.com
- The Investor Relations Office, E-Mail Address: ir@sritranggroup.com
- Telephone no. +662-207-4500

Customers:

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

Business Partners:

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

Competitors:

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

Creditors:

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

Government Agencies and Related Organizations:

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

Society and Environment:

STA is aware of and concerned about the safety, environment, and the quality of life of the people, and the importance of natural resources conservation, the promotion of energy sufficiency, the alternative use of natural resources to minimize the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighborhood community of the factories by providing the most efficient management of safety and environment.

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

4. Information Disclosure and Transparency

(1) The Board of Directors of STA is responsible for the accurate, complete, clear, timely, and transparent disclosure of both significant financial

and non-financial information of STA both Thai and English in balance and easy to understand form through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and easy-to-access channels, which reflects fairness and reliability at the same time of maintaining the commercial interest of STA so that the stakeholders are all equally able to receive information in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and the requirements of various regulators.

- (2) STA has set up a public relations department in order to communicate with investors and related third parties. The Investor Relations Office is the center for communication between shareholders, stakeholders, investors, analysts, and other related parties.
- (3) To report the corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and the Company's website.
- (4) To disclose vision, mission, and goal of the Company. Such disclosed information will be reviewed by the Board of Directors of the Company on yearly basis.
- (5) To clearly disclose the shareholding structure of the Company including shareholding of the directors and the Executives of the Company both direct and indirect by presenting the beginning and ending shares as well as movement transaction during the year.
- (6) To establish the policy that the directors must report all trading in securities and quarterly present to the Board of Directors.
- (7) To establish the policy for the directors and the Executives to report their interest on the first appointment to the position and at the end of every year or every time when there is a change.
- (8) To present report of the Board of Director's responsibility for the financial reports together with auditor's report in annual report.

- (9) To disclose minutes of the annual general meeting on website of the Company.
- (10) To disclose profile of the directors and their attendance on the Board of Directors and Sub-Committee meeting of the preceding year.
- (11) To disclose the date of first appointment to the Board of each director.
- (12) To disclose details of training and development program that the directors joined during the preceding year.
- (13) To disclose the audit fees and non-audit fees in annual report.
- (14) To disclose Memorandum of Association and Article of Association in the website of the Company.
- (15) To provide various communication channels such as website, annual report, analyst meeting so that shareholders or investors can easily access company information thoroughly and equally.

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

The STA website is updated regularly. Information which should be disclosed is posted on the STA website. The Investor Relations Office at Bangkok Branch can be contacted at: Tel: +66-2207-4500, Fax +66-2108-2244, or at www.srirangroup.com.

5. Responsibility of the Board of Directors

(1) The Structure of the Board of Directors

The Board of Directors of STA, consisting of directors who have knowledge, competence, profession or expertise in various areas dedicating their experiences in business, has the duty to determine policies, visions, strategies, goals, missions, business plans and budgets of STA, as well as to monitor the management team to effectively and efficiently manage the business of STA in accordance with the policies under the legal framework, objectives,

the Articles of Association of STA and the resolutions of the shareholders meeting and the Board of Directors Meeting. Such duties must be performed with responsibility, due care and loyalty under the principles of good corporate governance in order to increase the best economic value for the business and the highest stability for the shareholders.

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

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

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

(2) Sub-committees

To comply with good corporate governance, the Board of Directors of STA has appointed four sub-committees namely the Audit Committee, the Executive Committee, the Remuneration Committee,

and the Nomination Committee to scrutinize specific matters thoroughly and effectively

(3) Roles, Duties, and Responsibilities of the Board of Directors

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

Conflict of Interest

The Board of Directors of STA has established a policy for preventing conflict of interest on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of interest in such agenda item to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

(4) The Board of Directors Meeting

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once per quarter and any additional meetings as necessary. The meeting schedule shall be prepared in advance throughout the year and notified to all directors for their acknowledgement on yearly basis. A meeting notice will be delivered to directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA.

At each meeting, the agenda items of the meeting must be clearly specified and supported by complete

and sufficient documents, and must be delivered to the directors in advance so that the directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion. In addition, at the meeting of the Board of Directors, the senior executives will be invited to participate in order to provide additional details of information on such matters in which they are directly involved. The Board of Directors can directly and independently contact the senior executives and the Company Secretary.

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

(5) Remuneration

The remuneration as being a Director must be approved by the shareholders. The remuneration is specified annually to the Chairman of the Board of Directors, Executive Directors, Non-Executive Directors, the Chairman of Audit Committee, and Audit Committee Members with no additional meeting allowance. In this regard, the Remuneration Committee has a duty to propose a framework and criteria of remuneration for the Directors to the Board of Directors' meeting to agree with before proposing to the Shareholders' meeting to approve. The remuneration is considered based on the Company's performance, the director's responsibility and compared with the other listed companies in SET that have similar market capitalization as well as other listed companies in the same industry. This shall support the remuneration structure to be appropriate for the perseverance, responsibilities, and experiences of Directors that shall lead the Company to be achieve in both short-term and long-term goals. In addition, the remuneration will be disclosed in the Company's annual report.

(6) Training for the Directors and the Executives

STA usually provides an orientation to the newly

appointed director so that such Director can discharge his/her duties effectively. The Company Secretary will liaise with the Directors in any matters such as affidavit, Articles of Association, manual of director in Annual Registration Statement (Form 56-1), working system information within the Company, and other related laws and regulations.

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge. STA has the policy to support the Directors and the senior management at least one person a year to join any training programs that equip them with knowledge to support their duties.

Moreover, STA has made available resources for Directors to receive training in any relevant specific area to enable them to discharge their duties with due care and loyalty.

STA has had a policy to encourage at least one person of Directors, Executives, or Company Secretary to have training and knowledge development on a yearly basis. In 2017, Mrs. Pacharin Anuwongwatanachai, Company Secretary, participated the course 'Preparation of Listed Companies for A New CG Code' arranged by the Stock Exchange of Thailand.

(7) Assessment of the Directors' Performance

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

- The Board Assessment Form (Assessment of the Board as a whole)
- Individual Board Member Assessment Form (Self-Assessment)

- Sub-committee Assessment Form (Self-Assessment of the Sub-committee comprised the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee)
- Chief Executive Officer (CEO) Assessment Form

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

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

The assessment process can be summarised as follows:

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

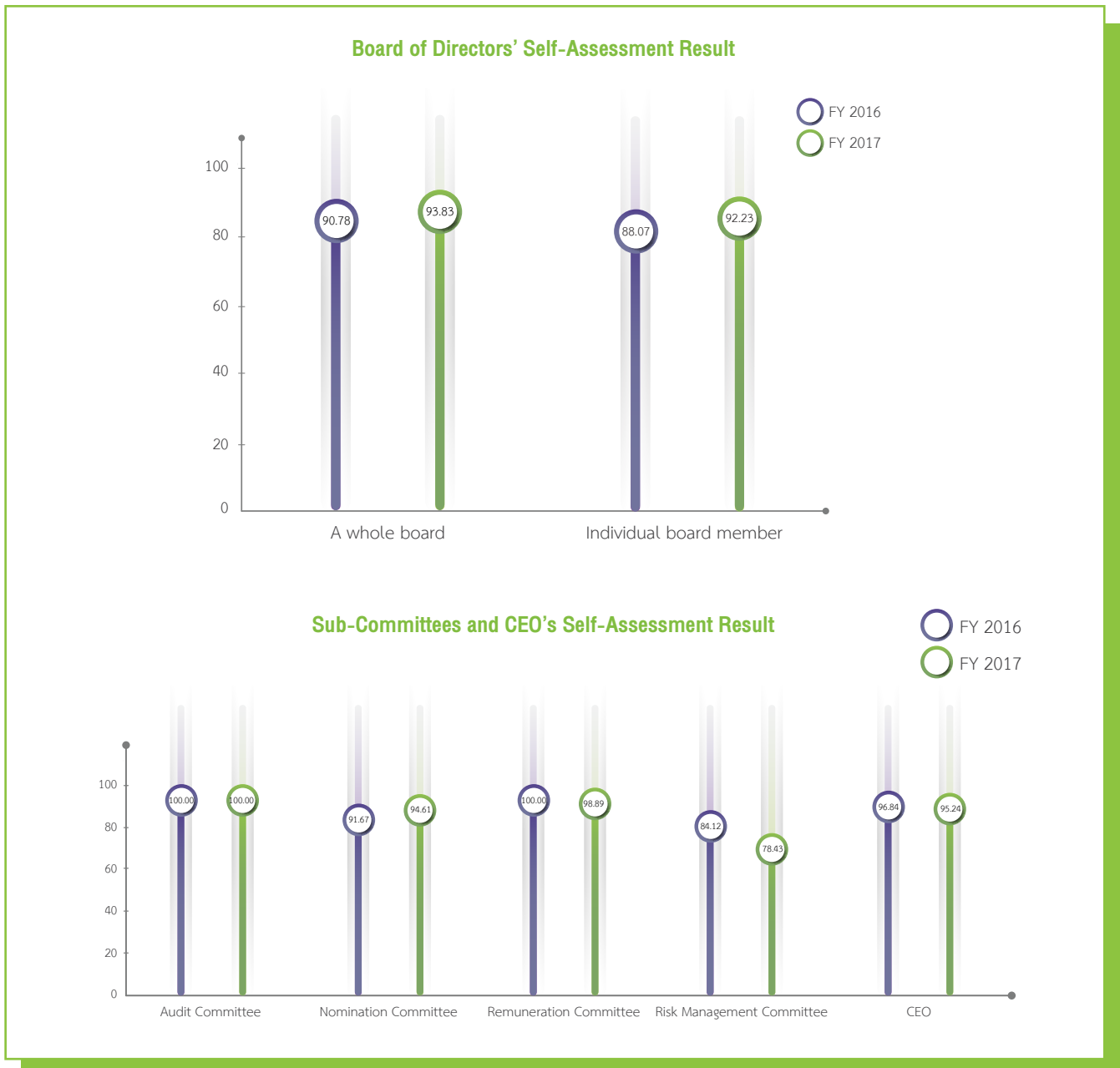
The details of assessment can be summarized as follows:

The assessment results can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of six areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of Executive Officers.
2. Individual Board Member Assessment Form (Self-Assessment) consists of four areas; 1) responsibility on their decisions and actions, 2) the effective performance of their duties, 3) fair and 4) equitable treatment to the stakeholders, transparency and traceability of work with the disclosure of information, and level of Principles of Business Ethics as well as Code of Business Conduct on their business operation.

3. Individual Sub-committee Assessment Form (Assessment of the Sub-committee as a whole) consists of three areas; the structure of the sub-committees, effectively carry out duties during meetings and duties and responsibilities of the sub-committees.
4. Chief Executive Officer (CEO) Assessment Form consists of 10 areas; 1) leadership, 2) strategic planning, 3) strategy implementation, 4) financial planning and operating results, 5) relationship with the Board of Directors, 6) relationship with external party, 7) management skill and relationship with employees, 8) successor plan, 9) knowledge of products and services, and 10) personal character.

The assessment results can be summarised as follows:



Using insider information policy

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

1. Educate the directors and executives of each department regarding their duties to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC and the SET, as the case may be, including the applicable penalty in the case of breach according to the SEC Act and the regulations of the SET.
2. Arrange for the directors and executives of STA and their spouses and minor-children to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC pursuant to Section 59 of the SEC Act and deliver copies of such documents to STA on the same day.
3. The directors and executives of STA and its subsidiaries who know material insider information affecting changes in securities price, must be cautious in the trading of securities of STA within one month prior to the time when the financial statement or such inside information is disclosed to the public. Moreover, within 24 hours after such insider information has been disclosed to the public, no person involved with such insider information shall disclose any insider information to any person before such insider information has been notified to the SET and/or SGX-ST. Regarding penalty measures in the case of a violation of the above-mentioned regulations, the Group deems such violation as warranting a disciplinary penalty according the working rules of the Group.
4. The directors, executives, staff members and employees of STA shall not, whether directly or indirectly, purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell shares or other securities (if any) of STA by using insider information which has or may have an impact on the change of the price of STA securities and has not been disclosed to the public, in a manner that may directly or indirectly cause damage to STA and whether or not such act is done for their own or another person's benefit, or to disclose such information so that they will receive consideration from the person who engages in the aforementioned acts.



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



INTERNAL CONTROL AND RISK MANAGEMENT

STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and the role and shared responsibilities of all our staff members ranking from the Executive Committee to each employee. The Company has set up a sufficient and appropriate internal control system to provide a reasonable assurance that all functions within the Group are operated concordantly and are able to meet the goals laid down by Executive Committee. The Company has established an Internal Audit Department which is an independent unit and reports directly to the Audit Committee. The appointment, removal, and rotation of the management of Internal Audit Department need an approval from the Audit Committee. The Internal Audit Department performs an internal control assessment pursuant to the annual plan by considering related risk factors as approved by the Audit Committee as well as supporting the creation of a risk management system and providing various recommendations to ensure that all operations of the Company meet the objectives as planned. The Internal Audit Department has followed the Standard for the Professional Practice of Internal Auditing as a guideline for its work, which focuses on independent, just, and internationally standardised operations with

high quality auditing work. Therefore, the Company encourages internal audit personnel to take internal audit related certificates i.e. CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor) and CPIAT (Certified Professional Internal Audit of Thailand). Three of our internal audit personnel have already earned CPIAT. Furthermore, an adequate training program specially designed for each individual internal audit personnel is provided continuously. In addition, according to an independent auditor who certified the Company's financial statements for the year 2017, there was no weakness in the internal control system which will materially affect the financial statements of the Company.

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

Audit Committee

The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasizes the sufficiency and adequacy of the internal control system

and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. The Audit Committee may advise the development of internal control and internal audit system to the Board of Directors. If the Audit Committee has any recommendations or finds any significant error or misconducts, the Audit Committee will discuss with responsible management team and directly report such matters to the Board of Directors for appropriate actions or further improvement.

Internal Audit Department

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

Management Activity Control System

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

Risk Management

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

Control

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

Information and Communication

The Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties.

Monitoring and Evaluation Systems

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

Risk Reporting

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

Reviews

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

Following the meeting of the STA Board of Directors no. 1/2018, on 28 February 2018, which was attended by four members of the Audit Committee, the STA Board of Directors, having received information from

the management and relevant staff members, assessed the internal control system and concluded that by assessing the internal control system of the Company in five elements, which are organization and the control environment, risk management assessment, control of the operation of the management activities, information and communication, and monitoring system activities. The STA Board of Directors was of the opinion that the Company has a sufficient and appropriate internal control system with adequate personnel to effectively monitor the system and the operation of subsidiaries. Neither the opinion of the independent directors nor the Audit Committee differs from the opinion of the STA Board of Directors with regard to internal control. However, the Audit Committee has emphasized the strict implementation of Good Corporate Practice of the Company in order to comply with the regulations of the Capital Markets Supervisory Board, the SET, and the SEC to ensure that the operation of the Company is conducted in the most transparent and effective manner possible.

In addition, the meeting of the Audit Committee of STA no. 1/2018, on 27 February 2018, made an assessment of the internal control system of the Company and was of the opinion that the internal control of the Company was adequate and appropriate.

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

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Throughout three decades that Sri Trang Group has been operating, the Company has placed importance to every step of our business growth along with promoting economically, socially and environmentally care through various projects and social activities. we always adjust our strategy and develop our business operation towards the changed circumstance to become the sustainable rubber producer in the industry.

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CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Throughout three decades that Sri Trang Group has been operating, the Company has placed importance to every step of our business growth along with promoting economically, socially and environmentally care through various projects and social activities. Moreover, we have followed a framework of good corporate governance on par with corporate social responsibility, which enabled us to grow along with the community and society. The Company has realised and placed importance to produce quality products with the environmentally-friendly production process, together with promoting a fair system for raw material procurement and maintaining a well-accepted and trusted trading standard for farmers, suppliers, and clients. In addition, we have realised all dimensions of an impact which may affect stakeholders, including shareholders, employees, clients, trade partners, communities, and government agencies. Besides, the Company listens to communities and employees in order to improve the organization. We strive to building perception and corporate culture so that our employees as part of Sri Trang family can share social responsibility with the society where they live. More importantly, we always adjust our strategy and develop our business operation towards the changed circumstance to become the sustainable rubber producer in the industry.

Social Responsible Policy



Good Corporate Governance

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





Responsibility to Supply Chain

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

Our responsibility for managing the supply chain covers

Rubber farmers and rubber dealers : Our Group is strived for fair, transparent, clear principles, and accountability procurement of natural rubber which is the main raw materials for our production. We also encourage rubber farmers to produce high quality of rubber without contamination and to properly store the rubber so that the quality of raw materials will meet our factory's standard. Moreover, we support rubber farmers with knowledge to properly operate rubber plantations in order to increase yield which will in turn increase their revenues as well as sustainable quality of life.

Customer : Our Group is committed to producing high quality products and provide good services to create the highest satisfaction for the customers. We sincerely handle complaints from customers and promptly improve and correct flaws that might be caused from productions and/or services to create the highest effective and efficient production.



Environmental Friendly and Safety Operation

As our business is directly related to the nature and environment, we strictly adhere to be compliance with environmental practices by implementing the effective environmental management systems. We have also set up procedures to prevent and minimise the environmental impacts caused by different activities from our Group and in compliance with relevant laws and regulations. Furthermore, we aim to develop and promote more green areas in our factories to retain moisture, increase fresh air, and reduce unfavorable odors from production process. In addition, we have reduced the use of chemicals, which might affect the environment and communities in the long run in rubber plantation and the production of NR products as well as our finished products. In addition to our environmental-friendly production and being aware that we are a part of the community, we have followed the practice guidelines to preserve and maintain the ecological environment and clean surrounding communities which will not only create pleasant community but also support the smoothness of our business operation in the long term.

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





Engagement with Transparency

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



Nurture Sustainability Attitudes Towards Organization

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

Corporate Social Responsibilities Framework

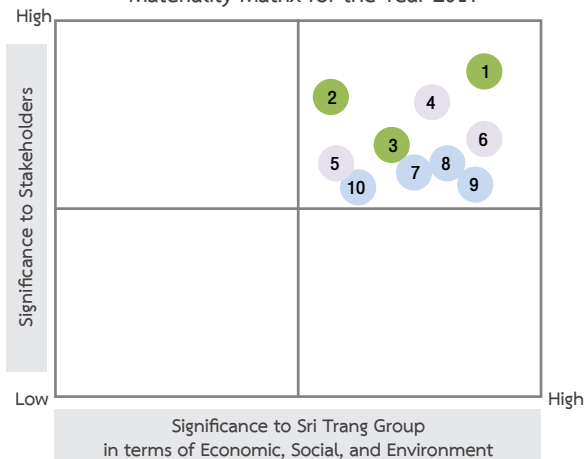


We have promoted and supported staffs to devote themselves for social activities, for example, to volunteer and participate in any activities for better community, alleviate natural disaster victims with ultimate hope to sustainably create a benevolent and careful society.

We have prepared a sustainability report based on the SET's 8 principles on corporate social responsibility and the Global Reporting Initiatives (GRI) covering the period from 1 January 2017 to 31 December 2017. The Content includes sustainability assessment on the Company, the stakeholders, management procedures, as well as the results of Economic, Social and Environment performances. In 2017, we also adopt the Sustainable Development Goals: SDGs to compass driving our organization in relevant to the international sustainable development goals.

Our Sustainable Development has considered and reviewed the 10 materiality issues and divided by the level of significance as shown in the Materiality Matrix 2017 below;

Materiality Matrix for the Year 2017



Significant Issue for the Year 2017

Economic	1. Economic Performance
	2. Anti-corruption
	3. Indirect Economic impact
Social	4. Employment
	5. Occupational Health and Safety
	6. Local Communities
Environment	7. Energy conservation
	8. Emissions
	9. Water
	10. Effluents and waste

Our CSR Activities in 2017



Economic Aspect

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



As a result of these, in 2017, we attained ‘Thailand Sustainability Investment 2017’ called ‘THSI’ or ‘Sustainable Stocks’ awarded by the Stock Exchange of Thailand for three consecutive years as a listed company with outstanding performance on Environmental, Social and Governance (ESG) aspects.





Social Aspect

- STA campaigned ‘Rod Bantook Yang Tid Rang for Happy Society’ to persuade our raw material deliverers to install gutters in their trucks in order to protect field rubber spilled on road. This helps create good environment for safe drive and happiness to society.



- STA donated drinking water, dried survival food and bags to people in Kanchanadit, Songkhla, in Huai Yod, Trang, and in Yi-ngo, Narathiwat to help flood victims.
- STA provided examination gloves to many agencies in various occasions e.g. supporting examination gloves to the Thai Red Cross Society.



- Rubberland, Burirum branch, held ‘Happy Society’ activity together with Red Cross Society in Burirum and the members of Red Cross for blood donation.
- Rubberland, Burirum branch, was the host of ‘Sri Trang Cups: 3rd Chor Sri Trang Games’ at the sport of Muangtalongpittayasun School, Amphoe Prakhon Chai, Burirum. In this event, there were male football, female volleyball, happy sports as well as parade and cheerleaders prepared by STA Group.



- STA donated money in ‘Kao Kon La Kao’ for 11 hospitals in Thailand.
- Rubberland, Bueng Kan, signed the MoU to develop skilled labors which have been shortage in the province. In this project, there were three curriculums from 100 participants.



- STA, Thung Song branch, welcomed students and lecturers from Southern College of Technology (S-TECH) and provided the information about our production process, quality control, safety, and environmental management system in our factory so that these students shall apply this experience into practice.



Environmental Aspect

- STA Group, 30 branches in Thailand, held ‘Green Factory Creating Value for the Future of Thai’s Rubber’ to state our intention to push our organization towards Green Rubber Company in order to develop natural rubber industry sustainably.



- STA Group attained the certificate and trophy of Eco Industrial Development Enhancement, awarded by Department of Industrial Works, which demonstrated our intention towards being green factory.

- STA and Prince of Songkla University jointly signed the MOU on research and development of innovative natural rubber in order to develop strong and sustainable natural rubber industry.

- STA, Phitsanulok, Sa-Kaeo, Kalasin branches, received the certificates as an organization passing criteria of Good Environmental Governance awarded by the Ministry of Industry.



STA has announced our intention over the anti-corruption in Social Responsibility Policy under the topic of adherence to business transparency and Business Morality in relevant to Business Partners and Competitors including establishing the Whistleblowing Policy. In 2014, the Company has announced the Anti-Corruption Policy, communicated to employees at all levels and published on www.sritruggroup.com under the Corporate Governance section, Anti-Corruption Policy.

In 2017, STA signed a declaration of intention to join a Collective Action Coalition of Thailand’s private sector for the anti-corruption and proclaimed its intention against corruption.

Details of the action plan on corporate social responsibility can be reached from the full CSR report of 2017 at www.sritruggroup.com.





CAPITAL STRUCTURE

Information on Share Capital and Shareholding of STA

as of 1 February 2018

Share Capital

Authorised Share Capital	:	Baht 1,536,000,000
Issued and fully paid-up Share Capital	:	Baht 1,535,999,998 (representing 1,535,999,998 ordinary shares with a par value of Baht 1 each)
Class of Shares	:	Ordinary shares with a par value of Baht 1 each
Voting Rights	:	One vote per share

Distribution of Shareholdings as of 1 February 2018

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 999	1,999	13.41	661,213	0.04
1,000 – 10,000	8,143	54.61	34,321,580	2.23
10,001 – 1,000,000	4,662	31.27	289,430,647	18.84
1,000,001 – 10,000,000	88	0.59	291,175,921	18.96
10,000,001 – less than 5% of paid-up share capital	17	0.11	411,907,999	26.82
More than 5% of paid-up share capital	2	0.01	508,502,638	33.11
Total	14,911	100.00	1,535,999,998	100.00

Note : Includes shareholders holding through CDP

Free Float

Based on information available to the Company, approximately 54.29% of the Company's shares are held in the hands of the public as of 1 February 2018.

Top Ten Largest Shareholders of STA

Top ten largest shareholders¹ of STA as of 1 February 2018, are as follows:

No.	Name	No. of Shares	%
1	Sincharoenkul family ²	355,448,553	23.14
2	STH	343,790,629	22.38
3	Thai NVDR Co., Ltd	59,638,158	3.88
4	CITIBANK NOMS S'PORE PTE LTD	45,215,500	2.94
5	Thai R.T.N. Holding Co., Ltd.	35,300,000	2.30
6	Provident Fund - K Master Pooled Fund	29,809,460	1.94
7	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	26,378,735	1.72
8	UOB Kay Hian Private Limited	22,338,090	1.45
9	STATE STREET EUROPE LIMITED	18,285,541	1.19
10	Ms. Suwanna Kovitsophon	16,750,000	1.09
Total		952,954,666	62.03

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

No.	Name	No. of Shares	%
1	Mr. Viyavood Sincharoenkul	164,712,009	10.72
2	Ms. Lee Joyce Shing Yu	33,174,890	2.16
3	Mr. Veerasith Sinchareonkul	27,671,747	1.80
4	Mr. Vitanath Sincharoenkul	27,024,000	1.76
5	Mr. Vitchaphol Sincharoenkul	25,500,000	1.66
6	Mr. Kitichai Sincharoenkul	15,632,440	1.02
7	Mrs. Voradi Sincharoenkul	13,936,264	0.91
8	Mrs. Promsuk Sinchareonkul	10,950,000	0.71
9	Mr. Paul Sumade Lee	10,814,399	0.70
10	Mr. Boonyachon Sincharoenkul	7,315,080	0.48
11	Mr. Somwang Sincharoenkul	5,913,305	0.38
12	Ms. Navara Sincharoenkul	4,614,000	0.30
13	Mrs. Vanida Sincharoenkul	3,941,744	0.26
14	Ms. Vannisa Sincharoenkul	2,118,694	0.14
15	Mrs. Duangjai Sincharoenkul	2,032,661	0.13
16	Ms. Punchita Rojjanaphatranan	97,320	0.01
Total		355,448,553	23.14

There is no acting in concert person and no person who is specified under section 258 of the SEC Act.

Note : 3) STA has no shareholding agreement between major shareholders affected issuing and offering securities or management of STA.



Interest of Directors and Executives

As of 31 December 2017, the directors and executives of STA had the following interests in the ordinary STA shares as follows;

Name	Position	Number of Shares on 1 January 2017	Number of Shares on 31 December 2017 ⁽¹⁾	Increase (decrease) during Year of 2017	Percentage of Shares on 31 December 2017
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	135,660,070	164,712,009	29,051,939	10.72
Spouse and minor child		9,000,000	10,950,000	1,950,000	0.71
Mr. Chaiyos Sincharoenkul	Director	7,410,825	8,997,521	1,586,696	0.59
Spouse and minor child		-	-	-	-
Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal & Administration	12,902,000	15,632,440	2,730,440	1.02
Spouse and minor child		3,246,500	3,941,744	695,244	0.26
Mr. Paul Sumade Lee	Director and Chief Marketing Officer	8,906,955	10,814,399	1,907,444	0.70
Spouse and minor child		27,604,075	33,174,890	5,570,815	2.16
Mr. Veerasith Sinchareonkul	Director	22,791,000	27,671,747	4,880,747	1.80
Spouse and minor child		-	-	-	-
Mr. Patrawut Panitkul	Director and CFO – Natural Rubber Business	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Li Shiqiang	Director	1,414,900	1,907,300	492,400	0.12
Spouse and minor child		0	0	0	0
Mr. Chalernpop Khanjan	Director and Chief Operating Officer	0	0	0	0
Spouse and minor child		0	0	0	0

Name	Position	Number of Shares on 1 January 2017	Number of Shares on 31 December 2017 ⁽¹⁾	Increase (decrease) during Year of 2017	Percentage of Shares on 31 December 2017
Mr. Prakob Visitkitjakarn	Vice Chairman, Chairman of Audit Committee, and Independent Director	450,060	539,910	89,850	0.04
Spouse and minor child		17,940	21,528	3,588	0.001
Mr. Kriang Yanyongdilok	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Samacha Potavorn	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Ms. Anusra Chittmittrapap ⁽²⁾	Independent Director	0	0	0	0
Spouse and minor child		-	-	-	-
Ms. Prapai Srisutipong	Group Manager of Procurement	260,500	312,600	52,100	0.02
Spouse and minor child		0	0	0	0
Mr. Arsom Aksornnam	Group Manager of Production	0	0	0	0
Spouse and minor child		3,500	3,500	0	0.0002
Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Rattapong Laparojkit	Group Manager of Technical	60,500	72,600	12,100	0.005
Spouse and minor child		0	0	0	0



Name	Position	Number of Shares on 1 January 2017	Number of Shares on 31 December 2017 ⁽¹⁾	Increase (decrease) during Year of 2017	Percentage of Shares on 31 December 2017
Mr. Phanlert Wangsuphadilok	Group Manager of Technical	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Udom Pruksanusak	CEO - Plantation	10,000	12,000	2,000	0.001
Spouse and minor child		0	0	0	0
Ms. Nuchanart Chaiyarat	Group Manager of Human Resource	0	0	0	0
Spouse and minor child		-	-	-	-
Ms. Thanawan Sa-ngiamsak	VP Business Development & CFO – Gloves Business	0	0	0	0
Spouse and minor child		0	0	0	0
Total		235,138,825	278,764,188	43,625,363	18.15

- Note :**
- (1) On 16 October 2017, STA increased its registered capital from Baht 1,280,000,000 to Baht 1,535,999,998, divided into 1,535,999,998 shares.
 - (2) Ms. Anusra Chittmittrapap was appointed as an Independent Director regarding to the resolution of the Board of Directors' meeting no. 6/2017 in replacement of Mr. Neo Ah Chap who resigned from this position on 24 August, 2017.

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

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

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

Debentures

On 31 December 2017, there were 2 series -- 3 tranches -- STA outstanding debentures, totaling principal of Baht 2,865,000,000 as follows:

1) Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2556, Tranche 2, due in 2018

Tranche 2*	
Offering to	Institutional and High Net Worth Investors
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 600 million
Interest rate	Fixed interest rate at 4.50% per annum
Interest Payable	Semi-annually
Term	5 years
Maturity Date	13 February 2018
Credit Rating	A- / Stable by Tris Rating Co., Ltd.

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

2) Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2016

	Tranche 1	Tranche 2
Offering to	Institutional and High Net Worth Investors	Institutional and High Net Worth Investors
Type of Debentures	Unsubordinated and unsecured debentures without a debenture holders' representative	Unsubordinated and unsecured debentures without a debenture holders' representative
Principal amount of Debentures	Baht 810 million	Baht 1,455 million
Interest rate	Fixed interest rate at 2.55% per annum	Fixed interest rate at 3.10% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 years	5 years
Maturity Date	18 May 2019	18 May 2021
Credit Rating	A- / Stable by Tris Rating Co., Ltd.	A- / Stable by Tris Rating Co., Ltd.

On 27 October 2017, Tris Rating Co., Ltd. assigned BBB+ / Stable rating for STA and the issued debentures.

DIVIDEND POLICY



Dividend Policy of STA

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

Dividend Policy of the Subsidiaries

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

RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

The material related party transactions that were disclosed in the notes to the financial statements of STA and the interested person transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2016 and 31 December 2017 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2016	Consolidated Jan-Dec 2017		
1. Pruksa Rubber Co., Ltd.	The Executives officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Pruksa Rubber Co., Ltd. Mr. Udom Pruksanusak is the authorized signatory of Pruksa Rubber Co., Ltd.	1.1 STA <ul style="list-style-type: none"> Sales of field latex 	3.24	3.74	STA sold field latex to Pruksa Rubber Co., Ltd. because STA did not have in-house logistic service team, and Pruksa Rubber Co., Ltd. purchased the field latex right at STA's rubber plantation. This provided administrative, distribution and labor cost savings to STA. The selling price of field latex was the price set by STA procurement team on a daily basis.	Since STA's plantation mature for tapping was still small, it is better to control STA logistic and administrative costs by selling field latex to Pruksa Rubber Co., Ltd. at the reasonable price set by STA procurement team.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2016	Consolidated Jan-Dec 2017		
		1.2 Nam Hua Rubber <ul style="list-style-type: none"> • Purchase of field latex 	75.03	46.27	Nam Hua Rubber purchased field latex from Pruksa Rubber Co., Ltd. because the rubber plantations of Pruksa Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Pruksa Rubber Co., Ltd. was capable to supply rubber of the quality and quantity as required by Nam Hua Rubber. The purchase price of the field latex was at the price that the Group made an announcement to suppliers in front of its factory.	Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from other suppliers.
		1.3 Startex Rubber <ul style="list-style-type: none"> • Sales of field latex 	0.76	0.95	Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. The selling price was based on market price.	The selling price that Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. was based on market price similar to other customers.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2016	Consolidated Jan-Dec 2017		
2. Mr. Somwang Sincharoenkul	Father of: <ul style="list-style-type: none"> • Mr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company • Mr. Kitichai Sincharoenkul, Director of the Company; and • Mr. Paul Sumade Lee, Director of the Company Grandfather of : <ul style="list-style-type: none"> • Mr. Veerasith Sincharoenkul, Director of the Company 	Honorary Adviser	5.14	5.14	Mr. Somwang Sincharoenkul has been engaged as Honorary Adviser for the Company and advised the Company on goal & vision, business plans, investment plans, operational policy, raw material supply strategies, procurement, and engagement strategy with communities, local authorities and government agencies. The remuneration was Baht 428,000 per month or Baht 5,136,000 per year for 2 years period starting from May 2016 to May 2018.	There was no comparable basis available in the market for such invaluable advice Mr. Somwang Sincharoenkul provided for the Company. Nevertheless, the remuneration was considered appropriate considering the extensive experience, expertise and time Mr. Somwang Sincharoenkul has contributed to the Company as the Honorary Adviser.
3. The Board of Director of STA and subsidiaries consists of: <ul style="list-style-type: none"> • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Chiyos Sincharoenkul 	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions.	267.00	267.00	Directors of STA and its subsidiaries provided personal guarantees for the loans extended to STA and its subsidiaries by financial institutions as part of loans' requirements.	Such support complied with the requirements set out in the sponsor support agreement and was made for the benefit of STA and its subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.



Apart from what were disclosed in “Related Party Transactions”, there were no other material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Audit Committee’s Opinion on Related Party Transactions

The Audit Committee of STA evaluated and expressed its opinion on the above related party transactions that such transactions were carried out reasonably and were necessary to the business operation of STA.

Measures or Procedures for Approving the Related Party Transactions

In the event that STA or its subsidiaries carries out its business with a party who may have a conflict of interest, whether at present or in the future, or have an interest with STA, the Audit Committee will express its opinion regarding the necessity and the reasonableness of the price of such transaction. The Audit Committee will ensure that the terms and conditions of these transactions are consistent with market practice and the prices charged for these transactions compared with third party or market prices. If the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, STA will arrange an independent expert or the auditor of STA to give an opinion on such transactions. The Board of Directors or Audit Committee or the STA shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have an interest in the transaction are prohibited from voting on such transactions. In addition, related party transactions will be disclosed in the notes to the STA’s audited or reviewed financial statements.

At present, STA has a pricing policy for its subsidiaries, associates, joint venture entities and related companies as follows:

	Pricing Policy
Sales of products and raw materials	At arm’s length as if it was transacted with a third party
Revenues from services – logistic services	At arm’s length as if it was transacted with a third party
Revenues from services – management services	At fixed rate pursuant to the contract which is comparable to the market price
Interest income from trade credit	At arm’s length as if it was transacted with a third party
Rental income	At a contract price which had been agreed upon and is comparable to the market price
Product purchase	At arm’s length as if it was transacted with a third party
Rental and Service Expenses	At arm’s length as if it was transacted with a third party
Guarantee	No fee charged
Fixed assets acquisition	At arm’s length as if it was transacted with a third party

Furthermore, the Board of Directors Meeting resolved to approve in principle business transactions with general trading conditions or supporting normal business transactions with general trading conditions between STA or its subsidiaries and the Directors, Executive Officers or any related parties.

STA and its subsidiaries may purchase raw materials, sell products, provide transportation services or enter into any other transactions between the Directors, Executive Officers or related parties, whether at present or in the future. In this regard, STA authorizes the management to approve such transactions if the purchase price, selling price, transportation fees or other related transactions is not different from the price offered to other customers (market price) and the conditions and commercial terms are the same as those an ordinary person would agree with any party under similar circumstances. The transportation fee shall be the same as the rate of transportation used by the general public. In respect of the transportation fee, the fee will be according to the normal market rate. In addition, STA shall prepare a report on the summary of the transactions every quarter to present to the Board of Directors Meeting or upon the request of the Board of Directors.

Policy on Future Related Party Transactions

In the event that STA engages in related party transactions in the future, STA will ensure that such transactions are carried out in compliance with the SEC Act, regulations, notifications, orders or rules of the SET. In addition, STA must also comply with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the Company's policy or other relevant laws.

In addition, when STA enters into related party transactions, STA will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may for arrange an independent expert, such as auditor or independent appraiser, to give opinion on the transactions. The opinion of the Audit Committee or the independent expert will be used by STA's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders.

RISK FACTORS



With various economic and industry factors contributing to the challenges of managing the Company's operations, the Board of Directors recognizes that risk management plays a key role in the success and long-term growth of our business operations. In order to comply with the Good Corporate Governance for Listed Companies (CG Code) 2017, the Risk Management Committee has been assigned the duty of systematic risk management in accordance with COSO: ERM (Enterprise Risk Management), together with the relevant standards. Focusing on the four major types of risk, namely strategic risk, operational risk, financial risk and compliance risk, the Company conducts the business with care and diligence to ensure that our vision, mission, objectives and goals are not misdirected. The details of the Company's risk management are shown as follows:

Strategic Risk

1. Natural Rubber Price Volatility

In general, prices of commodities, including natural rubber, are subject volatility and we, like other participants in the

natural rubber industry, have limited influence over the harvest timing and the fluctuations in prices of natural rubber. The prices of natural rubber and the Natural Rubber Products sold by the Company, like prices of most commodities, are affected by a number of factors, including but not limited to the following:

- **Natural rubber supply and demand**

An increase in the supply of natural rubber or a decrease in the global consumption of natural rubber could create a supply surplus, which could, in turn, result in a decrease in average selling prices of the Natural Rubber Products sold by the Company. Additionally, global demand for such products, in particular TSR, is significantly dependent upon the tire manufacturing industry. Our main customers for the Natural Rubber Products are tire manufacturers, both in the emerging markets such as the PRC and India and the leading global tire manufacturers. If there is a slowdown in the tire manufacturing industry, the demand for the Natural Rubber Products that we sell may decrease and our business, financial condition and operating results may be adversely affected;



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

Crude oil prices may affect the prices of natural rubber and other input materials such as oil-based chemicals used in rubber processing. In addition, the prices of synthetic rubber usually move in the same direction as crude oil prices, and fluctuations in prices of synthetic rubber usually has an impact on natural rubber prices and demand. Nowadays, there are varieties of synthetic rubber available in the market that can be used as substitutes for natural rubber in the manufacture of some rubber-based finished products. Factors such as increased global demand for rubber, volatility in natural rubber prices, an increase in natural rubber prices when compared to prices of synthetic rubber, risks of supply disruption driven by political events, regional constraints and seasonal supply patterns may lead to an increase in demand for such synthetic rubber substitutes. This may result in decreased demand for natural rubber, which may have a material adverse effect on our business, financial condition and operating results;

- **Currency fluctuations**

As natural rubber is traded mainly in US Dollars, any fluctuations in the natural rubber exporting currencies against US Dollars may result in corresponding fluctuations in natural rubber prices in the respective exporting countries; and

- **Speculation**

As natural rubber and some of the Natural Rubber Products sold by the Company are traded on various commodity futures exchanges, they are susceptible to price speculation in addition to local and global economic factors.

Risk Management

The Company has policies to manage risks related to natural rubber price volatility, including raw material sourcing management in terms of prices and quantities and the use of rubber futures and physical forward contracts when applicable. Such contracts are recorded at their fair value at the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 8)

2. Operations and Investments in Foreign Countries

We have operations and investments in various countries including Thailand, Singapore, Indonesia, USA, and the PRC, each of which contributing 67%, 26%, 2%, 3% and 2% of total revenues, respectively. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operating results and prospects may be materially and adversely affected by a variety of conditions and developments in these countries including:

- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, changes in political climate and general security concerns;

- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; or
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

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

Risk Management

The Company closely monitors the operating results, performance, economic climate, and changes in the relevant domestic and international laws and regulations to assess opportunities and risks as well as formulate the appropriate strategies to minimize any negative effect on the Company.

3. Dependence upon Services of Key Management

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of experienced professional managers. Our continued success will depend on our ability to retain key management personnel as well as to recruit and train new managers. If members of our senior management are unable or unwilling to continue in their present positions, we may not be able to find their appropriate successors and our business may be adversely affected. In addition, the process of recruiting new managers with the required skills and attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans. As a result, our business and operating results may be adversely affected.

Risk Management

The Board of Directors has assigned the Nomination Committee to search for qualified candidates who

could potentially assume positions as the Company's directors or executives to ensure that such persons will have the required knowledge, skills and experience to carry out our business strategies. Moreover, the Company has personnel management scheme that includes job rotations, the 'STA Development Program', performance evaluation system, the provision of competitive remuneration and welfare and career advancement opportunities.

Operational Risk

1. Supply Chain Management

As the world's largest fully integrated natural rubber company, our business operations need to focus on supply chain management, which requires cooperation between internal and external parties. The majority of our dealings with external suppliers relate to the procurement of quality raw materials including unsmoked rubber sheets, cup lump and field latex at reasonable prices. Because we have a great number of suppliers who provide us with raw material of different quality, the raw material management therefore requires an effective procurement system with efficient utilization of resources as well as production that is friendly to the environment and the communities.

Risk Management

The Company recognizes the values of effective supply chain management, we have therefore expanded our operations to all levels of the supply chain, from upstream and midstream to downstream. The Company's wide product range, from RSS, TSR, LTX to examination gloves, enables us to diversify our source of income and customers. In 2017, no single customer accounted for more than 10% of our total sales. Moreover, in procurement management, the Company has established an extensive network of raw material procurement and has located processing facilities in various strategic areas in the south, north and northeast of Thailand as well as in Indonesia and in Myanmar for geographical raw material management and production diversification.

2. Production Disruption and/or Production Stoppage

The production processes operated by the Company and the Company's associates and joint ventures require vast amounts of resources, therefore, any natural disaster, force majeure, shortage of labor, severe disruption to the infrastructure such as water supply or electricity, or any other events beyond control of the Company may lead to a significant disruption to or a stoppage of production. Such disruption or stoppage would negatively affect the operations of the Company and the Company's associates and joint ventures.

Risk Management

The Company has in place a business continuity plan (BCP) that ensures the continuity of the Company's operations in the event of a contingency or any unforeseen circumstances that could disrupt the business operations. However, having such a plan in place merely ensures that the operations would continue and any damage would be minimal. This does not necessarily mean that in the operations would run as smoothly as they would under normal circumstance. In addition, the Company has all-risk insurance to protect the business from any loss or damage that might result from a natural disaster or any unforeseen circumstance, as well as business interruption insurance to minimize the financial impact that could result from any disruption to operations.

Financial Risk

1. Exchange Rate Volatility

While our financial reporting currency is Baht and our raw material purchases for the Natural Rubber Products that we produce are transacted in Baht and Indonesian Rupiah, approximately 79.5% of our total revenues are denominated in US Dollars. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollars, or other currencies, could adversely affect our business, financial condition and operating results. Any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could



adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 5)

Risk Management

The Company has attempted to mitigate foreign exchange risks by using financial derivatives to hedge our foreign exchange exposure arising from the purchase and sale of products in currencies other than Baht. Such derivatives are recorded their fair value at the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 8)

2. Liquidity Risk

The Company's operations require a significant amount of cash, principally in the purchase of raw materials such as unsmoked rubber sheets, cup lump and field latex; the purchase of Natural Rubber Products from third party producers and from our joint venture entity, Thai Tech Rubber, from time to time, to meet customers' demand; and the storage of Natural Rubber Products to facilitate our sales in overseas markets. The working capital cycle for the Natural Rubber Products that we produce, from the purchase of raw materials to the receipt of payment from our customers, is approximately two to four months. In addition, the Company may also require substantial capital expenditure to maintain, upgrade and expand our processing and storage facilities, logistic services and other facilities to keep pace with competitive

developments, technological advancement and changing safety and environmental standards in our industry. We fund our operations principally through cash flow from our operations and short and long-term bank loans.

As of 31 December 2017, we had cash and cash equivalents of approximately Baht 2,242 million and the majority of our total borrowings comprised short-term borrowings. In the event that we are unable to maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, we may not have sufficient cash flow to fund our operations and our business and operating results may be adversely affected.

Risk Management

The Company has closely monitored liquidity status together with the Company's operating results to ensure that the Company has sufficient cash for the operations, business expansion and loan repayment. Additionally, the Company may increase its registered capital to strengthen the liquidity for operations if necessary.

3. Interest Rate Volatility and Credit Market Risk

As of 31 December 2017, the Company has an aggregate of Baht 29,400 million in bank loans, the majority of which are short-term loans, with interest rates ranging from 1.50% to 10.25% per annum depending on the currency in which the loans are denominated. The movements in the financial markets and interest rates could adversely impact the costs or other terms of our existing financing (Please find more details in Note to the Consolidated and Separate Financial Statements under item 23) as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in the industry relative to competitors who may have lower amounts of debt financing.

Currently, the Company has an obligation under the loan agreements prescribed by the financial institution(s) to maintain such as Net Long-Term Debt

to EBITDA at no more than 4.5 times. If there is an adverse volatility in natural rubber prices or any other factors that could affect the ability of the Company to maintain such a ratio, the loan agreements may be in default and the Company may be unable to repay the principal and interest to the financial institution(s) in case of early recalling.

Risk Management

In considering any loan borrowings or issuance of financial instruments, the Company will conduct an analysis to ensure that such financial instruments would provide benefits to the Company. Moreover, the Company will from time to time adjust business strategies in response any changes in business circumstances. The Company has also established a business unit to closely monitor operating results in order to tackle any problems that may occur in a timely manner.

To maintain the financial ratios as required by financial institutions, we closely communicate with and keep the financial institutions informed of our operational status in any given period. In the event that the Company is unable to maintain the required financial ratio, the Company would request for exemption from the financial institution(s) without triggering the loan default. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 23)

4. Goodwill Impairment Risk

On 15 March 2017, the Company acquired additional shares of Sri Trang Gloves (Thailand) Co., Ltd., representing 50% of paid-in capital, for Baht 6,320 million. As a result of this business acquisition, the Company recognized a goodwill of Baht 2,954 million in its consolidated financial statements. In accordance with the generally accepted accounting principles for business acquisition, the Company is required to assess the fair value of the acquired assets and liabilities as well as the considerations of the shares acquisition. Any difference would be recorded as goodwill or profits from acquiring assets lower than the fair value. Accordingly, assets generating cash including

goodwill are required to undertake impairment test on a yearly basis. In case there is the impairment (the carrying value of the business is greater than expected recoverable value), such impairment would adversely affect the profit of the Company. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 37)

Risk Management

After the acquisition of the additional shares of Sri Trang Gloves (Thailand) Co., Ltd., the Company has continuously expanded its production capacity and implemented various business strategies to strengthen its competitiveness and increase its profitability in the long run.

Compliance Risk

1. Legal and Compliance Risk

The Company's operations in Thailand and in other countries are subject to the various relevant laws and regulations. Any incompliance with any such laws or regulations could negatively impact the Company's reputation and result in punishment and/or fine or loss of opportunity as well as other relevant costs. Additionally, there is a possibility that these laws or regulations as well as social practices would become more stringent in the future and the Company's operations, financial performance and business opportunities would be negatively affected if the Company should be unable to comply with such laws and regulations.

Risk Management

The Company has established a business unit that is responsible for monitoring the amendments of the relevant laws and regulations. The unit will then analyze the impacts on the Company and inform management and employees of significant issues in order to ensure that the Company will carry out the business in compliance with the relevant laws and regulations. In addition, the Company has published internal regulations and established various schemes to ensure compliance with the relevant laws and

regulations, such as the Good Corporate Governance and Business Ethics Handbook, the Anti-Corruption Policy and establishment of the whistle-blower system, etc.

2. Government Intervention

In 2017, the Thai Government announced various policies to stabilize natural rubber prices, one of which was the establishment of Thai Rubber Joint Venture Limited. The Rubber Authority of Thailand (RAOT), as representative of the Thai Government, and the 5 major rubber producers and exporters, including Sri Trang Agro-Industry PLC., have jointly invested in this company, which has the objective to engage in the trade of rubber, both domestically and internationally. The Government also introduced various measures to combat low natural rubber prices such as quantity control of natural rubber produced by rubber farmers and governmental agencies, etc.

Since the start of 2018, the governments of three major natural rubber-producing countries, namely Thailand, Indonesia and Malaysia, have imposed a quota of 350,000 tons of rubber exports during January – March 2018. Moreover, in January 2018, the Thai Government approved the inclusion of natural rubber as restricted product under the Ministry of Commerce, which is a supportive measure to allow the Government to deal with depressed natural rubber prices.

Such intervention aims to solve the problem of declining natural rubber prices. However, such measures may cause domestic natural rubber prices to be inconsistent with prices in the global markets, which may impact the cost structure and profits of Thailand's natural rubber exporters. If the Company is unable to pass on the increase in raw material costs to customers and/or suppliers, our profitability may be adversely affected. If the market prices of the Natural Rubber Products sold by the Company become volatile, our business, financial condition and operation results could be materially and adversely affected.



Risk Management

The Company carefully manages its operations under the prevailing circumstances, taking account of the intervention by the Government or any other authorities. Having a large number of factories that are located in different strategic locations, both domestically and internationally, also enables us to maintain our competitiveness in the global market.

Risks Relating to an Investment in Our Shares

1. Dividend Risk for the Company's Shareholders of Shares Traded on the SGX-ST

The Company's shares that are traded on the SGX-ST are denominated in Singapore Dollars, while dividends, if any, will be paid in Baht. Shareholders who hold shares traded on the SGX-ST therefore bear currency risk from fluctuations of Singapore Dollars against Baht.

Risk Management

In paying dividends to our shareholders of shares traded on the SGX-ST, the Company will set the convertible rate from Baht to Singapore Dollars on the day nearest to the date of dividend payment in order to minimise the exchange rate risk exposure to the shareholders in Singapore.

Note: There are some risks that may be unknown to the Company and other risks that the Company currently considers to be immaterial. These risks could have an impact upon the operations of the Company in the future.

MANAGEMENT DISCUSSION AND ANALYSIS: MD&A

Financial Result Overview

In 2017, the natural rubber industry was buffeted by volatility and uncertainties such as the global economic and political situation, the appreciation of Thai Baht, unfavorable weather conditions, and a sharp increase in speculative activities in the futures markets in Tokyo, Shanghai and Singapore. Rubber prices started to move steadily higher from late 2016 and reached a three-year high at 231.6 cent/kg in mid February 2017. However, prices started to go down steadily since then and remained stable from late Q3 to Q4 2017. The average rubber price for 2017 was 164.7 cent/kg, which was higher than 138.4 cent/kg in 2016.

The year 2017 was a year of change as the Company completed the demerger of the associate and joint venture companies from our joint venture partner. As a result, examination gloves have become part of the Company's core businesses since 15 March 2017. By production capacity, the Company's glove business is Thailand's largest and the world's leading producer of gloves. This demonstrates the Company's commitment to operate as a fully integrated natural rubber company and reinforces the Company's position as the world's leading natural rubber company.

In 2017, the Company recorded a total revenue of Baht 89,387.0 million and sales volume of 1,323,823 tons of natural rubber products, representing 10% of global natural rubber consumption, and sales volume of 15,028 million pieces, representing approximately 8% of global glove consumption. However, the Company recorded a loss of Baht 1,437.1 million because of volatility in the natural rubber market.

Extraordinary events

On 15 March 2017, the Company additionally acquired shares of Siam Sempermed Corp. Ltd. (Subsequently changed its name to "Sri Trang Gloves (Thailand) Co., Ltd." since 16 March 2017) totalling 10,000 shares, increasing from 40.2% to 90.2% of the total shares for Baht 6,320 million. As a result of this business acquisition, the Company has recognised a goodwill of Baht 2,954 million as well as any disputes and lawsuits under the arbitration proceedings, and legal proceedings between the Company and Semperit in any courts and arbitrations have been finally withdrawn or terminated.

On 16 October 2017, the Company registered the increased share capital of 255,999,998 additional shares under the allocation ratio of 5 existing ordinary shares for 1 newly-issued ordinary share with a par value of Baht 1 per share by offering price at Baht 10 per share. The paid-up share capital and premium on share capital totalling Baht 256 million and Baht 2,301 million, respectively.

Non-recurring items

In 2017, the Company recorded Baht 463 million of non-recurring income which was insurance claim received from fire accident of PT Star Rubber in Indonesia since October 2016.

Additionally, the Company recorded Baht 539 million of non-recurring items relevant to legal expenses and the demerger between the Company and Semperit which after the completion of the demerger any courts and arbitrations have been finished as well.

(Unit : THB million)	FY 2017	FY 2016	%YOY	Q4 2017	Q4 2016	%YOY
Revenue from sales of goods and services	89,387.0	77,265.5	15.7%	19,768.4	22,510.5	-12.2%
Cost of sales and services	(85,610.6)	(71,852.0)	19.1%	(18,393.8)	(20,889.1)	-11.9%
Gross profit (loss)	3,776.4	5,413.5	-30.2%	1,374.5	1,621.3	-15.2%
SG&A	(5,859.1)	(5,436.0)	7.8%	(1,332.6)	(1,952.5)	-31.7%
Other income	685.5	197.5	247.1%	398.0	59.0	574.1%
Gains (loss) on exchange rate, net	561.6	6.4	8680.6%	176.3	(35.5)	N/A
Other gains, net	147.4	(985.1)	N/A	112.4	(1,110.1)	N/A
Operating profit (loss)	(331.8)	(803.7)	-58.7%	728.5	(1,417.8)	N/A
Share of profit (loss) from investments in JV	129.8	402.8	-67.8%	46.6	101.5	-54.1%
EBITDA	1,650.4	794.3	107.8%	1,325.1	(983.1)	N/A
EBIT	(202.0)	(400.9)	-49.6%	775.1	(1,316.3)	N/A
Finance costs (net)	(1,195.9)	(672.0)	78.0%	(293.3)	(320.1)	-8.4%
Income tax (expense)	(20.6)	283.2	N/A	25.5	321.1	-92.1%
Net Profit (loss) for the periods	(1,418.5)	(789.7)	79.6%	507.2	(1,315.3)	N/A
Attributed to Owners of the parent	(1,437.1)	(758.0)	89.6%	468.8	(1,303.1)	N/A
Attributed to non-controlling interests	18.5	(31.7)	N/A	38.5	(12.2)	N/A

Income Statement Overview

Revenue

Our revenue from sale of goods and services in 2017 was Baht 89,387.0 million, increased by 15.7% YoY. The revenue from NR business was Baht 79,121.7 million, expanded by 13.8% YoY which was driven by 28.4% growth of average selling price in line with the movement of NR prices in the global market, despite 11.4% decline in sales volume of NR products. Moreover, the revenue from Gloves business was Baht 9,858.7 million, increased by 100.7% YoY.

Sales volume

In 2017, our sales volume of NR products amounted to 1,323,873 tons, dropped by 11.4% comparing to the previous year. However, we can maintain the global NR consumption market share at 10% in 2017. The decrease in sales volume was mainly resulted from a decline in sales to China and Singapore due to the negative sentiments of NR price movement rather than demand-supply fundamentals. This, nevertheless, has been partly compensated by an increase in domestic sales which

accounted for 10.0% of our sales volume. China still remained our largest market destination at 45.5%, whereby other Asian markets accounted for 24.9% followed by USA and Europe markets at 5.8% and 4.3%, respectively.

Since 15 March 2017 – 31 December 2017, our sales volume of Gloves products was 15,068 million pieces. Assuming STGT's revenue was consolidated since 1 January 2017, the gloves sales volume would be 16,344 million pieces, representing approximately 8% of global glove consumption.

Gross profit

Our gross profit in 2017 grew 30.2% YoY to Baht 3,776.4 million. The gross profit margin also dropped from 7.0% in 2016 to 4.2% in 2017. However, assuming there was no the allowance for inventory cost in excess of net realisable value of Baht 343.7 million and taking into account the realised gains from heading activities of Baht 201.6 million, our adjusted gross profit margin would have been declined to 4.8% from 6.1% in the previous year. This was due mainly to NR price volatility and an unusual gap between futures and physical markets.

Operating loss

Operating loss for the year 2017 recovered from the previous year, amounted to Baht (331.8) million in 2017 from (803.7) million in 2016. This has been partially offset by other income from insurance claims received from fire accident of PT Star Rubber in Indonesia since October 2016 amounting Baht 463 million as well we higher gains from exchange rate and gains from rubber derivative financial instruments recovered from loss in the previous year.

Nevertheless, in 2017, selling and administrative expenses (SG&A) increased by 7.8% from the previous year. The increase was due principally to higher cess¹ expenses and partially came from the increase in freight and transportation expenses as rising of oil prices in the global market and freight rate. Meanwhile, the increase of administrative expenses was primarily due to non-recurring items relevant to legal expenses and the demerger between the Company and Semperit amounting Baht 539 million.

¹ Cess Rate : Jan 16 – Nov 16 : 1.4 Baht/Kg. Dec 16 – Jan 17 : 2 Baht/Kg.
 Feb 17 – Mar 17 : 3 Baht/Kg. Apr 17 – Jun 17 : 1.4 Baht/Kg. and Aug 17 - Present : 2 Baht/Kg.

Share of profit from investments in associates and joint ventures

In 2017, the Company received the share of profit from investments in associates and joint ventures amounted to Baht 129.8 million, decreased by 67.8% from the previous year mainly due to the changes in accounting recognition as a result of the demerger since 15 March 2017. However, the profit sharing from the hydraulic hoses joint ventures expanded slightly by 2.7% comparing to the previous year.

Net loss

Net loss of Baht (1,437.1) million was recorded in 2017, increased from net loss of Baht (758.0) million in 2016. The decline in net profit was primarily as a result of an increase in financial costs from higher interest expenses. In March 2017, there was a borrowing loan to finance the share acquisition in the demerger in the amount of Baht 4,500 million, which has been fully repaid within a specified period by pushing down such loan in an amount of Baht 3,000 million to STGT at the end of 2017.

As of 31 December 2017, the Company recognised an allowance for inventory cost in excess of net realisable value for consolidated financial statements amounting to Baht 343.7 million compared with the reversal of allowance for inventory cost in excess of net realisable value amounting to Baht 453.7 million last year. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 10)

Key Factors Affecting the Company's Operations

1. Volatility of Natural Rubber Price

US Cent : Kilogram



Daily Price Movement of TSR20 and RSS3 at SICOM

Prices of natural rubber and volatility in the natural rubber market directly affect the Company's revenue and profitability. Natural rubber prices started to go up from late 2016 and reached a three-year high in Q1 2017. The average price of STR20 in Q1 2017 was 209.4 cent/kg, the highest in 2017 and representing a 81.14% increase YOY, as the heavy rainfall that caused flooding in the south of Thailand during the start of 2017 led to a 10% decrease in rubber supply in Q1 2017 compared with the same period in 2016. The timing of the flood happened to coincide with the period when the Company needed to stock up on raw material (the period from November to February of every year) in preparation for the sales during the wintering season, which usually lasts from mid-March until mid-May of every year. This resulted in higher raw material costs for the Company.

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

Price Movement of TSR20 and RSS3 at Singapore Commodity Exchange Limited (SICOM) during 2016-2017

(Unit : US Cent/Kg.)

	RSS3			TSR20		
	2017	2016	%Change	2017	2016	%Change
Q1 Average	254.5	131.4	93.68%	209.4	115.6	81.14%
Q2 Average	204.8	165.7	23.60%	152.8	137.5	11.13%
Q3 Average	180.9	167.6	7.94%	153.7	131.9	16.53%
Q4 Average	159.8	192.9	-17.16%	143.7	167.0	-13.95%
Yearly Average	199.8	164.9	21.16%	164.7	138.4	19.00%
Closing price as at 31 December	160.6	224.5	-28.46%	146.9	193.5	-24.08%

2. Foreign exchange rate

Thai Baht : USD



Historical Exchange Rate of Thai Baht against US Dollar

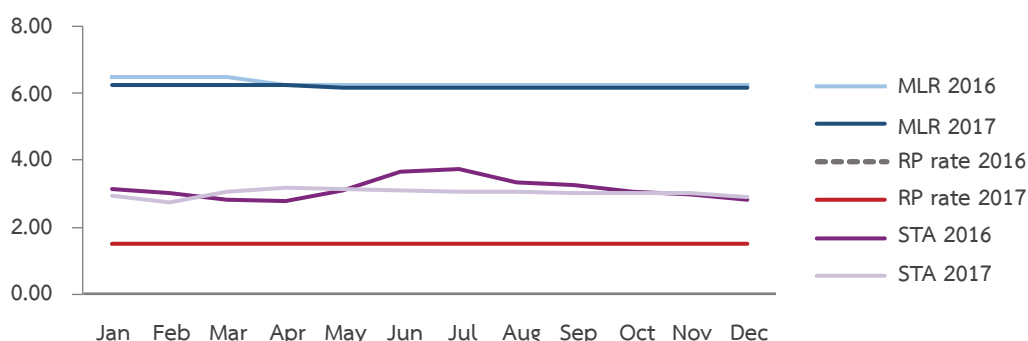
The fluctuations between Thai baht and US Dollars could directly affect our revenues since approximately 79.5% of our total revenues are denominated in US Dollars while our financial reporting currency is in Thai Baht. In order to mitigate this risk, the Group, therefore, uses financial derivatives to hedge our foreign exchange exposures. The mark-to-market of financial derivatives will be recognised as unrealised gain/loss on foreign exchanges.

In 2017, Thai Baht has strengthen against US dollar by 3.8% from an average of 35.12 Baht/US dollar for the year 2016 to 33.77 Baht/US dollar for the year 2017. Nevertheless, our gains on exchange rate increased from Baht 6.4 million in 2016 to Baht 561.6 million in 2017 thanks to undertaking derivative transactions to manage risk of foreign exchange rate.

3. Finance costs

The key factors that affect our finance costs are interest rate, NR price, sale volume, business expansion plan, and the movement of currency exchange. Interest expenses for the year 2017 increased from the previous year on account of the rising short-term and long-term borrowings from financial institutions to support raw material purchasing, business expansion, and business acquisition. The Company also had borrowings in foreign currencies namely USD and IDR which, in 2017, our company recorded loss on foreign currencies denominated loans amounted to Baht 39.5 million. Accordingly, overall finance cost increased from Baht 672.0 million in 2016 to Baht 1,196.0 million in 2017, raise 78.0% YoY.

Graph below exhibited our average interest rates during 2016-2017, which were lower than the average Minimum Loan Rate (MLR) of three large commercial banks; Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank and closed to Bank of Thailand’s policy rate.



STA Effective Interest Rate vs. Average MLR Rate

4. Government Policy

Policies issued by the governments of Thailand and other major rubber-producing countries may benefit or negatively affect the Company’s operations. For instance, in 2016, the governments of Thailand, Indonesia and Malaysia, the three major rubber-producing countries, agreed to impose a quota of 615,000 tons on rubber exports during the period from March to August 2016. In 2017, the three governments again imposed a quota of 350,000 tons on rubber exports during the period from January to March 2017. In addition, the Thai government has announced various measures in an attempt to solve the problem of low rubber prices, such as the establishment of the Thai Rubber Fund Company Limited, the promotion domestic consumption of rubber, efforts to reduce supply such as the cutting down of rubber trees and the cessation of rubber tapping, and the inclusion of natural rubber in the list of commodities to be regulated by the Ministry of Commerce. These measures may cause domestic prices of natural rubber to be inconsistent with prices in the global markets.

Business Segmentation Analysis

Revenue breakdown by product segment

(Baht million)

	FY 2017	FY 2016	% YoY
TSR	63,183.1	56,133.4	12.6%
%	70.7%	72.6%	
RSS	9,653.1	7,305.3	32.1%
%	10.8%	9.5%	
LTX	6,285.5	6,088.0	3.2%
%	7.0%	7.9%	
Gloves*	9,858.7	4,913.0	100.7%
%	11.0%	6.4%	
Other**	406.6	2,825.8	-85.6%
%	0.5%	3.7%	
Total	89,387.0	77,265.5	15.7%

Note: * In March 2017, Sri Trang Gloves (Thailand) has become our subsidiary (previously it was a joint venture company). The revenues from examination glove products therefore have been recorded in the consolidated financial statement after 15 March 2017 onwards.

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

Technically Specified Rubber (TSR)

Revenue from TSR, which accounted for 70.7% of total revenue, increased 12.6% YoY. The increase in revenue was attributed to a 28.7% increase in ASP, even though sales volume declined by 12.6%.

Due to the volatility in the rubber market, particularly during the first half of 2017, the rubber prices on the global markets did not reflect the movement of the raw material costs. The Company also had to decrease the production capacity for TSR in Q2 2017 in order to maintain a desirable level of gross profit margin, resulted in a 59.1% decline in gross profit from the previous year.

Ribbed Smoked Sheet (RSS)

Revenue from RSS, which accounted for 10.8% of total revenue, increased 32.1% YoY. The increase in revenue was attributable to a 31.9% increase in ASP, even though sales volume leveled off compared with the previous year due to the stable demand for RSS. However, due to the fact that the selling prices on the futures markets were abundantly higher than the Company's raw material costs, particularly during the floods in the South of Thailand in early 2017, gross profit for RSS increased 115.1% comparing to the previous year.

Concentrated Latex (LTX)

Revenue from concentrated latex, which accounted for 7.0% of total revenue, increased 3.2% YoY. The increase in revenue was attributable to an 18.1% increase in ASP. Sales volume, however, declined 12.5% YoY. The drop in sales volume resulted from a substantial decrease in sales volume during Q2 2017, when the floods in the South of Thailand in early 2017 cut down supply and the Company was unable to stock up in preparation for the wintering period.

Gross profit for concentrated latex decreased 23.3% YoY as a result of sharply declining rubber prices during the second half of 2017, which induced rubber farmers to produce cup lump or unsmoked rubber sheets rather than latex, as the former two products yield higher prices and can be kept longer.

Gloves

Revenue from gloves, which accounted for 11.0% of total revenue, increased 100.7% YoY. Sales volume during the period from 15 March 2017 to 31 December 2017 after the acquisition of STGT stands at 15,068 million pieces, while profit margin increased 158.7% comparing to the previous year.

Assuming STGT's revenue was consolidated since 1 January 2017, the gloves sales volume would be 16,344 million pieces, a 9.4% increase YoY. The increase in sales volume was attributed to STGT's extensive sale and marketing network, particularly in China, Asia and Europe. The versatility of rubber gloves, which are suitable for use in a variety of industries in addition the healthcare industry, also contributed to the increase in sales volume.

Consolidated Balance Sheet

Current assets

Current assets amounted to Baht 28,349.4 million, counted as 47.5% of total assets as at 31 December 2017, dropped by Baht 3,462.5 million or 10.9% comparing to

the previous year. The decrease was due primarily to a drop in inventories of Baht 3,808.0 million in response to the lower NR price at the end of 2017 than that in the previous year which inventories reported in the financial report following the financial reporting standards are stated at the lower of cost and net realisable value (Please find more details in Note to the Consolidated and Separate Financial Statements under item 3 and 10). Moreover, a decrease in trade accounts receivable and other receivables of Baht 880.9 million as a result of a drop in sales volume despite higher average selling price of NR products approximately 28.4% from the previous year which were partially offset by an increase in cash and cash equivalents of Baht 567.3 million and an increase in derivative financial instruments of Baht 243.0 million.

At the end of 2017, our accounts receivable were not yet due or overdue less than 1 month amounted to Baht 6,225.6 million or 98.5% of total accounts receivable while 0.87% total accounts receivable or Baht 55.3 million was overdue by more than 1 year. The allowance for doubtful debts was 0.8% of total accounts receivable.

Non-current assets

Non-current assets amounted to Baht 31,358.4 million, counted as 52.5% of total assets as at 31 December 2017, rose by Baht 7,211.7 million or 29.9% comparing to the previous year which primarily consists of an increase in property, plants and equipment of Baht 8,424.2 million (net of depreciation and write-off) for the new factory construction and the expansion of our TSR, LTX and Glove factories. As a result of the demerger, in 2017, the Company recorded a goodwill of Baht 2,953.8 million (2016: nil) and a decrease in investment in associates and joint ventures of Baht 4,459.0 million.

Current liabilities

Current liabilities amounted to Baht 25,856.5 million, counted as 71.0% of total liabilities as at 31 December 2017, decreased by Baht 6,979.6 million or 21.3% comparing to the previous year. The decrease was primarily came from a drop in short-term and long-

term borrowings from financial institutions of Baht 6,624.9 million as the Company fully repaid a borrowing loan to finance the share acquisition in the demerger supported by cash received from increasing share capital together with a decrease in derivative financial instrument recorded as liabilities of Baht 423.7 million.

Non-current liabilities

Non-current liabilities amounted to Baht 10,574.4 million, counted as 29.0% of total liabilities as at 31 December 2017, rose by Baht 7,363.8 million or 229.4% comparing to the previous year, which was primarily due to an increase in long-term borrowings from financial institutions (net of current portion) of Baht 7,193.1 million as a consequence of pushing down of the abovementioned loan to finance the demerger in an amount of Baht 3,000 million to STGT at the end of 2017.

Shareholders' equity

Equity rose by Baht 3,365.0 million, or 16.9%, to Baht 23,276.9 million as at 31 December 2017 due mainly to an increase in asset revaluation surplus (net of accumulated depreciation) of Baht 2,752.6 million and an increase in share capital of Baht 2,557.0 million which were partially offset by a decrease in unappropriated retained earnings of Baht 1,870.7 million as net loss in 2017.

Research and development (R&D) expenditure

In 2017, our Group had Baht 16.3 million (including the support from the Government in the amount of Baht 0.35 million) in expenses related to research and development which covers all products sold by the Company, Technically Specified Rubber, Ribbed Smoked Sheets, Concentrated Latex and Examination Gloves. Such expenses went toward the increase in production efficiency and the product quality to satisfy customer demand and sustainable environmental management.

Source of Fund

In 2017, our capital expenditure was Baht 3,196.1 million, principally comprised Baht 1,828.2 million

for new factory construction and capacity expansion of TSR and Baht 656.7 million for Gloves capacity expansion. Our main source of fund consisted of increasing capital from shareholders as well as short-term and long-term facilities from financial institutions.

The ability to service debt and comply with loan covenant

As at 31 December 2017, the Company had borrowings including short-term and long-term loans from financial institutions, debentures and financial leases amounted Baht 32,306.0 million (Please find the details about payment term, interest rate and ending balance in each foreign currencies in Note to the Consolidated and Separate Financial Statements under item 23). Due to the high volatility of natural rubber prices and other related factors, in the Q3 2017, the Company was unable to maintain Net Long-Term Debt to EBITDA at no more than 4.5 times as prescribed under the loan agreements by the financial institution, the Company therefore requested for exemption from the financial institution. Moreover, the Company has from time to time adjusted our business strategies in response any changes in business circumstances. The Company has also established a business unit to closely monitor operating results in order to tackle any problems that may occur in a timely manner. Accordingly, the year ended 2017, the Company could maintain such a ratio as required by the financial institution.

Our net debt to equity ratio was at 1.47 times as of 31 December 2017, dropped from 1.73 times in 2016 principally due to the increase of registered capital in the amount of 255,999,998 additional shares, totalling Baht 2,559,999,980.

Financial Ratios

Current ratio

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as at 31 December 2016 and 31 December 2017 were 0.97 times and 1.10 times, respectively. The increase

in our current ratio was due primarily to the decrease in short-term borrowings and current portions of long-term borrowings from the financial institutions amounted Baht 6,624.9 million.

Fixed asset turnover ratio

Fixed asset turnover ratio is calculated by dividing sales of goods and services by average property, plant and equipment (net) and rubber and palm plantations (net). As at 31 December 2016 and 31 December 2017, our fixed asset turnovers were 4.58 and 4.12 times, respectively. The decrease of fixed asset turnover ratio came from an increase in our revenues at a lower rate than an increase in average property, plant and equipment due to the capacity expansion as well as rubber and palm plantations.

Return on assets (“ROA”)

ROA is calculated by dividing net profit (parent company) for the year by average total assets. As at 31 December 2016 and 31 December 2017, our ROA were (1.52%) and (2.48%), respectively. The decrease in ROA was due mainly to a higher net loss in 2017.

Return on equity (“ROE”)

ROE is calculated by dividing net profit (parent company) for the year by average total equity. As at 31 December 2016 and 31 December 2017, our ROE were (3.69%) and (6.65%), respectively. Similar to ROA, the decrease in ROE was due mainly to a higher net loss in 2017.

Debt to equity ratio (“D/E”)

D/E is calculated by dividing total debt by total equity. As at 31 December 2016 and 31 December 2017, our D/E were 1.81 and 1.57 times, respectively. The decrease in D/E was as a result of lower short-term borrowings and current portions of long-term borrowings from financial institutions since increasing share capital of the Company.

Business Outlook

Rubber Industry

	2016	2017	2018F
%Global Growth (GDP)	3.2%	3.7%	3.9%
<i>Advance economies</i>	<i>1.7%</i>	<i>2.3%</i>	<i>2.3%</i>
<i>Emerging market and developing economies</i>	<i>4.4%</i>	<i>4.7%</i>	<i>4.9%</i>
<i>China (world’s largest NR consumer)</i>	<i>6.7%</i>	<i>6.8%</i>	<i>6.6%</i>
Vehicle production (mil. Unit)	96	98	101
<i>% change</i>	<i>4.8%</i>	<i>2.4%</i>	<i>2.4%</i>
Tire production (mil. Unit)	1,842	1,887	1,966
<i>% change</i>	<i>4.5%</i>	<i>2.4%</i>	<i>4.2%</i>
NR consumption (‘000 tons)	12,587	13,028	13,336
<i>% change</i>	<i>3.7%</i>	<i>3.5%</i>	<i>2.4%</i>

Source : IMF WEO Update, January 2018 and The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2017

Demand for natural rubber has been steadily growing, with tire manufacturers which is the main consumers of NR accounting for 70% of overall demand. In 2017, the demand from tire manufacturers increased 3.4%, compared with a 3.9% increase in demand from other sectors, mainly from the glove industry and condom manufacturers. At the same time, rubber supply increased 6.1%, nearly twice the growth of demand. This can be attributed to the fact rubber trees planted during the period from 2010 to 2012, when rubber prices were much higher, could be harvested for the first time in 2017. Another factor that may have contributed to increased rubber supply is that some rubber farmers are inclined to increase the tapping frequency during a period of low prices to make up for lower income.

In 2018, the natural rubber industry is expected to grow in tandem with the global economic recovery. Oil prices, which have started to move up to higher levels since late 2017, are also a positive factor, as synthetic rubber, which can be used as a substitute for natural rubber, is derived from crude oil. Another positive factor is China's Qingdao stocks, which stood at 134,500 tons at the end of 2017, approximately 50,000 tons below the average of the previous seven years. In addition, demand for natural rubber from other sectors is poised to be growing steadily, with demand in 2018 forecast to increase 5.2%, mainly as a result of increased consumption in China and Malaysia.

Since mid 2017 until early 2018, the Thai government has announced various measures to alleviate low rubber prices, for instance, the establishment of Thai Rubber Fund Company Limited; the extension of credit to rubber farmers; the promotion of domestic rubber consumption; efforts to reduce supply such as the cutting down of rubber trees and the cessation of rubber tapping; and the inclusion of natural rubber in the list of commodities to be regulated by the Ministry of Commerce as a preventive measure for the Government to handle low rubber prices in the future.

Furthermore, in a joint effort by the major rubber producers - Thailand, Indonesia and Malaysia - to cut down rubber supply, the Thai government imposed a reduction quota of 350,000 tons of rubber exports for the three-month period from January 2018 to March 2018. Nevertheless, movements of rubber prices in the global markets are also influenced by other factors, such as speculative activities in the futures markets, including SICOM, TOCOM and the Shanghai Futures (SHFE). These factors may cause rubber prices to not always move in the same direction as the fundamentals.

Demand & Supply Balance

World Natural Rubber production and consumption during 2016 - 2018

Unit : 000'tons	2016	2017	2018F
NR production	12,451	13,210	13,462
% change	1.5%	6.1%	1.9%
NR consumption	12,587	13,028	13,336
% change	3.7%	3.5%	2.4%
NR Balance	(136)	182	126

Source: *The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2017*

IRSG projected global NR demand in 2018 to be 13.34 million tons, increasing 2.4% YoY. The growth will mainly be driven by China, the world's largest consumer of natural rubber. As for NR supply, IRSG forecasted that NR production will grow at the rate of 1.9%, reaching 13.46 million tons in 2018. The largest sources of additional supply volumes will be the CAMAL* countries, Thailand, India and Vietnam. While supply from Thailand, the world's largest NR producing country, will be curtailed by the decrease in new planting and replanting of natural rubber.



From 2018 onwards, NR supply from new rubber trees is expected to grow at a slower rate as there have been much fewer planting activities since 2011, when prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has induced rubber farmers to switch to other more profitable crops, delay planting/re-planting activities and reduce the tapping frequency. The extended period of low prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand continues to be healthy, supported by the solid growth of the tire industry. The IRSG therefore anticipates that NR supply surplus in 2018 will hover around 126,000 tons, dropping from 182,000 tons in 2017.

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

Our business strategy and progress of expansion plan

Upstream Business – 8,000-odd hectares of land already secured for rubber plantations

As of 31 December 2017, Sri Trang Group had obtained approximately 50,000 rai (8,000 hectares) of land suitable for the cultivation of rubber trees in 19 provinces of Thailand. 89% of the lot has already been planted with rubber trees and marginally out of which has been already started to provide yield since 2015. The majority of our rubber plantations are located in the northern and northeastern regions of Thailand. This shall be an advantage for our mid-stream business both for raw material procurement and NR production.

Having our own plantations will help us identify areas where we can potentially set up a new production facility. In the past we decided to set up new processing facilities in five provinces, namely Phitsanulok, Kalasin, Sakaeo, Sakon Nakhorn and Chiangrai following the development of our own rubber plantations in those areas. Moreover, this will increase our sourcing efficiency and make it easier for the Company to gather raw materials in reasonable price which would benefit us in terms of cost control and profitability.

Midstream Business – moving toward “STA 20”

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



As of 31 December 2017, Sri Trang Group had a total 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one in Myanmar. During the year 2017, there were new factories in Chiangrai and Sakonnakorn. Our engineering capacity stood at 2.6** million tons per annum at the end of 2017, decreasing from the previous target of 2.7 million tons per annum due to the fact that capacity expansion of the facilities for concentrated latex was delayed until 2018 and that the newly built facilities were not yet operating fully. Despite that, our engineering capacity remains the highest in the industry.

Note : **The engineering capacity is derived from the specifications certified by the supplier of the processing machinery. Our engineering capacity includes the engineering capacity of Thaitech Rubber Corporation Limited.

Downstream Business – aiming to rank among the world’s top three glove producers

After the completed demerger of the joint venture and associate companies, our shareholding portion in Siam Sempermed Corporation (which is later renamed Sri Trang Gloves (Thailand) Co., Ltd (“STGT”) since 16 March 2017) increased from 40.2% to 90.2% of the total shares. As a result of this, we consolidated STGT in the group financial statement since 15 March 2017 onwards.

We intend to capitalise on its competitive advantage over competitors, which is access to high-quality

concentrated latex, which is the main raw material for producing gloves. STA will also continue to produce nitrile gloves to satisfy customer demands from all over the world. To that end, STA has increased its production capacity, which is expected to reach 18 billion pieces per annum within 2019 from the existing capacity of 14 billion pieces per annum at the end of 2017.



THE AUDIT COMMITTEE REPORT

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

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

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In the year 2017, the Audit Committee convened a total of 10 meetings. Mr. Prakob Visitkitjakarn and Mr. Samacha Potavorn attended all the meetings while Mr. Kriang Yanyongdilok attended 9 meetings, and, where the agendas were relevant, meetings were also attended by the senior management, the manager of the internal audit department and the auditors. The duties and responsibilities performed by the Audit Committee can be summarized as follows:

- Reviewed the quarterly and year-end financial statements for the year 2017 together with the auditor, the Chief Financial Officer (CFO) and the management to ensure that they are accurate and comply with the generally accepted accounting principles. In determining the accuracy of the financial statements, there were discussions and exchanges of opinion throughout the meetings prior to submitting the financial statements to the executive directors of the Company for approval.
- Considered the internal audit plan and reviewed the results of internal audit conducted by the internal audit department as well as the sufficiency, appropriateness and effectiveness of the internal control system and risk management system.
- Ensured that the Company complied with the relevant laws and regulations and the principles of good corporate governance as well as its Articles of Association and the regulations of the SEC and the SET and that the Company adequately disclosed information.
- Reviewed the entering into and disclosure of related party transactions that may lead to conflicts of interest between the interested parties and the Company and its subsidiaries. The review concluded that the Company complied with all the laws and regulations of the SET regarding related party transactions.
- Submitted the names of the persons to be appointed the Company’s auditors and the proposed auditing fees for the year 2018 to the Board of Directors in order to obtain approval from the Company’s shareholders during the 2018 Annual General Meeting of Shareholders. In performing this duty, the Audit Committee considered the track record and the independence of the auditors and the appropriateness of the remuneration.

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

Yours sincerely,

Mr. Prakob Visitkitjakarn

Chairman of the Audit Committee

February 2018

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

The Board of Directors is responsible for the stand-alone financial statements of Sri Trang Agro-Industry Public Company Limited and the consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as well as the financial information stated in the Company's 2017 Annual Report. The financial statement ended on December 31, 2017 was prepared in accordance with the generally accepted accounting standards by using appropriate and consistent accounting policy including careful consideration and reasonableness. The important information was adequately disclosed in the notes to the financial statements to transparently reflect the actual financial position, operating results and cash flow for the understanding of shareholders and investors. The financial statements have been audited by PricewaterhouseCoopers ABAS Ltd. and all the related information was provided to the auditors for supporting their opinion in accordance with the auditing standards.

The Board of Directors recognized their duties and responsibilities for supervising the efficient preparation of financial report and have instituted risk management system and appropriate internal control system for both operation and related information systems to ensure the accuracy and completeness of the financial information and to prevent fraud or mismanagement and to protect the Company's assets.

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

From the corporate governance practices mentioned above, the Board is of the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance that the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017 are accurate, reliable and in compliance with generally accepted accounting practices and all the relevant legal guidelines and policies.

Mr. Viyavood Sincharoenkul
Chairman and Managing Director

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017





INDEPENDENT AUDITOR'S REPORT

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

My opinion

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

What I have audited

The consolidated financial statements and the separate financial statements comprise:

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

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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



INDEPENDENT AUDITOR'S REPORT

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

28 February 2018

STATEMENTS OF FINANCIAL POSITION

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF COMPREHENSIVE INCOME

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF CHANGES IN EQUITY

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

		Consolidated financial statements											
		Attributable to owners of the parent						Total owners of the parent					
		Other components of equity											
		Other comprehensive income											
Notes		Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Cumulative currency differences on translation	Retained earnings		Total owners of the parent	Non-controlling interests	Total equity	
								Appropriated - legal reserve	Unappropriated				Baht
	Opening balance as at 1 January 2017	1,280,000,000	6,550,989,821	(173,134,488)	1,286,859,775	12,755,614	(284,004,450)	128,000,000	9,036,069,449	19,847,535,721	64,381,883	19,911,917,604	
	Profit (loss) for the year	-	-	-	-	-	-	(1,437,050,885)	(1,437,050,885)	(1,437,050,885)	18,509,550	(1,418,541,335)	
	Other comprehensive income												
15	Asset revaluation surplus, net of tax	-	-	-	2,848,898,073	-	-	-	-	2,848,898,073	-	2,848,898,073	
	Depreciation on assets revaluation, net of tax	-	-	-	(61,591,416)	-	-	-	61,591,416	-	-	-	
	Disposal and write-off of assets, net of tax	-	-	-	(34,720,244)	-	-	-	34,720,244	-	-	-	
	Change in fair value of available-for-sale investments, net of tax	-	-	-	-	3,677,294	-	-	-	3,677,294	-	3,677,294	
	Remeasurements of post-employment benefit obligations, net of tax	-	-	-	-	-	-	-	-	-	-	-	
	Currency differences on translation	-	-	-	-	-	(382,072,972)	-	(17,921,651)	(17,921,651)	-	(17,921,651)	
	Total other comprehensive income (expense), net of tax	-	-	-	2,752,586,413	3,677,294	(382,072,972)	-	78,390,009	2,452,560,744	(8,826,541)	(390,899,513)	
	Total comprehensive income (expense)	-	-	-	2,752,586,413	3,677,294	(382,072,972)	-	(1,358,660,876)	1,015,529,859	9,683,009	1,025,212,868	
	Transactions with equity												
25	Issued and paid-up share capital	255,999,998	2,300,961,813	-	-	-	-	-	-	2,556,961,811	-	2,556,961,811	
36	Dividend payment	-	-	-	-	-	-	(512,000,000)	(512,000,000)	-	-	(512,000,000)	
	Dividend payment from subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(283,100,521)	(283,100,521)	
37	Non-controlling interests invested in subsidiaries	-	-	-	-	-	-	-	-	-	587,899,677	587,899,677	
	Total transactions with equity	255,999,998	2,300,961,813	-	-	-	-	(512,000,000)	(512,000,000)	2,044,961,811	294,799,156	2,339,760,967	
	Closing balance as at 31 December 2017	1,535,999,998	10,851,951,634	(173,134,488)	4,049,446,188	16,432,908	(666,077,422)	128,000,000	7,165,408,573	22,908,027,391	368,864,048	23,276,891,439	

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

STATEMENTS OF CHANGES IN EQUITY

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

Consolidated financial statements																
Attributable to owners of the parent																
	Note	Issued and paid-up share capital		Premium on share capital		Deduction arising from acquisition of additional interest in subsidiaries		Asset revaluation surplus, net of accumulated depreciation		Unrealised gains on available-for-sale investments		Cumulative currency differences on translation		Total owners of the parent	Non-controlling interests	Total equity
		Baht		Baht		Baht		Baht		Baht		Baht				
Opening balance as at 1 January 2016		1,280,000,000		8,550,989,821		(173,134,488)		1,427,799,885		6,832,287		(288,546,806)		21,239,672,488	94,236,247	21,333,908,735
Loss for the year		-		-		-		-		-		-		(757,985,659)	(31,744,036)	(789,729,695)
Other comprehensive income		-		-		-		(113,317,008)		(879,582)		-		1,663,993	-	(112,532,597)
Change in estimated deferred tax rates		-		-		-		(16,916,840)		-		-		16,916,840	-	-
Depreciation on assets revaluation, net of tax		-		-		-		(706,262)		-		-		706,262	-	-
Disposal and write-off of assets, net of tax		-		-		-		-		-		-		-	-	-
Change in fair value of available-for-sale investments, net of tax		-		-		-		-		6,802,909		-		-	-	6,802,909
Remeasurements of post-employment benefit obligations, net of tax		-		-		-		-		-		-		(963,576)	-	(963,576)
Currency differences on translation		-		-		-		-		-		(15,457,844)		-	1,890,552	(13,567,292)
Total other comprehensive income (expense), net of tax		-		-		-		(130,940,110)		5,923,327		(15,457,844)		18,323,519	1,890,552	(120,260,556)
Total comprehensive income (expense)		-		-		-		(130,940,110)		5,923,327		(15,457,844)		(739,662,140)	(29,853,484)	(909,990,251)
Transactions with equity		-		-		-		-		-		-		(512,000,000)	-	(512,000,000)
Dividend payment	36	-		-		-		-		-		-		-	(487)	(487)
Dividend payment from subsidiaries to non-controlling interests		-		-		-		-		-		-		-	-	-
Non-controlling interests invested in subsidiaries		-		-		-		-		-		-		-	(393)	(393)
Total transactions with equity		-		-		-		-		-		-		(512,000,000)	(880)	(512,000,880)
Closing balance as at 31 December 2016		1,280,000,000		8,550,989,821		(173,134,488)		1,296,559,775		12,755,614		(284,004,450)		19,847,535,721	64,381,883	19,911,917,604

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

Notes	Separate financial statements									
	Other components of equity									
	Other comprehensive income									
	Asset									
	Issued and paid-up share capital	Premium on share capital	revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Retained earnings	Total equity				
	Baht	Baht	Baht	Baht	Appropriated	Unappropriated	Baht	Baht	Baht	Baht
					- legal reserve					
	1,280,000,000	8,550,989,821	552,826,994	12,234,045	128,000,000	2,563,639,402	13,087,690,262			
	-	-	-	-	-	2,668,476,430	2,668,476,430			
	-	-	1,423,477,027	-	-	-	1,423,477,027			
15	-	-	(31,430,963)	-	-	31,430,963	-			
	-	-	-	3,608,454	-	-	3,608,454			
	-	-	-	-	-	7,963	7,963			
	-	-	1,392,046,064	3,608,454	-	31,438,926	1,427,093,444			
	-	-	1,392,046,064	3,608,454	-	2,699,915,356	4,095,569,874			
	255,999,998	2,300,961,813	-	-	-	-	2,556,961,811			
25	-	-	-	-	-	(512,000,000)	(512,000,000)			
36	-	-	-	-	-	-	-			
	255,999,998	2,300,961,813	-	-	-	(512,000,000)	2,044,961,811			
	1,535,999,998	10,851,951,634	1,944,873,058	15,842,499	128,000,000	4,751,554,758	19,228,221,947			

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

	Separate financial statements										
	Other components of equity										
	Issued and paid-up share capital	Premium on share capital	revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Retained earnings		Total equity	Other comprehensive income			
					Appropriated	Unappropriated		Asset	Unrealised gains on available-for-sale investments	Appropriated	Unappropriated
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2016	1,280,000,000	8,550,989,821	654,327,347	6,479,970	128,000,000	3,972,561,056	14,592,358,194				
Loss for the year	-	-	-	-	-	(911,901,190)	(911,901,190)				
Other comprehensive income											
Change in estimated deferred tax rate	-	-	(89,094,763)	(882,328)	-	1,999,976	(87,977,135)				
Depreciation on assets revaluation, net of tax	-	-	(11,759,977)	-	-	11,759,977	-				
Disposal and write-off of assets, net of tax	-	-	(645,593)	-	-	645,593	-				
Change in fair value of available-for-sale investments, net of tax	-	-	-	6,636,403	-	-	6,636,403				
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	-	-	573,990	573,990				
Total other comprehensive income (expense), net of tax	-	-	(101,500,353)	5,754,075	-	14,979,536	(80,766,742)				
Total comprehensive income (expense)	-	-	(101,500,353)	5,754,075	-	(896,921,654)	(992,667,932)				
Transactions with equity											
Dividend payment	-	-	-	-	-	(512,000,000)	(512,000,000)				
Total transactions with equity	-	-	-	-	-	(512,000,000)	(512,000,000)				
Closing balance as at 31 December 2016	1,280,000,000	8,550,989,821	552,826,994	12,234,045	128,000,000	2,563,639,402	13,087,690,262				

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

STATEMENTS OF CASH FLOWS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

STATEMENTS OF CASH FLOWS (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017*

1 General information

Sri Trang Agro-Industry Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The Company was listed on the Stock Exchange of Thailand on 22 August 1991. In addition, the Company placed new ordinary shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 31 January 2011.

On 29 April 2014, the Company changed its listing status from a primary listing to a secondary listing on the main board of Singapore Exchange Securities Trading Limited. The address of its registered office is as follows:

10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

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

The Company and its subsidiaries (“the Group”) manufacture and distribute natural rubber products such as ribbed smoked sheets, concentrated latex, block rubber, gloves and other products. In addition, the Group provides engineering and logistics services.

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

2 Basis of financial statement preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below:

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017*

3 Accounting policies

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

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

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

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

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

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

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

(a) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017*

3 Accounting policies (Cont'd)

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

(a) Subsidiaries (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control it shall ceased to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(d) Business combination under common control

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

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

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

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3 Accounting policies (Cont'd)

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

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

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

(f) Joint arrangements

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

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

(g) Accounting under equity method

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

If the ownership interest in associates and joint ventures is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in an associates and joint ventures is recognise in profit or loss.

The Group's share of its associates and joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

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

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

(h) Separate financial statements

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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3 Accounting policies (Cont'd)

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies as at period end date are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non-current assets in the statements of financial position.

3.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling expenses.

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3 Accounting policies (Cont'd)

3.7 Inventories

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

3.8 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (a) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (b) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
- (d) Investments in non-marketable equity securities are classified as general investments.

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

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income of statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited. When disposing of part of the Group's holding of a particular investment in equity security, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

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3 Accounting policies (Cont'd)

3.9 Property, plant and equipment

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

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

Increases in the carrying amount arising on revaluation of lands and building are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from gain on asset revaluation to retained earnings.

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

Land improvements	5 - 30 years
Buildings and structures	20 - 40 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
Fixtures and office equipment	3 - 5 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

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3 Accounting policies (Cont'd)

3.10 Rubber and palm plantations

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

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

3.11 Intangible assets

Computer software

The Group initial computer software programmes from purchase consideration as intangible assets. Historical cost include the expenditure directly attribute to acquisition of items and amortised over their estimated useful life in between 3-10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

3.12 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

Investment property is measured initially at its cost including related transaction costs and measured subsequently after initial recognition at fair value assessed by independent appraiser. Fair value adjustments of investment properties are recognised in profit or loss

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. The investment property is subsequently measured at fair values. (The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.)

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

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

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3 Accounting policies (Cont'd)

3.12 Investment properties (Cont'd)

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

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

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

3.13 Goodwill

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

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

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

3.14 Impairment of assets

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

3.15 Financial instruments

(a) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the date of the statement of financial position. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

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3 Accounting policies (Cont'd)

3.15 Financial instruments (Cont'd)

(a) Fair value estimation of financial assets and liabilities (Cont'd)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group and the Company use a variety of methods and makes assumptions that are based on the market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(b) Derivative financial instruments

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

The Group does not apply hedge accounting for derivatives.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value, and the gains or losses are recognised in the statement of income. Fair value is determined based on quoted market prices from related active exchange market at the date of the statement of financial position.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of set off exists. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

3.16 Borrowings

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

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

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

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

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

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

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3 Accounting policies (Cont'd)

3.17 Leases - where the Group is the lessee

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

Leases of property, plant or equipment where the Group lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

3.18 Current and deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

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

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3 Accounting policies (Cont'd)

3.19 Employee benefits

(a) Defined contribution

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

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

(b) Retirement benefits

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

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

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

3.20 Provisions

Provisions except employee benefits provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

3.21 Share capital

Ordinary shares are classified as equity.

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

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3 Accounting policies (Cont'd)

3.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services net of output tax, returns, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

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

(a) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the products are transferred to the buyer and the collectability of the related receivable is reasonably assured.

(b) Rendering of services

Revenue from services is recognised accordance with its percentage of completion.

(c) Interest income

Interest income is recognised on an accrual basis unless collectability is in doubt using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income is recognised on an accrual basis in accordance with the relevant rental agreements.

3.23 Dividend distribution

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

3.24 Segment reporting

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

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4 Critical accounting estimates and judgments

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

4.1 Impairment of non-financial assets

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

4.2 Lands, land improvements, buildings and structures revaluation

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

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

4.3 Goodwill

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

4.4 Income tax and deferred income tax

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

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

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5 Financial risk management

5.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. Management has set up policies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and borrowings, entities in the Group uses forward contracts. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Company's functional currency.

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

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

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

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5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Price risk

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

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

The Group is also exposed to equity securities price risk since investments held by the Group are classified on the statements of financial position as available-for-sale. Some of the Group's investments in equity securities are publicly traded in the Stock Exchange of Thailand. To manage its price risk arising from investments in equity, the Group applies the method of portfolios diversification.

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

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

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5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow and fair value interest rate risk

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

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

Borrowings which are issued at fixed rates expose the Group to fair value interest rate risk. However, changes in market interest rates will not have an impact on the statement of comprehensive income as borrowings are accounted for on an amortised cost basis.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. The Group also assesses credit quality of banks, financial institutions, and customers, taking into account their financial positions, past experience and other factors. The utilisation of credit limits is regularly monitored.

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5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(c) Liquidity risk

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

	Consolidated financial statements				
	Less than 1 year Baht'000	Between 1 to 2 years Baht'000	Between 2 to 5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2017					
Short-term borrowings					
from financial institutions	(24,707,198)	-	-	-	(24,707,198)
Trade accounts payable	(1,438,212)	-	-	-	(1,438,212)
Accrued expenses	(796,242)	-	-	-	(796,242)
Long-term borrowings					
from financial institutions	(724,995)	(1,317,825)	(5,029,083)	(1,588,546)	(8,660,449)
Debtentures	(683,973)	(863,022)	(1,520,320)	-	(3,067,315)
Finance lease liabilities	(14,736)	(29,103)	-	-	(43,839)
Derivative financial instruments					
- Foreign exchange swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(121,174)	-	-	-	(121,174)
- Rubber futures (Sell)	5,105,420	-	-	-	5,105,420
- Forward foreign exchange Contracts (Sell)	8,615,656	-	-	-	8,615,656
- Physical forward contracts (Buy)	(44,818)	-	-	-	(44,818)
- Foreign exchange options (Buy)	(4,379,240)	-	-	-	(4,379,240)
- Foreign exchange options (Sell)	12,549,466	-	-	-	12,549,466
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392
At 31 December 2016					
Short-term borrowings					
from financial institutions	(25,679,909)	-	-	-	(25,679,909)
Trade accounts payable	(1,664,665)	-	-	-	(1,664,665)
Accrued expenses	(1,050,981)	-	-	-	(1,050,981)
Long-term borrowings					
from financial institutions	(5,628,242)	(707)	-	-	(5,628,949)
Debtentures	(101,822)	(673,744)	(2,384,508)	-	(3,160,074)
Finance lease liabilities	(8,727)	(4,139)	(1,249)	-	(14,115)
Derivative financial instruments					
- Foreign exchange swaps	(1,009,282)	-	-	-	(1,009,282)
- Rubber futures (Buy)	(612,131)	-	-	-	(612,131)
- Rubber futures (Sell)	975,096	-	-	-	975,096
- Forward foreign exchange contracts (Sell)	8,173,703	-	-	-	8,173,703
- Physical forward contracts (Buy)	(211,294)	-	-	-	(211,294)
- Physical forward contracts (Sell)	231,061	-	-	-	231,061

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Separate financial statements				Total Baht'000
	Less than 1 year Baht'000	Between 1 to 2 years Baht'000	Between 2 to 5 years Baht'000	Over 5 years Baht'000	
At 31 December 2017					
Short-term borrowings					
from financial institutions	(17,649,531)	-	-	-	(17,649,531)
Trade accounts payable	(1,168,260)	-	-	-	(1,168,260)
Accrued expenses	(360,774)	-	-	-	(360,774)
Long-term borrowings					
from financial institutions	(493,426)	(1,077,900)	(3,550,501)	-	(5,121,827)
Debentures	(683,972)	(863,022)	(1,520,320)	-	(3,067,314)
Finance lease liabilities	(4,585)	(10,196)	-	-	(14,781)
Derivative financial instruments					
- Foreign exchange swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(86,694)	-	-	-	(86,694)
- Rubber futures (Sell)	3,480,532	-	-	-	3,480,532
- Forward foreign exchange contracts					
- (Sell)	4,941,931	-	-	-	4,941,931
- Foreign exchange options (Buy)	(2,549,110)	-	-	-	(2,549,110)
- Foreign exchange options (Sell)	9,869,632	-	-	-	9,869,632
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392
At 31 December 2016					
Short-term borrowings					
from financial institutions	(16,559,224)	-	-	-	(16,559,224)
Trade accounts payable	(1,001,265)	-	-	-	(1,001,265)
Accrued expenses	(473,496)	-	-	-	(473,496)
Long-term borrowings					
from financial institutions	(4,463,418)	-	-	-	(4,463,418)
Debentures	(101,822)	(673,744)	(2,384,508)	-	(3,160,074)
Finance lease liabilities	(2,727)	(3,461)	(1,249)	-	(7,437)
Derivative financial instruments					
- Foreign exchange swaps	(1,009,282)	-	-	-	(1,009,282)
- Rubber futures (Buy)	(522,313)	-	-	-	(522,313)
- Rubber futures (Sell)	683,214	-	-	-	683,214
- Forward foreign exchange contracts					
- receipts	5,340,795	-	-	-	5,340,795

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5 Financial risk management (Cont'd)

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management regards total equity as the capital of the Group. The Group monitors capital on the basis of the net debt to total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities as shown in the consolidated statement of financial position less cash and cash equivalents. Total equity is as shown in the statements of financial position both Consolidated and Separate financial statements only.

The net debt to total equity ratios as at 31 December 2017 and 2016 were as follows:

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

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5.3 Fair value measurements

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

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

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

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

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

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

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5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

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

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

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

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5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

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

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

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

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6 Segment information

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

Operating segments are defined as components of the Group for which separate financial statements available on a company basis is evaluated regularly by the MD

There are four reportable segments as follows:

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

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

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6 Segment information (Cont'd)

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

	Consolidated financial statements										
	Natural Rubber Products			Engineering Business			Plantation			Other Businesses	Total Baht'000
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Vietnam Baht'000	Myanmar Baht'000	Thailand Baht'000	Thailand Baht'000	Thailand Baht'000	
Segment revenues	73,821,737	12,812,212	25,867,508	2,349,048	1,833,858	-	352,323	1,081,214	3,397	1,128,545	119,249,842
Inter-segment revenues	(13,973,051)	(10,659,499)	(2,996,449)	-	(49,653)	-	(352,323)	(937,127)	(1,609)	(893,137)	(29,862,848)
Revenues from external customers	59,848,686	2,152,713	22,871,059	2,349,048	1,784,205	-	-	144,087	1,788	235,408	89,386,994
Depreciation and amortisation	(1,468,992)	(279,109)	(6,586)	(1,605)	(2,728)	-	(5,116)	(22,076)	(35,749)	(30,425)	(1,852,386)
Finance income	45,355	1,711	384	-	801	1	-	970	88	351	49,661
Finance costs	(827,668)	(339,396)	(18,496)	(34,166)	-	-	(3,858)	(21,264)	-	(734)	(1,245,584)
Share of profit from investments in associates and joint venture	129,841	-	-	-	-	-	-	-	-	-	129,841
Profit (loss) before income tax	2,505,829	903,738	784,367	(107,669)	(49,611)	(1,805)	7,628	33,099	(175,873)	4,070	3,903,773
Income tax	222,258	(235,277)	(33,031)	5,592	12,176	-	-	(873)	12,063	(3,538)	(20,630)
Profit (loss) for the year	2,228,087	668,461	751,336	(102,077)	(37,435)	(1,805)	7,628	32,226	(163,810)	532	3,883,143
Intersegmental balances											(5,301,684)
Total loss for the year	58,032,182	7,463,181	6,039,550	461,647	1,437,773	25,644	157,835	1,255,111	6,561,032	4,138,569	85,572,524
Total assets											(1,418,541)
Intersegmental balances											(25,864,743)
Total assets											59,707,781

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6 Segment information (Cont'd)

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

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

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6 Segment information (Cont'd)

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

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

7 Cash and cash equivalents

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

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

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8 Derivative financial instruments

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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9 Trade accounts receivable and other receivables, net

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

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

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

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

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

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

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

10 Inventories, net

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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10 Inventories, net (Cont'd)

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

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

11 Other current assets

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

12 Fixed deposits pledged as collateral

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

13 Investments in subsidiaries, associates and interests in joint ventures

13.1 Investment in subsidiaries

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in subsidiaries (Cont'd)

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

	Consolidated financial statements			
	Activities	Countries of incorporation	% Ownership interest	
			2017	2016
Subsidiaries				
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 products	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Investment holding	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
Sri Trang Gloves (Thailand) Co., Ltd. (formerly Siam Sempermed Corp.,Ltd) ¹	Manufacture of medical gloves	Thailand	90.23	40.23
Indirect subsidiaries				
Sri Trang International Pte Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of rubber products	Singapore	99.99	99.99
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	99.99	99.99
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of block rubber products	Indonesia	98.99	98.99
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	99.99	99.99
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of block rubber products	Myanmar	58.99	58.99
Shidong Shanghai Medical Equipment (Held by Startex Rubber Co., Ltd.) ²	Distribution of gloves	China	99.99	-

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.1 Investment in subsidiaries (Cont'd)

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

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

13.2 Investment in associates

Investments accounted for using equity method

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

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

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

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

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

13.2 Investment in associates (Cont'd)

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

Name	Activities	Countries of incorporation	Baht'000				% Ownership interest
			Assets	Liabilities	Revenues	Profit(loss) sharing	
2017							
Direct associates							
Semperflex Asia Co., Ltd. ³	Manufacture of hydraulic hoses	Thailand	472,146	105,524	675,963	159,484	42.50
Sempermed USA, Inc. ⁴	Distribution of medical gloves	USA	-	-	-	11,222	-
Pattana Agro Futures Co., Ltd. ³	Futures broker	Thailand	8,303	48	118	49	40.00
Semperflex Shanghai Co., Ltd. ⁴	Manufacture of hydraulic hoses	China	-	-	-	2,526	-
Sempermed Singapore Pte Ltd. ⁴	Investment holding in the company selling medical gloves	Singapore	-	-	-	(2,479)	-
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.) ⁴	Sales of medical gloves	Brazil	-	-	-	(19,936)	-
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.) ⁴	Manufacture of glove formers	Malaysia	-	-	-	4,578	-
2016							
Direct associates							
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	901,490	72,856	630,643	155,297	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	628,046	264,046	1,497,112	24,365	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	8,435	100	543	(1,602)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	384,692	88,808	276,051	28,395	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company selling medical gloves	Singapore	52,812	27,821	-	(39,884)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	52,016	15,799	-	-	50.00
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	50,944	14,892	68,170	12,280	41.43

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

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.2 Investment in associates (Cont'd)

Movement in investments in associates can be summarised as follows:

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

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

13.3 Investment in joint ventures

Investments accounted for using equity method

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

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

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

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

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

13.3 Investment in joint ventures (Cont'd)

Investments accounted for using equity method (Cont'd)

The jointly controlled entities are as follows:

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

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

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

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

Individually immaterial joint ventures

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

For the years ended 31 December

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

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

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14 Long-term investments

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

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

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

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

Available-for-sale investments

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

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

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

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14 Long-term investments (Cont'd)

General investment

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

15 Property, plant and equipment, net

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 Property, plant and equipment, net (Cont'd)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

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

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

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

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

There were no transfers between levels during the year

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

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

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

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

Consolidated financial statements

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 Property, plant and equipment, net (Cont'd)

Separate financial statements

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

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

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

The Group leases various vehicles and fixtures and office equipment under non-cancellable finance lease agreements. The lease terms are between 3 to 5 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 Property, plant and equipment, net (Cont'd)

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

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

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

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

Fair value measurement technique

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2017

16 Rubber and palm plantations, net

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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16 Rubber and palm plantations, net (Cont'd)

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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17 Intangible assets, net

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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18 Goodwill

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

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

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

Terminal growth rate	0.00%
Discount rate	8.47%

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

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

19 Investment properties

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

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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19 Investment properties (Cont'd)

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

Investment properties are carried at fair value at the date of statements of financial position as determined by the most recent transacted market value of a property in the location and of the same category as the one held by the subsidiary.

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

20 Deferred income tax

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

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

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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20 Deferred income tax (Cont'd)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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20 Deferred income tax (Cont'd)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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21 Other non-current assets

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

22 Trade accounts payable and other payables

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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23 Borrowings

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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23 Borrowings (Cont'd)

As at 31 December 2017, some of short-term borrowings and some of long-term borrowings balance of Baht 26 million were guaranteed by lands, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 15, certain of the Company's directors (no fee charged) but were not guaranteed by fixed deposits (2016: Baht 774 million). According to a condition of the borrowings agreements, the Company and its subsidiaries are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiaries must comply with other conditions and restrictions stated in the borrowings agreements.

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

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

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

23.1 Long-term borrowings from financial institutions

(a) Consolidated financial statements

- Anvar Parawood Co., Ltd.

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

- Sri Trang Gloves (Thailand) Co., Ltd

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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23 Borrowings (Cont'd)

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

(b) Separate financial statements

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

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

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

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

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

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

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23 Borrowings (Cont'd)

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

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

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

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

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

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

23.2 Debentures

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

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

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

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

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

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

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23 Borrowings (Cont'd)

23.2 Debentures (Cont'd)

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

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

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

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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23 Borrowings (Cont'd)

23.3 Additional information for the borrowings from financial institutions and debentures

The interest rate exposures on the borrowings from financial institutions and debentures (excluding finance lease liabilities) of the Group and the Company are as follows:

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

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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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23 Borrowings (Cont'd)

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

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

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

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

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

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23 Borrowings (Cont'd)

23.4 Finance lease liabilities

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

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

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23 Borrowings (Cont'd)

23.4 Finance lease liabilities

The present value of finance lease liabilities is as follows:

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

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

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

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24 Provision for post-employment benefit obligations

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

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

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

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

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

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

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

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

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

The principal actuarial assumptions used were as follows:

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

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

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

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

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

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

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

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

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

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

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25 Share capital and share premium

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

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

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

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26 Other components of equity

Other components of equity can be analysed as follows:

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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26 Other components of equity (Cont'd)

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

27 Legal reserve

	Consolidated and Separate financial statements	
	2017 Baht'000	2016 Baht'000
At 1 January	128,000	128,000
Appropriation during the year	-	-
At 31 December	<u>128,000</u>	<u>128,000</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

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28 Revenues from sales of goods and services

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

29 Expenses by nature

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

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

Additional information

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

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30 Employee costs and key management benefits

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

31 Other income

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

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

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

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32 Other gains (losses), net

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

33 Finance costs, net

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

34 Income tax

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

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

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34 Income tax (Cont'd)

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

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

Additional information

- (a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to the company for the period from 1 April 2005 to 31 December 2009. Under this programme, income derived from qualifying trading transactions of approved products is taxed at the concessionary rate of 10%. On 16 February 2015, this status was extended from 1 January 2015 for a period of 5 years, to 31 December 2019.
- (b) The Company and certain subsidiaries in Thailand were granted tax incentives relating to the manufacturing of certain natural rubber products. The tax incentives include the following:
- Exemption from payment of import duty on imported machinery and equipment.
 - Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal tax rate for the next five years after the period of eight years are expired.

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34 Income tax (Cont'd)

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

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

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35 Earnings (losses) per share

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

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

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

36 Dividends

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

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

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37 Business acquisition

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

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

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

Consideration as at 15 March 2017

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

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37 Business acquisition (Cont'd)

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

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37 Business acquisition (Cont'd)

Other significant information related to business acquisition is as follows:

(a) Call Option

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

(b) Acquired property, plant and equipment

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

(c) Non-controlling interests

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

(d) Revenues and profit contribution

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

(e) Dividend income prior to the demerger

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

(f) Business expenses prior to the demerger

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

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37 Business acquisition (Cont'd)

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

(g) Consolidated financial information

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

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

38 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

The following transactions were carried out with related companies:

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38 Related party transactions (Cont'd)

38.1 Revenue from sales and services and other incomes

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

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38 Related party transactions (Cont'd)

38.2 Purchases of goods and services

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

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

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

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38 Related party transactions (Cont'd)

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

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

Trade accounts receivables from related parties arise mainly from sales transactions and are due approximately one month after the date of sales. The receivables are unsecured in nature and bear no interest. As at 31 December 2017, there is no allowance for impairment against receivables from related parties (2016: Nil).

Trade accounts payable to related parties arise mainly from purchase transactions and are due approximately one month after the date of purchase. The payables bear no interest.

38.4 Outstanding balances arising from long-term loans to subsidiaries

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

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38 Related party transactions (Cont'd)

38.4 Outstanding balances arising from long-term loans to subsidiaries

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

38 Related party transactions (Cont'd)

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

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

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

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

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

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

38.5 Key management compensation

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

39 Financial instruments by category

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
As at 31 December 2017

39 Financial instruments by category (Cont'd)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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39 Financial instruments by category (Cont'd)

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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39 Financial instruments by category (Cont'd)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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40 Credit quality of financial assets

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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40 Credit quality of financial assets (Cont'd)

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

41 Promotional privileges in Thailand

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 2520, the Group and the Company were granted certain privileges on their manufactures of concentrated latex, block rubber Skim Crepe and rubber gloves, which included among others, as follows:

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

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

Sales classified as promoted and non-promoted rubber business only for Thai entities for the years ended 31 December 2017 and 2016 of the Group are summarised as follows:

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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42 Contingent liabilities and commitments

42.1 Sales and purchases commitments

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

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

42.2 Capital commitments

The Group and the Company have capital commitments as follows:

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

42.3 Commitments from guarantees on borrowings

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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42 Contingent liabilities and commitments (Cont'd)

42.3 Commitments from guarantees on borrowings (Cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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43 Progress of insurance claim after fire at a PT Star Rubber factory in Indonesia (Cont'd)

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

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

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

44 Significant legal proceedings

Commercial disputes relating to the Joint Venture agreement

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

AUDITOR'S REMUNERATION



Audit Fee

The audit fee for the year 2017 of STA and its subsidiaries amounted to Baht 10.725 million, which consisted of the fee for the audit of stand-alone financial statements in the amount of Baht 6.75 million and the fee for the audit of STA's subsidiaries in the amount of Baht 3.975 million.

Non-Audit Fee

The non-audit fee for the year 2017 of STA and its subsidiaries was for the BOI and tax consultancy services in the amount of Baht 3.01 million, of which Baht 2.39 million has already been paid and the remaining Baht 0.62 million will be paid upon completion of the service which was agreed upon in the past financial year.

REFERENCES

Share Registrar

Thailand Securities Depository Co., Ltd.
93 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Dindaeng, Dindaeng,
Bangkok 10400, Thailand

Telephone 0-2009-9000

Fax 0-2009-9991

TSD Call Center 0-2009-9999

Debenture Registrar for STA

STA No. 1/2013 and STA No. 1/2016

Siam Commercial Public Company Limited
9 Ratchadapisek Road, Chatuchak, Bangkok,
10900 Thailand

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Fax 0-2256-2414

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Miss Sakuna Yamsakul, Certified Public
Accountant (Thailand) No. 4906; or
Mr. Pisit Thangtanagul, Certified Public
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GENERAL INFORMATION



Information of the Company

Name of the Company (Thai)	: บริษัท ศรีตรังแอกโรอินดัสทรี จำกัด (มหาชน)
Name of the Company (English)	: Sri Trang Agro-Industry Public Company Limited
Head Office	: 10 Soi 10, Phetkasem Road, Hatyai, Songkhla, 90110 Thailand
Telephone	: 66-7434-4663 (Automatic 14 Lines)
Fax	: 66-7434-4677, 66-7423-7423, 66-7423-7832
Type of Business	: Production and export of RSS, TSR and Concentrated Latex
Registration No.	: 0107536001656
Website	: www.sritranggroup.com
Type of Shares	: Ordinary shares
Registered Capital	: Baht 1,536,000,000
Paid-up Capital	: Baht 1,535,999,998
Issued Shares	: 1,535,999,998 shares with a par value of Baht 1 each

Information of juristic persons in which the Company holds more than 10% of the issued shares of such juristic persons as of 31 December 2017

1. Nam Hua Rubber

Head Office	: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Branch Office	: 1. 99 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand 2. 41 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand

Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Telephone	:	66-7437-9984-6, 66-7437-9988-9
Fax	:	66-7437-9987
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	4,999,994 shares or 99.99%

2. Anvar Parawood

Head Office	:	101 Moo 3, Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Branch office	:	1. 369 Moo 7, Huay Nang Subdistrict, Huay Yod District, Trang Province, 92130 Thailand 2. 395 Moo 2, Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand 3. 28 Moo 11, Nongpra Subdistrict, Wangthong District, Phitsanulok Province, 65130 Thailand
Type of Business	:	Lumber production and manufacture of wooden furniture
Telephone	:	66-7437-9978-9
Fax	:	66-7437-9976
Type of shares	:	Ordinary shares
Total number of shares directly held by STA	:	9,994 shares or 99.94%

3. Premier System Engineering

Head Office	:	123 Moo 8, Kanjanavanit Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
Branch Office	:	133 Rak Phu Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
Type of Business	:	Engineering services, design, installation and maintenance machinery
Telephone	:	66-7422-2900-9
Fax	:	66-7422-2910-12
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	409,996 shares or 81.99%

4. Rubberland Products

Head Office	:	109 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	1. 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2. 17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3. 338 Moo 2, Nonsomboon Subdistrict, Mueang Bungkan District, Bungkan Province, 38000 Thailand 4. 338 Moo 1, Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand 5. 188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand
Type of Business	:	Production of Concentrated Latex/ Block rubber
Telephone	:	66-7429-1223-4, 66-7429-1755, 66-7429-1476
Fax	:	66-7429-1477
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	15,999,994 shares or 99.99%

5. Sri Trang Gloves (Thailand) Co., Ltd.

Head Office	:	110 Kanjanavanit Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	1. 10 Soi 10, Phetkasem Road, Hatyai Subdistrict Hatyai District, Songkhla Province, 90110 Thailand 2. 17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3. 109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 4. 352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 5. 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand 6. 39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand

Type of Business	:	Production of examination gloves
Telephone	:	66-7447-1471, 66-7429-1648-9, 66-7429-1471-5
Fax	:	66-7429-1650
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	16,300 shares or 81.50%

6. Semperflex Asia

Head Office	:	110/1 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Production of high-pressure Hydraulic hoses
Telephone	:	66-7447-1231-5
Fax	:	66-7447-1230
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	1,425,000 shares or 37.50%

7. Sadao P.S. Rubber

Head Office	:	207/1 Padangbazar Road, Sadao Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Type of Business	:	Production of RSS
Telephone	:	66-7446-0483-5, 66-86489-5264-5
Fax	:	66-7446-0484
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	399,994 shares or 99.99%

8. Starlight Express Transport

Head Office	:	13/1 Jingjit Road, Thupthiang Subdistrict, Mueang District, Trang Province, 92000 Thailand
Type of Business	:	Provision of logistics services
Telephone	:	66-7550-2900-2
Fax	:	66-7550-2903

Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	114,998 shares or 76.66%

9. Startex Rubber

Head Office	:	36/82 PS Tower 23Fl. Sukhumvit 21 Road (Asoke), Klong Toe Nua Subdistrict, Watana District, Bangkok, 10110 Thailand
Type of Business	:	Ownership and management of rubber and oil palm plantations
Telephone	:	662-259-2964-71
Fax	:	662-259-2958
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	26,349,998 shares or 99.99%

10. Thai Tech Rubber

Head Office	:	2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Production of TSR
Telephone	:	66-7423-0768, 66-7423-0406-7, 66-7423-9063-4
Fax	:	66-7423-8650
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	255,028 shares or 42.50%

11. Pattana Agro Futures

Head Office	:	Wallstreet Tower, 21 Floor, 33/109 Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand
Type of Business	:	Brokerage activities (no transaction)
Telephone	:	66-2632-7300
Fax	:	66-2632-7245
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	1,000,000 shares or 40.00%

12. Sri Trang Rubber & Plantation

Head Office	:	121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 50000 Thailand
Type of Business	:	Ownership and management of rubber plantation
Telephone	:	66-5310-6198, 66-5310-6199
Fax	:	66-5310-6196, 66-5310-6197
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	63,549,993 shares or 99.99%

13. Sri Trang International

Head Office	:	1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore
Type of Business	:	Natural rubber wholesaler in Singapore
Telephone	:	65-6532-5210, 65-6532-5321
Fax	:	65-6532-7501
Type of Shares	:	Ordinary shares
Total number of shares directly held by Startex Rubber	:	61,000,000 shares or 100.00%

14. Sri Trang USA Inc.

Head Office	:	5401 W. Kennedy Blvd, Suite 760, Tampa, FL 33609 United States
Type of Business	:	Natural rubber wholesaler in the United States
Telephone	:	1-813-606-4301
Fax	:	1-813-606-4314
Type of Shares	:	Common stock
Total number of shares directly held by STA	:	1,000 shares or 100.00%

15. PT Sri Trang Lingga

Head Office	:	Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang, 30259, PO BOX 1230, Indonesia
Type of Business	:	Production of block rubber
Telephone	:	62-711-445-666
Fax	:	62-711-445-222
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	18,000 shares or 90.00%

16. Shi Dong Investments

Head Office	:	1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore
Type of Business	:	Investment holding in PT Star Rubber
Telephone	:	65-6532-5210, 65-6532-5321
Fax	:	65-6532-7501
Type of Shares	:	Ordinary shares
Total number of shares directly held by Sri Trang International	:	48,000,000 shares or 100.00%

17. PT Star Rubber

Head Office	:	Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak 78393, Kalimantan Barat, PO Box 7864, Indonesia
Branch Office	:	Jl. Lintas Sumatera Km. 52, RT. 005 Desa Sirih Sehapur, Kec. Jujuhan, Kab. Muara Bungo, 37257, Jambi, Indonesia
Type of Business	:	Production of block rubber
Telephone	:	62-561-724-888, 62-561-724-591-2
Fax	:	62-561-724593
Type of Shares	:	Ordinary shares
Total number of shares directly held by Shi Dong Investment Pte. Ltd	:	41,400 shares or 99.00%

18. Shi Dong Shanghai

Head Office	:	5F East, Block B of W Square, No. 1686 Wuzhong Road, Minhang District, Shanghai, China 201103
Type of Business	:	Distribution of Natural Rubber Products in PRC
Telephone	:	86-21-6413-7860
Fax	:	86-21-6413-7315
Type of Shares	:	Equity
Total interest held by STA	:	USD 5,000,000 or 100.00%

19. Sri Trang Indochina

Head Office	:	Room no. 7.01A, 7th Floor, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Type of Business	:	Trading and exporting the rubber products
Telephone	:	848-3821-6869
Fax	:	848-3821-6877
Type of Shares	:	Ordinary shares
Total number of shares directly held by Sri Trang International	:	100.00%

20. Sri Trang Ayeyar

Head Office	:	Mudon Crumb Rubber Factory, 828/1221 Kankalay Plot, Kyone Phite Village, Mudon Township (12081) Mawlamyine, Mon State, Myanmar
Type of Business	:	Production of block rubber
Telephone	:	959-9638-82676
Fax	:	N/A
Type of Shares	:	Ordinary shares
Total number of shares directly held by Sri Trang International	:	59.00%

21. Shi Dong Shanghai Medical Equipment

Head Office	:	5 th Floor, Block B of W Square, No. 1686 Wuzhong Road, Minhang District, Shanghai, China 201103
Type of Business	:	Distribution of rubber gloves in PRC
Telephone	:	8621-64137860-616
Fax	:	8621-64137315
Type of Shares	:	Ordinary shares
Total number of shares directly held by Startex Rubber	:	100.00%

22. Thai Rubber Joint Venture Limited

Head Office	:	67/25 Bangkhunnon Road, Bangkhunon, Bangkoknoi, Bangkok, Thailand, 10700
Type of Business	:	Domestic and international trade of rubber
Telephone	:	N/A
Fax	:	N/A
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	16.67%

DEFINED TERMS AND ABBREVIATIONS

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

Anvar Parawood	:	Anvar Parawood Company Limited
Company or STA	:	Sri Trang Agro-Industry Public Company Limited
Nam Hua Rubber	:	Nam Hua Rubber Company Limited
Pattana Agro Futures	:	Pattana Agro Futures Company Limited
Premier System Engineering	:	Premier System Engineering Company Limited
PT Sri Trang Lingga	:	PT Sri Trang Lingga Indonesia
PT Star Rubber	:	PT Star Rubber Indonesia
Rubberland Products	:	Rubberland Products Company Limited
Sadao P.S. Rubber	:	Sadao P.S. Rubber Company Limited
Semperflex Asia or SAC	:	Semperflex Asia Corporation Limited
Semperit	:	Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
Shi Dong Investments	:	Shi Dong Investments Pte. Ltd.
Shi Dong Shanghai	:	Shi Dong Shanghai Rubber Co., Ltd.
Shi Dong Shanghai Medical Equipment	:	Shi Dong Shanghai Medical Equipment Co., Ltd.
Sri Trang Ayeyar	:	Sri Trang Ayeyar Rubber Industry Company Limited
Sri Trang Indochina	:	Sri Trang Indochina (Vietnam) Co., Ltd.
Sri Trang International	:	Sri Trang International Pte. Ltd.
Sri Trang Gloves (Thailand) or STGT	:	Sri Trang Gloves (Thailand) Co., Ltd.
Sri Trang Rubber & Plantation	:	Sri Trang Rubber & Plantation Company Limited
Sri Trang USA	:	Sri Trang USA, Inc.
Starlight Express Transport	:	Starlight Express Transport Company Limited
Startex Rubber	:	Startex Rubber Corporation Limited
Thai Tech Rubber	:	Thaitech Rubber Corporation Limited

General

CDP	:	The Central Depository (Pte) Limited
Code of Corporate Governance	:	Singapore Code of Corporate Governance 2012
Concentrated Latex	:	Liquid latex with a dry rubber content of approximately 60.0%
Listing Manual	:	The listing manual of the SGX-ST
Natural Rubber Products	:	RSS, TSR and Concentrated Latex

Office of the SEC	:	The office of the SEC
OTC	:	Over the counter
Other Finished Products	:	Finished products, including high-pressure hydraulic hoses, escalator handrails and various rubber and plastic parts which are mainly used in electrical appliances
PLCA	:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended from time to time
RSS	:	Ribbed smoked sheet
RAOT	:	Rubber Authority of Thailand
SEC	:	The Securities and Exchange Commission of Thailand
SEC Act	:	The Securities and Exchange Act. B.E. 2535 (1992) of Thailand, as amended from time to time
SET	:	The Stock Exchange of Thailand
SGX-ST	:	Singapore Exchange Securities Trading Limited
SICOM	:	Singapore Commodity Exchange Limited
STR	:	Standard Thai rubber
Thai GAAP	:	Generally accepted accounting principles in Thailand
TSD	:	The Thailand Securities Depository Co., Ltd.
TSR	:	Technically specified rubber, which includes STR and SIR

Currencies and Measurements

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





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