

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2016

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying consolidated and company statements of financial position as at 31 March 2016, the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and condensed notes to interim financial information of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
PricewaterhouseCoopers ABAS Ltd.

Bangkok
13 May 2016

Sri Trang Agro-Industry Public Company Limited
Statements of Financial Position
As at 31 March 2016

| | Notes | Consolidated | | Company | |
|---|-------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | | Unaudited | Audited | Unaudited | Audited |
| | | 31 March 2016 Baht | 31 December 2015 Baht | 31 March 2016 Baht | 31 December 2015 Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 1,845,192,413 | 2,197,241,259 | 341,229,387 | 302,242,191 |
| Derivative financial instruments | 6 | 172,263,104 | 336,737,313 | 103,460,538 | 265,028,250 |
| Trade accounts receivable and other receivables, net | 7 | 5,458,715,287 | 3,854,229,907 | 2,680,490,362 | 2,360,311,001 |
| Amounts due from futures brokers | | 412,378,061 | 702,086,338 | 78,788,668 | 87,465,150 |
| Inventories, net | | 13,172,279,744 | 13,959,751,197 | 6,809,314,257 | 6,335,142,961 |
| Current portion of long-term loan to a subsidiary | 15.4 | - | - | - | 362,251,765 |
| Other current assets | | 417,850,486 | 480,588,349 | 118,870,383 | 86,315,473 |
| Total current assets | | 21,478,679,095 | 21,530,634,363 | 10,132,153,595 | 9,798,756,791 |
| Non-current assets | | | | | |
| Long-term loans to subsidiaries | 15.4 | - | - | 1,233,375,769 | 1,263,353,030 |
| Fixed deposits pledged as collateral | | 33,240,979 | 33,463,842 | 4,526,051 | 13,823,734 |
| Investments in subsidiaries | 8.1 | - | - | 10,835,420,514 | 10,701,420,514 |
| Investments in associates | 8.2 | 1,365,662,703 | 1,357,762,042 | 649,177,500 | 649,177,500 |
| Investment in joint ventures | 8.3 | 3,449,110,350 | 3,378,970,225 | 83,099,800 | 83,099,800 |
| Long-term investments | | 55,803,505 | 50,626,129 | 54,816,205 | 49,718,210 |
| Property, plant and equipment, net | 9 | 15,285,595,512 | 15,185,490,205 | 6,357,933,953 | 6,224,797,090 |
| Rubber and palm plantations, net | 10 | 1,290,646,059 | 1,221,240,488 | 2,763,547 | 2,833,994 |
| Intangible assets, net | 11 | 393,760,763 | 330,312,214 | 379,235,810 | 314,686,383 |
| Investment properties | | 151,739,384 | 154,510,994 | 27,769,750 | 27,769,750 |
| Withholding tax deducted at source | | 338,552,911 | 395,745,880 | 312,271,396 | 312,271,396 |
| Deferred income tax assets, net | | 259,726,910 | 203,437,743 | - | - |
| Other non-current assets | | 41,183,560 | 36,433,473 | 13,491,840 | 13,856,842 |
| Total non-current assets | | 22,665,022,636 | 22,347,993,235 | 19,953,882,135 | 19,656,808,243 |
| Total assets | | 44,143,701,731 | 43,878,627,598 | 30,086,035,730 | 29,455,565,034 |

Director _____

Director _____

The accompanying notes are an integral part of these interim financial information.

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

| | | Consolidated | | Company | |
|---|----|---------------------------------------|--|---------------------------------------|--|
| | | Unaudited 31 March 2016 Baht | Audited 31 December 2015 Baht | Unaudited 31 March 2016 Baht | Audited 31 December 2015 Baht |
| Notes | | | | | |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable and other payables | 12 | 2,594,610,576 | 2,687,393,890 | 1,673,864,014 | 1,408,163,931 |
| Short-term borrowings from financial institutions | 13 | 14,013,092,811 | 13,446,230,471 | 8,871,328,000 | 7,733,771,000 |
| Current portion of long-term borrowings from financial institutions | 13 | 831,404,000 | 451,404,000 | 200,000,000 | 200,000,000 |
| Current portion of debentures | 13 | 550,000,000 | 850,000,000 | 550,000,000 | 850,000,000 |
| Current portion of finance lease liabilities | 13 | 21,407,099 | 25,044,515 | 3,254,950 | 3,865,658 |
| Derivative financial instruments | 6 | 290,144,556 | 271,563,002 | 211,380,072 | 196,211,782 |
| Current income tax liabilities | | 105,696,830 | 63,896,095 | - | - |
| Other current liabilities | | 39,773,832 | 40,020,840 | 20,355,431 | 19,693,269 |
| Total current liabilities | | 18,446,129,704 | 17,835,552,813 | 11,530,182,467 | 10,411,705,640 |
| Non-current liabilities | | | | | |
| Long-term borrowings from financial institutions | 13 | 3,679,168,000 | 3,742,215,000 | 3,677,461,000 | 3,740,157,000 |
| Debentures | 13 | 600,000,000 | 600,000,000 | 600,000,000 | 600,000,000 |
| Finance lease liabilities | 13 | 6,700,266 | 10,904,253 | 3,670,604 | 4,280,567 |
| Deferred income tax liabilities, net | | 112,828,860 | 151,818,247 | 2,422,850 | 33,180,843 |
| Provision for retirement benefit obligations | | 169,332,300 | 161,703,570 | 76,897,721 | 73,882,790 |
| Other non-current liabilities | | 38,908,558 | 42,524,980 | - | - |
| Total non-current liabilities | | 4,606,937,984 | 4,709,166,050 | 4,360,452,175 | 4,451,501,200 |
| Total liabilities | | 23,053,067,688 | 22,544,718,863 | 15,890,634,642 | 14,863,206,840 |

The accompanying notes are an integral part of these interim financial information.

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

| | Consolidated | | Company | |
|---|---------------------------------------|--|---------------------------------------|--|
| | Unaudited 31 March 2016 Baht | Audited 31 December 2015 Baht | Unaudited 31 March 2016 Baht | Audited 31 December 2015 Baht |
| Liabilities and shareholders' equity (Cont'd) | | | | |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Authorised share capital | | | | |
| Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2015: 1,280,000,000 shares of par Baht 1 each) | | | | |
| | 1,280,000,000 | 1,280,000,000 | 1,280,000,000 | 1,280,000,000 |
| Issued and paid-up share capital | | | | |
| Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2015: 1,280,000,000 shares of par Baht 1 each) | | | | |
| | 1,280,000,000 | 1,280,000,000 | 1,280,000,000 | 1,280,000,000 |
| Premium on share capital | 8,550,989,821 | 8,550,989,821 | 8,550,989,821 | 8,550,989,821 |
| Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests | (173,134,488) | (173,134,488) | - | - |
| Asset revaluation surplus, net of accumulated depreciation | 1,423,286,024 | 1,427,799,885 | 651,264,658 | 654,327,347 |
| Unrealised gains on available-for-sale investments | 11,626,378 | 6,832,287 | 11,201,223 | 6,479,970 |
| Cumulative currency differences on translation | (339,294,523) | (268,546,606) | - | - |
| Retained earnings | | | | |
| Appropriated - legal reserve | 128,000,000 | 128,000,000 | 128,000,000 | 128,000,000 |
| Unappropriated | 10,126,614,758 | 10,287,731,589 | 3,573,945,386 | 3,972,561,056 |
| Total equity attributable to owners of the parent | 21,008,087,970 | 21,239,672,488 | 14,195,401,088 | 14,592,358,194 |
| Non-controlling interests | 82,546,073 | 94,236,247 | - | - |
| Total shareholders' equity | 21,090,634,043 | 21,333,908,735 | 14,195,401,088 | 14,592,358,194 |
| Total liabilities and shareholders' equity | 44,143,701,731 | 43,878,627,598 | 30,086,035,730 | 29,455,565,034 |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
Statements of Comprehensive Income
For the three-month period ended 31 March 2016

| | Consolidated | | Company | | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------|
| | Unaudited 2016 Baht | Unaudited 2015 Baht | Unaudited 2016 Baht | Unaudited 2015 Baht | |
| | Note | | | | |
| Revenues from sales of goods and services | | 16,694,508,193 | 14,512,228,633 | 7,739,656,827 | 7,150,767,658 |
| Cost of sales and services | | (15,877,249,999) | (13,472,548,954) | (7,341,314,674) | (6,630,265,242) |
| Gross profit | | 817,258,194 | 1,039,679,679 | 398,342,153 | 520,502,416 |
| Other income | | 44,255,434 | 32,586,096 | 31,463,913 | 18,462,185 |
| Selling expenses | | (757,501,000) | (487,554,072) | (612,435,616) | (402,336,063) |
| Administrative expenses | | (309,019,305) | (315,027,700) | (146,311,509) | (147,396,607) |
| Gains (losses) on exchange rate, net | | (4,547,520) | 105,455,290 | 23,198,005 | 50,737,342 |
| Other gains (losses), net | | 16,750,943 | 110,461,544 | (43,993,227) | 105,487,710 |
| Operating profit (loss) | | (192,803,254) | 485,600,837 | (349,736,281) | 145,456,983 |
| Share of profit from investments in associates and joint ventures | | 96,826,894 | 68,385,987 | - | - |
| Profit (loss) before net finance costs and income tax | | (95,976,360) | 553,986,824 | (349,736,281) | 145,456,983 |
| Finance income | | 6,226,661 | 11,817,908 | 15,361,976 | 17,069,405 |
| Finance costs | | (135,922,637) | (249,396,438) | (98,438,789) | (83,978,643) |
| Finance costs, net | | (129,695,976) | (237,578,530) | (83,076,813) | (66,909,238) |
| Profit (loss) before income tax | | (225,672,336) | 316,408,294 | (432,813,094) | 78,547,745 |
| Income tax (expense) income | 14 | 47,969,145 | (21,800,938) | 31,134,735 | 66,837 |
| Profit (loss) for the periods | | (177,703,191) | 294,607,356 | (401,678,359) | 78,614,582 |
| Other comprehensive income: | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Change in fair value of available-for-sale investments, net of tax | | 4,794,091 | (1,032,140) | 4,721,253 | (1,035,184) |
| Currency differences on translation | | (70,365,592) | (100,682,315) | - | - |
| Total items that will be reclassified subsequently to profit or loss | | (65,571,501) | (101,714,455) | 4,721,253 | (1,035,184) |
| Other comprehensive income for the periods, net of tax | | (65,571,501) | (101,714,455) | 4,721,253 | (1,035,184) |
| Total comprehensive income (expense) for the periods | | (243,274,692) | 192,892,901 | (396,957,106) | 77,579,398 |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the three-month period ended 31 March 2016

| | Consolidated | | Company | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Unaudited 2016 Baht | Unaudited 2015 Baht | Unaudited 2016 Baht | Unaudited 2015 Baht |
| Profit (loss) for the periods attributable to: | | | | |
| Owners of the parent | (165,630,692) | 297,289,621 | (401,678,359) | 78,614,582 |
| Non-controlling interests | (12,072,499) | (2,682,265) | - | - |
| Profit (loss) for the periods | (177,703,191) | 294,607,356 | (401,678,359) | 78,614,582 |
| Total comprehensive income (expense) for the periods attributable to: | | | | |
| Owners of the parent | (231,584,518) | 200,262,581 | (396,957,106) | 77,579,398 |
| Non-controlling interests | (11,690,174) | (7,369,680) | - | - |
| Total comprehensive income (expense) for the periods | (243,274,692) | 192,892,901 | (396,957,106) | 77,579,398 |
| Earnings (losses) per share | | | | |
| Basic earnings (losses) per share | (0.13) | 0.23 | (0.31) | 0.06 |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Shareholders' Equity
 For the three-month period ended 31 March 2016

| Consolidated (Unaudited) | | | | | | | | | | | |
|---|--|-------------------------------------|---|--|---|---|---|------------------------|--|--------------------------------------|--|
| Attributable to owners of the parent | | | | | | | | | | | |
| Other components of equity | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | |
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht | Asset revaluation surplus, net of accumulated depreciation Baht | Unrealised gains on available-for-sale investments Baht | Cumulative currency differences on translation Baht | Retained earnings | | Total owners of the parent Baht | Non-controlling interests Baht | Total shareholders' equity Baht |
| | | | | | | | Appropriated - legal reserve Baht | Unappropriated Baht | | | |
| Opening balance as at 1 January 2016 | 1,280,000,000 | 8,550,989,821 | (173,134,488) | 1,427,799,885 | 6,832,287 | (268,546,606) | 128,000,000 | 10,287,731,589 | 21,239,672,488 | 94,236,247 | 21,333,908,735 |
| Loss for the period | - | - | - | - | - | - | - | (165,630,692) | (165,630,692) | (12,072,499) | (177,703,191) |
| Other comprehensive income | | | | | | | | | | | |
| Depreciation transfer on assets revaluation, net of tax | - | - | - | (4,513,861) | - | - | - | 4,513,861 | - | - | - |
| Change in fair value of available-for-sale investments, net of tax | - | - | - | - | 4,794,091 | - | - | - | 4,794,091 | - | 4,794,091 |
| Currency differences on translation | - | - | - | - | - | (70,747,917) | - | - | (70,747,917) | 382,325 | (70,365,592) |
| Total other comprehensive income, net of tax | - | - | - | (4,513,861) | 4,794,091 | (70,747,917) | - | 4,513,861 | (65,953,826) | 382,325 | (65,571,501) |
| Total comprehensive expense | - | - | - | (4,513,861) | 4,794,091 | (70,747,917) | - | (161,116,831) | (231,584,518) | (11,690,174) | (243,274,692) |
| Closing balance as at 31 March 2016 | <u>1,280,000,000</u> | <u>8,550,989,821</u> | <u>(173,134,488)</u> | <u>1,423,286,024</u> | <u>11,626,378</u> | <u>(339,294,523)</u> | <u>128,000,000</u> | <u>10,126,614,758</u> | <u>21,008,087,970</u> | <u>82,546,073</u> | <u>21,090,634,043</u> |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the three-month period ended 31 March 2016

| | Consolidated (Unaudited) | | | | | | | | | | |
|---|--|-------------------------------------|---|--|---|---|---|------------------------|--|--------------------------------------|--|
| | Attributable to owners of the parent | | | | | | | | | | Total shareholders' equity Baht |
| | Other components of equity | | | Other comprehensive income | | | Retained earnings | | Total owners of the parent Baht | Non-controlling interests Baht | |
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht | Asset revaluation surplus, net of accumulated depreciation Baht | Unrealised gains on available-for-sale investments Baht | Cumulative currency differences on translation Baht | Appropriated - legal reserve Baht | Unappropriated Baht | | | |
| | | | | | | | | | Total Baht | Total Baht | |
| Opening balance as at 1 January 2015 | 1,280,000,000 | 8,550,989,821 | (173,134,488) | 1,470,543,779 | 18,864,175 | (445,858,809) | 128,000,000 | 9,662,264,944 | 20,491,669,422 | 100,198,868 | |
| Profit for the period | - | - | - | - | - | - | - | 297,289,621 | 297,289,621 | (2,682,265) | 294,607,356 |
| Other comprehensive income | | | | | | | | | | | |
| Depreciation transfer on assets revaluation, net of tax | - | - | - | (4,866,101) | - | - | - | 4,866,101 | - | - | - |
| Disposal of assets, net of tax | - | - | - | (25,432,581) | - | - | - | 25,432,581 | - | - | - |
| Change in fair value of available-for-sale investments, net of tax | - | - | - | - | (1,032,140) | - | - | - | (1,032,140) | - | (1,032,140) |
| Currency differences on translation | - | - | - | - | - | (95,994,900) | - | - | (95,994,900) | (4,687,415) | (100,682,315) |
| Total other comprehensive income, net of tax | - | - | - | (30,298,682) | (1,032,140) | (95,994,900) | - | 30,298,682 | (97,027,040) | (4,687,415) | (101,714,455) |
| Total comprehensive income | - | - | - | (30,298,682) | (1,032,140) | (95,994,900) | - | 327,588,303 | 200,262,581 | (7,369,680) | 192,892,901 |
| Closing balance as at 31 March 2015 | 1,280,000,000 | 8,550,989,821 | (173,134,488) | 1,440,245,097 | 17,832,035 | (541,853,709) | 128,000,000 | 9,989,853,247 | 20,691,932,003 | 92,829,188 | 20,784,761,191 |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the three-month period ended 31 March 2016

| | Company (Unaudited) | | | | | | Total shareholders' equity Baht |
|--|--|-------------------------------------|---|--|---|------------------------|--|
| | Other components of equity | | | | | | |
| | Other comprehensive income | | | | | | |
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Asset revaluation surplus, net of accumulated depreciation Baht | Unrealised gains on available-for-sale investments Baht | Retained earnings | | |
| | | | | | Appropriated - legal reserve Baht | Unappropriated 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 period | - | - | - | - | - | (401,678,359) | (401,678,359) |
| Other comprehensive income | | | | | | | |
| Depreciation transfer on assets revaluation, net of tax | - | - | (3,062,689) | - | - | 3,062,689 | - |
| Change in fair value of available-for-sale investments, net of tax | - | - | - | 4,721,253 | - | - | 4,721,253 |
| Total other comprehensive income, net of tax | - | - | (3,062,689) | 4,721,253 | - | 3,062,689 | 4,721,253 |
| Total comprehensive expense | - | - | (3,062,689) | 4,721,253 | - | (398,615,670) | (396,957,106) |
| Closing balance as at 31 March 2016 | 1,280,000,000 | 8,550,989,821 | 651,264,658 | 11,201,223 | 128,000,000 | 3,573,945,386 | 14,195,401,088 |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the three-month period ended 31 March 2016

| | Company (Unaudited) | | | | | | Total shareholders' equity Baht |
|--|--|-------------------------------------|---|--|---|------------------------|--|
| | Other components of equity | | | | | | |
| | Other comprehensive income | | | | | | |
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Asset revaluation surplus, net of accumulated depreciation Baht | Unrealised gains on available-for-sale investments Baht | Retained earnings | | |
| | | | | | Appropriated - legal reserve Baht | Unappropriated Baht | |
| Opening balance as at 1 January 2015 | 1,280,000,000 | 8,550,989,821 | 691,242,473 | 18,417,816 | 128,000,000 | 4,125,929,305 | 14,794,579,415 |
| Profit for the period | - | - | - | - | - | 78,614,582 | 78,614,582 |
| Other comprehensive income | | | | | | | |
| Depreciation transfer on assets revaluation, net of tax | - | - | (3,451,757) | - | - | 3,451,757 | - |
| Disposal of assets, net of tax | - | - | (25,432,581) | - | - | 25,432,581 | - |
| Change in fair value of available-for-sale investments, net of tax | - | - | - | (1,035,184) | - | - | (1,035,184) |
| Total other comprehensive income, net of tax | - | - | (28,884,338) | (1,035,184) | - | 28,884,338 | (1,035,184) |
| Total comprehensive income | - | - | (28,884,338) | (1,035,184) | - | 107,498,920 | 77,579,398 |
| Closing balance as at 31 March 2015 | <u>1,280,000,000</u> | <u>8,550,989,821</u> | <u>662,358,135</u> | <u>17,382,632</u> | <u>128,000,000</u> | <u>4,233,428,225</u> | <u>14,872,158,813</u> |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited

Statements of Cash Flows

For the three-month period ended 31 March 2016

| | Notes | Consolidated | | Company | |
|--|-------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | Unaudited 2016 Baht | Unaudited 2015 Baht | Unaudited 2016 Baht | Unaudited 2015 Baht |
| Cash flows from operating activities | | | | | |
| Profit (loss) before income tax | | (225,672,336) | 316,408,294 | (432,813,094) | 78,547,745 |
| Adjustments for: | | | | | |
| Unrealised (gains) losses on foreign currency translations | | (35,635,066) | 294,714,801 | 92,229,025 | 11,556,302 |
| Unrealised (gains) losses from revaluation of derivative financial instruments | | 183,055,763 | (63,398,920) | 176,736,002 | (42,389,976) |
| Reversal of allowance for impairment of trade accounts receivable | | (82,210) | (273,939) | - | - |
| Reversal of allowance for inventory cost in excess of net realisable value | | (340,444,190) | (104,013,751) | (166,606,760) | - |
| Provision for retirement benefit obligations | | 7,784,730 | 4,297,995 | 3,014,932 | 1,802,101 |
| Depreciation charges | 9 | 274,097,954 | 231,069,387 | 126,877,477 | 100,339,326 |
| Amortisation charges - rubber and palm plantations | 10 | 147,904 | 157,256 | 70,447 | 76,410 |
| (Adjustment on) amortisation charges | | | | | |
| - intangible assets | 11 | (3,864,948) | 2,429,142 | (5,494,893) | 1,213,751 |
| Finance costs | | 135,922,637 | 249,396,438 | 98,438,789 | 83,978,643 |
| Dividend income | | (27,928) | (16,214) | (27,928) | (13,214) |
| Share of profit from investments in associates and joint ventures | | (96,826,894) | (68,385,987) | - | - |
| (Gains) losses on disposal and write-off of property, plant and equipment, rubber and palm plantations and intangible assets | | (1,197,169) | (34,426,462) | 210,374 | (34,240,024) |
| Changes in operating assets and liabilities: | | | | | |
| (Increase) decrease in operating assets | | | | | |
| - Trade accounts receivable and other receivables | | (1,604,403,170) | (667,960,984) | (320,179,361) | (474,538,798) |
| - Amounts due from futures brokers | | 289,708,277 | 73,885,589 | 8,676,482 | 26,743,607 |
| - Inventories | | 1,132,831,599 | 126,086,789 | (307,564,536) | 120,685,009 |
| - Other current assets | | 85,602,324 | (190,926) | (17,235,531) | (5,643,299) |
| - Other non-current assets | | (4,750,087) | (4,219,761) | 365,002 | (2,316,033) |
| Increase (decrease) in operating liabilities | | | | | |
| - Trade accounts payable and other payables | | (109,093,379) | (159,498,647) | 255,972,498 | (199,169,576) |
| - Other current liabilities | | (247,008) | (8,335,970) | 662,162 | (7,378,264) |
| Cash provided by (used in) operating activities | | (313,093,197) | 187,724,130 | (486,668,913) | (340,746,290) |
| Interest paid | | (157,223,250) | (241,957,901) | (118,504,524) | (80,541,831) |
| Income tax (paid) refundable | | 29,370,692 | (51,996,180) | (15,319,379) | (14,280,440) |
| Employee benefits paid | | (156,000) | (1,147,500) | - | (1,147,500) |
| Net cash used in operating activities | | (441,101,755) | (107,377,451) | (620,492,816) | (436,716,061) |

The accompanying notes are an integral part of these interim financial information.

Sri Trang Agro-Industry Public Company Limited

Statements of Cash Flows (Cont'd)

For the three-month period ended 31 March 2016

| | Note | Consolidated | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | Unaudited | Unaudited | Unaudited | Unaudited |
| | | 2016 | 2015 | 2016 | 2015 |
| | | Baht | Baht | Baht | Baht |
| Cash flows from investing activities | | | | | |
| (Increase) decrease in fixed deposits pledged | | | | | |
| as collateral | | 222,863 | (6,037,927) | 9,297,683 | (7,634) |
| Dividends received | | 27,928 | 16,214 | 27,928 | 13,214 |
| Proceed from loan to a subsidiary | | - | - | 300,000,000 | - |
| Cash paid for investments in subsidiaries | | - | - | (134,000,000) | (157,500,000) |
| Proceeds from disposal of property, plant | | | | | |
| and equipment, rubber and palm plantations | | | | | |
| and intangible assets | | 15,747,136 | 88,381,128 | 189,972 | 86,556,211 |
| Cash paid for purchases of property, plant | | | | | |
| and equipment, rubber and palm plantations | | | | | |
| and intangible assets | | (475,833,609) | (531,892,130) | (289,675,900) | (212,653,899) |
| Net cash used in investing activities | | (459,835,682) | (449,532,715) | (114,160,317) | (283,592,108) |
| Cash flows from financing activities | | | | | |
| Increase in short-term borrowings from | | | | | |
| financial institutions | 13 | 539,776,994 | 268,736,637 | 1,137,557,000 | 585,112,000 |
| Proceeds from long-term borrowings | 13 | 380,000,000 | 157,500,000 | - | 157,500,000 |
| Repayments of long-term borrowings | 13 | (63,047,000) | (28,351,000) | (62,696,000) | - |
| Repayments of debenture | 13 | (300,000,000) | - | (300,000,000) | - |
| Payments on finance lease liabilities | 13 | (7,841,403) | (7,813,972) | (1,220,671) | (1,089,416) |
| Net cash provided by financing activities | | 548,888,591 | 390,071,665 | 773,640,329 | 741,522,584 |
| Net increase (decrease) in cash and cash equivalents | | (352,048,846) | (166,838,501) | 38,987,196 | 21,214,415 |
| Cash and cash equivalents at the beginning of the periods | | 2,197,241,259 | 2,131,618,737 | 302,242,191 | 351,506,312 |
| Cash and cash equivalents at end of the periods | | 1,845,192,413 | 1,964,780,236 | 341,229,387 | 372,720,727 |
| 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 | | | | | |
| plantation and intangible assets acquired | | (509,827,865) | (545,695,004) | (319,469,219) | (239,146,607) |
| Increase in payables from purchases of assets | | 33,994,256 | 13,802,874 | 29,793,319 | 26,492,708 |
| Cash paid for purchases of property, plant | | | | | |
| and equipment, rubber and palm plantations | | | | | |
| and intangible assets | | (475,833,609) | (531,892,130) | (289,675,900) | (212,653,899) |

The accompanying notes are an integral part of these interim financial information.

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 listed its 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 Group interim consolidated and company financial information was authorised for issue by the Board of Directors on 13 May 2016.

The Group interim consolidated and company financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

This interim consolidated and company financial information was prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e., statement of financial position, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 ‘Interim Financial Reporting’ and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

An English version of the interim consolidated and company financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim consolidated and company financial information are consistent with those used in the annual consolidated and company financial statements for the year ended 31 December 2015.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

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

a) Financial reporting standard, which may has a significant impact to the group:

| | |
|--------|-------------|
| TAS 41 | Agriculture |
|--------|-------------|

b) Financial reporting standards, which do not have a significant impact to the group:

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

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

| | |
|-------------------------|--|
| TAS 1 (revised 2015) | Presentation of financial statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of cash flows |
| TAS 8 (revised 2015) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2015) | Events after the reporting period |
| TAS 11 (revised 2015) | Construction contracts |
| TAS 12 (revised 2015) | Income taxes |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 21 (revised 2015) | The effects of changes in foreign exchange rates |
| TAS 23 (revised 2015) | Borrowing costs |
| TAS 26 (revised 2015) | Accounting and reporting by retirement benefit plans |
| TAS 28 (revised 2015) | Investments in associates and joint ventures |
| TAS 33 (revised 2015) | Earnings per share |
| TAS 34 (revised 2015) | Interim financial reporting |
| TAS 37 (revised 2015) | Provisions, contingent liabilities and contingent assets |
| TFRS 11 (revised 2015) | Joint arrangements |
| TSIC 27 (revised 2015) | Evaluating the substance of transactions involving the legal form of a lease |
| TFRIC 4 (revised 2015) | Determining whether an arrangement contains a lease |
| TFRIC 10 (revised 2015) | Interim financial reporting and impairment |

3 Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

4 Fair value measurements

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

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2016.

| | Consolidated (Unaudited) | | | Total Baht'000 |
|--|---------------------------------|-----------------------------|-----------------------------|---------------------------|
| | Level 1 Baht'000 | Level 2 Baht'000 | Level 3 Baht'000 | |
| Assets | | | | |
| Available-for-sale investments | | | | |
| - Equity securities | 45,377 | - | - | 45,377 |
| Financial assets at fair value through profit or loss | | | | |
| - Trading derivatives | 83,673 | 88,590 | - | 172,263 |
| Total assets | 129,050 | 88,590 | - | 217,640 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Trading derivatives | 97,652 | 192,493 | - | 290,145 |
| Total liabilities | 97,652 | 192,493 | - | 290,145 |

Sri Trang Agro-Industry Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2016

4 Fair value measurements (Cont'd)

| | Company (Unaudited) | | | Total Baht'000 |
|--|---------------------|---------------------|---------------------|-------------------|
| | Level 1 Baht'000 | Level 2 Baht'000 | Level 3 Baht'000 | |
| Assets | | | | |
| Available-for-sale investments | | | | |
| - Equity securities | 44,389 | - | - | 44,389 |
| Financial assets at fair value through profit or loss | | | | |
| - Trading derivatives | 80,579 | 22,882 | - | 103,461 |
| Total assets | 124,968 | 22,882 | - | 147,850 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Trading derivatives | 83,096 | 128,284 | - | 211,380 |
| Total liabilities | 83,096 | 128,284 | - | 211,380 |

There were no transfers between Levels 1 and 2 during the year.

(a) Financial instruments in Level 1

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

(b) Financial instruments in Level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

Sri Trang Agro-Industry Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2016

5 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 period in the consolidated financial information.

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

There are two reportable segments as follows:

- (1) **Natural Rubber Products:** This segment is engaged in the manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- (2) **Other businesses:** This segment is engaged in logistics services, research and development relating to machinery and production processes, and IT services. These services are provided mainly to the Group, with minors services provided externally.

As at 31 March 2016, the Group operates two business segments in seven main geographical areas (31 March 2015: seven main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

Sales between segments are carried out independently on an arm's length basis. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the statement of comprehensive income.

Reportable segments by geographical area of interim consolidated financial information for the three-month period ended 31 March 2016:

| | Consolidated (Unaudited) | | | | | | | Other businesses Thailand Baht'000 | Total Baht'000 |
|--|--------------------------|-----------------------|-----------------------|-----------------|-------------------|---------------------|---------------------|---|-------------------|
| | Natural rubber products | | | | | | Myanmar Baht'000 | | |
| | Thailand Baht'000 | Indonesia Baht'000 | Singapore Baht'000 | USA Baht'000 | China Baht'000 | Vietnam Baht'000 | | | |
| Segment revenues | 10,699,109 | 1,823,218 | 4,930,687 | 499,727 | 526,914 | - | - | 1,206,837 | 19,686,492 |
| Inter-segment revenues | (991,350) | (1,464,106) | (219,205) | - | - | - | - | (317,323) | (2,991,984) |
| Revenues from external customers | 9,707,759 | 359,112 | 4,711,482 | 499,727 | 526,914 | - | - | 889,514 | 16,694,508 |
| Depreciation and amortisation | (180,348) | (66,517) | (2,352) | (551) | (808) | (59) | (101) | (19,645) | (270,381) |
| Finance income | 4,599 | 1,275 | 43 | - | 310 | - | - | - | 6,227 |
| Finance costs | (112,685) | (7,456) | (1,342) | (8,488) | - | (2) | - | (5,950) | (135,923) |
| Share of profit from investments in associates and joint ventures | 96,827 | - | - | - | - | - | - | - | 96,827 |
| Profit (loss) before income tax | (350,634) | (120,118) | 260,723 | (63,174) | (23,267) | (1,231) | (9,100) | 89,563 | (217,238) |
| Income tax (expense) income | 35,598 | 43,128 | (32,493) | 15,131 | 10,457 | - | - | (23,852) | 47,969 |
| Profit (loss) for the period | (315,036) | (76,990) | 228,230 | (48,043) | (12,810) | (1,231) | (9,100) | 65,711 | (169,269) |
| Intersegmental balances | | | | | | | | | (8,434) |
| Total loss for the period | | | | | | | | | (177,703) |
| Total assets | 36,617,384 | 4,260,976 | 4,965,936 | 1,005,852 | 848,369 | 30,789 | 118,439 | 9,543,487 | 57,391,232 |
| Intersegmental balances | | | | | | | | | (13,247,530) |
| Total assets | | | | | | | | | 44,143,702 |

Sri Trang Agro-Industry Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2016

5 Segment information (Cont'd)

Reportable segments by geographical area of interim consolidated financial information for the three-month period ended 31 March 2015:

| | Consolidated (Unaudited) | | | | | | | Other businesses Thailand Baht'000 | Total Baht'000 |
|--|--------------------------|-----------------------|-----------------------|-----------------|-------------------|---------------------|---------------------|---|-------------------|
| | Natural rubber products | | | | | | Myanmar Baht'000 | | |
| | Thailand Baht'000 | Indonesia Baht'000 | Singapore Baht'000 | USA Baht'000 | China Baht'000 | Vietnam Baht'000 | | | |
| Segment revenues | 9,833,428 | 1,972,328 | 4,222,566 | 711,613 | 167,279 | - | - | 641,777 | 17,548,991 |
| Inter-segment revenues | (991,268) | (1,361,064) | (406,801) | (15,994) | - | - | - | (261,635) | (3,036,762) |
| Revenues from external customers | 8,842,160 | 611,264 | 3,815,765 | 695,619 | 167,279 | - | - | 380,142 | 14,512,229 |
| Depreciation and amortisation | (164,699) | (49,638) | (2,792) | (540) | (730) | - | - | (15,257) | (233,656) |
| Finance income | 9,675 | 1,799 | 15 | - | 319 | 7 | - | 3 | 11,818 |
| Finance costs | (94,917) | (142,896) | (2,483) | (8,274) | - | - | - | (826) | (249,396) |
| Share of profit from investments in associates and joint ventures | 68,386 | - | - | - | - | - | - | - | 68,386 |
| Profit (loss) before income tax | 234,766 | (70,693) | 120,663 | (48,402) | (7,458) | (334) | - | 38,457 | 266,999 |
| Income tax (expense) income | (2,881) | 20,258 | (28,999) | 6,943 | (4,389) | - | - | (12,733) | (21,801) |
| Profit (loss) for the period | 231,885 | (50,435) | 91,664 | (41,459) | (11,847) | (334) | - | 25,724 | 245,198 |
| Intersegmental balances | | | | | | | | | 49,409 |
| Total profit for the period | | | | | | | | | 294,607 |
| Total assets | 31,535,145 | 4,444,596 | 4,143,137 | 1,371,421 | 365,218 | 30,178 | 31,182 | 7,674,882 | 49,595,759 |
| Intersegmental balances | | | | | | | | | (11,181,284) |
| Total assets | | | | | | | | | 38,414,475 |

The non-current assets, excluding financial instruments, deferred income tax assets and withholding tax deducted at source, can be presented by geography as follows:

| | Consolidated | |
|--------------|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| | Thailand | 14,915,469 |
| Indonesia | 2,052,889 | 2,074,725 |
| Singapore | 164,956 | 165,718 |
| USA | 4,201 | 4,601 |
| China | 9,271 | 10,182 |
| Myanmar | 15,856 | 10,506 |
| Vietnam | 283 | 213 |
| Total | 17,162,925 | 16,927,987 |

Sri Trang Agro-Industry Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2016

6 Derivative financial instruments

| | Consolidated | | | |
|---|----------------------|--------------------|-------------------------|--------------------|
| | (Unaudited) | | (Audited) | |
| | 31 March 2016 | | 31 December 2015 | |
| | Assets | Liabilities | Assets | Liabilities |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Foreign exchange swaps | - | (106,440) | - | (183,079) |
| Options | 112 | (5,408) | - | - |
| Forward foreign exchange contracts | 35,602 | (53,805) | 615 | (7,226) |
| Rubber futures | 83,673 | (97,652) | 275,418 | (13,972) |
| Physical forward contracts | 52,876 | (26,840) | 60,704 | (67,286) |
| Total derivative financial instruments | 172,263 | (290,145) | 336,737 | (271,563) |

| | Company | | | |
|---|----------------------|--------------------|-------------------------|--------------------|
| | (Unaudited) | | (Audited) | |
| | 31 March 2016 | | 31 December 2015 | |
| | Assets | Liabilities | Assets | Liabilities |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Foreign exchange swaps | - | (106,440) | - | (183,079) |
| Options | 112 | (5,408) | - | - |
| Forward foreign exchange contracts | 22,770 | (16,436) | 615 | (6,012) |
| Rubber futures | 80,579 | (83,096) | 264,413 | (7,121) |
| Total derivative financial instruments | 103,461 | (211,380) | 265,028 | (196,212) |

7 Trade accounts receivable and other receivables, net

| | Consolidated | | Company | |
|---|---------------------|--------------------|--------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 31 March | 31 December | 31 March | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Trade accounts receivable | | | | |
| - other companies | 4,807,376 | 3,408,931 | 1,775,096 | 1,240,213 |
| <u>Less</u> Allowance for impairment of trade accounts receivable | (135,647) | (132,478) | (67,557) | (68,527) |
| Total trade accounts receivable | | | | |
| - other companies, net | 4,671,729 | 3,276,453 | 1,707,539 | 1,171,686 |
| Trade accounts receivable | | | | |
| - related companies (Note 15.3) | 91,147 | 94,302 | 750,240 | 1,040,987 |
| Total trade accounts receivable, net | 4,762,876 | 3,370,755 | 2,457,779 | 2,212,673 |
| Advances for inventories | 189,964 | 219,528 | 85,821 | 22,590 |
| Prepaid expenses | 263,528 | 173,081 | 68,308 | 38,484 |
| Accrued income and other receivables | 242,347 | 90,866 | 68,582 | 86,564 |
| Total trade accounts receivable and other receivables, net | 5,458,715 | 3,854,230 | 2,680,490 | 2,360,311 |

Sri Trang Agro-Industry Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2016

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

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

| | Consolidated | | Company | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| Within credit terms | 4,240,239 | 3,055,067 | 1,904,335 | 2,030,717 |
| Overdue 1 - 30 days | 433,313 | 257,675 | 440,654 | 156,735 |
| Overdue 31 - 60 days | 33,643 | 34,046 | 103,629 | 13,310 |
| Overdue 61 - 90 days | 27,377 | 23,144 | 2,138 | 2,758 |
| Overdue 91 - 120 days | 4,954 | 1,069 | 1,002 | 1,611 |
| Overdue 121 - 365 days | 29,981 | 5,873 | 5,993 | 7,345 |
| More than 365 days | 129,016 | 126,359 | 67,585 | 68,724 |
| | 4,898,523 | 3,503,233 | 2,525,336 | 2,281,200 |
| <u>Less</u> Allowance for impairment of trade accounts receivable | (135,647) | (132,478) | (67,557) | (68,527) |
| Total trade accounts receivable, net | <u>4,762,876</u> | <u>3,370,755</u> | <u>2,457,779</u> | <u>2,212,673</u> |

8 Investments in subsidiaries, associates and interests in joint ventures

8.1 Investments in subsidiaries

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

| Subsidiaries | Activities | Consolidated Countries of incorporation | % Ownership interest | |
|---|---|---|---------------------------------|----------------------------------|
| | | | (Unaudited) 31 March 2016 | (Audited) 31 December 2015 |
| Sri Trang International Pte Ltd. | Distribution of rubber products | Singapore | 100.00 | 100.00 |
| Sri Trang USA, Inc. | Distribution of rubber products | USA | 100.00 | 100.00 |
| PT Sri Trang Lingga Indonesia | Manufacture of STR block rubber products | Indonesia | 90.00 | 90.00 |
| Anvar Parawood Co., Ltd. | Manufacture of parawood | Thailand | 99.94 | 99.94 |
| Rubberland Products Co., Ltd. | Manufacture of rubber products | Thailand | 99.99 | 99.99 |
| Namhwa Rubber Co., Ltd. | Manufacture of rubber products | Thailand | 99.99 | 99.99 |
| Sadao P.S. Rubber Co., Ltd. | Manufacture of rubber products | Thailand | 99.99 | 99.99 |
| Startex Rubber Co., Ltd. | Rubber and palm plantation | Thailand | 99.99 | 99.99 |
| Premier System Engineering Co., Ltd. | Providing engineering services | Thailand | 99.99 | 99.99 |
| Starlight Express Transport Co., Ltd. | Providing logistics services | Thailand | 99.99 | 99.99 |
| Sri Trang Rubber & Plantation Co., Ltd. | Rubber plantation | Thailand | 99.99 | 99.99 |
| Shi Dong Shanghai Rubber Co., Ltd. | Distribution of rubber products | China | 100.00 | 100.00 |
| Indirect subsidiaries | | | | |
| Shi Dong Investments Pte Ltd. (held by Sri Trang International Pte Ltd.) | Investment holding | Singapore | 100.00 | 100.00 |
| PT Star Rubber (held by Shi Dong Investments Pte Ltd.) | Manufacture of STR block rubber products | Indonesia | 99.00 | 99.00 |
| Sri Trang Indochina (Vietnam) Co., Ltd. (held by Sri Trang International Pte Ltd.) | Distribution of rubber products | Vietnam | 100.00 | 100.00 |
| Sri Trang Ayeyar Rubber Industry Co., Ltd. (held by Sri Trang International Pte Ltd.) | Manufacture of STR block rubber products | Myanmar | 59.00 | 59.00 |

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

8.1 Investments in subsidiaries (Cont'd)

The increase in investments in subsidiaries can be summarised as follows:

| | Relationships | Currencies | Consolidated | | | |
|---|------------------------|--------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| | | | (Unaudited) 31 March 2016 | | (Audited) 31 December 2015 | |
| | | | Amount | (Equivalent) Baht Million | Amount | (Equivalent) Baht Million |
| Sri Trang Rubber & Plantation Co., Ltd. | A subsidiary | Baht Million | - | 134 | - | 711 |
| Sri Trang International Pte Ltd. | An overseas subsidiary | USD Million | - | - | 9 | 306 |
| | | Total | | 134 | | 1,017 |

8.2 Investments in associates

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

| | Activities | Countries of Incorporation | % Ownership interest | |
|--|--|----------------------------|------------------------------|-------------------------------|
| | | | (Unaudited) 31 March 2016 | (Audited) 31 December 2015 |
| Direct associates | | | | |
| Semperflex Asia Co., Ltd. | Manufacture of hydraulic hoses | Thailand | 42.50 | 42.50 |
| Sempermed USA, Inc. | Distribution of medical gloves | USA | 45.12 | 45.12 |
| Pattana Agro Futures Co., Ltd. | Futures broker | Thailand | 40.00 | 40.00 |
| Semperflex Shanghai Co., Ltd. | Manufacture of hydraulic hoses | China | 50.00 | 50.00 |
| Sempermed Singapore Pte Ltd. | Investment holding in the company selling medical gloves | Singapore | 50.00 | 50.00 |
| Indirect associates | | | | |
| Sempermed Brazil Comercio Exterior LTDA. (held by Sempermed Singapore Pte Ltd.) | Sales of medical gloves | Brazil | 50.00 | 50.00 |
| Shanghai Sempermed Gloves Co., Ltd. (formerly Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Corp., Ltd.) | Manufacture of medical gloves | China | 40.23 | 40.23 |
| Formtech Engineering (M) Sdn. Bhd. (held by Sempermed Singapore Pte Ltd.) | Manufacture of glove formers | Malaysia | 41.43 | 41.43 |

8.3 Interests in joint ventures

The jointly controlled entities are as follows:

| | Activities | Countries of Incorporation | % Ownership interest | |
|-----------------------------|--|----------------------------|------------------------------|-------------------------------|
| | | | (Unaudited) 31 March 2016 | (Audited) 31 December 2015 |
| Joint ventures | | | | |
| Thaitech Rubber Corp., Ltd. | Manufacture of STR block rubber products | Thailand | 33.50 | 33.50 |
| Siam Sempermed Corp., Ltd. | Manufacture of medical gloves | Thailand | 40.23 | 40.23 |

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9 Property, plant and equipment, net

| | Consolidated | Company |
|---|---------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| | Baht'000 | Baht'000 |
| For the three-month period ended 31 March 2016 | | |
| Opening net book value | 15,185,490 | 6,224,797 |
| Additions | 396,428 | 260,414 |
| Disposals and write-offs, net | (14,550) | (400) |
| Depreciation charges | (274,098) | (126,877) |
| Depreciation capitalised to assets | (15,926) | - |
| Cumulative currency differences on translation | 8,252 | - |
| Closing net book value | <u>15,285,596</u> | <u>6,357,934</u> |

10 Rubber and palm plantations, net

| | Consolidated | Company |
|---|---------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| | Baht'000 | Baht'000 |
| For the three-month period ended 31 March 2016 | | |
| Opening net book value | 1,221,240 | 2,834 |
| Additions | 53,628 | - |
| Amortisation charges | (148) | (70) |
| Depreciation capitalised to assets | 15,926 | - |
| Closing net book value | <u>1,290,646</u> | <u>2,764</u> |

11 Intangible assets, net

| | Consolidated | Company |
|---|---------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| | Baht'000 | Baht'000 |
| For the three-month period ended 31 March 2016 | | |
| Opening net book value | 330,312 | 314,686 |
| Additions | 59,772 | 59,055 |
| Amortisation charges | (7,408) | (5,778) |
| Adjustment on amortisation charges | 11,273 | 11,273 |
| Cumulative currency differences on translation | (188) | - |
| Closing net book value | <u>393,761</u> | <u>379,236</u> |

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12 Trade accounts payable and other payables

| | Consolidated | | Company | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| Trade accounts payable | | | | |
| - other companies | 1,009,669 | 1,214,278 | 618,151 | 625,074 |
| Trade accounts payable | | | | |
| - related companies (Note 15.3) | 429,733 | 399,597 | 443,906 | 262,336 |
| Accrued expenses | 536,410 | 824,969 | 336,203 | 461,226 |
| Advance received for goods and others | 468,967 | 116,533 | 250,630 | 37,301 |
| Deposits and retentions received from Customers | 149,832 | 132,017 | 24,974 | 22,227 |
| Total trade accounts payable and other payables | 2,594,611 | 2,687,394 | 1,673,864 | 1,408,164 |

13 Borrowings

| | Consolidated | | Company | |
|---|---|--|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| Current | | | | |
| Loans for packing credit | 258,978 | 201,301 | 258,978 | 201,301 |
| Short-term borrowings from financial institutions | 13,427,621 | 13,006,556 | 8,612,350 | 7,532,470 |
| Bills payable | 326,494 | 238,373 | - | - |
| Total short-term borrowings from financial institutions | 14,013,093 | 13,446,230 | 8,871,328 | 7,733,771 |
| Current portion of long-term borrowings from financial institutions | 831,404 | 451,404 | 200,000 | 200,000 |
| Current portion of debentures | 550,000 | 850,000 | 550,000 | 850,000 |
| Current portion of finance lease liabilities | 21,407 | 25,045 | 3,255 | 3,866 |
| Total current borrowings | 15,415,904 | 14,772,679 | 9,624,583 | 8,787,637 |
| Non-current | | | | |
| Long-term borrowings from financial institutions | 3,679,168 | 3,742,215 | 3,677,461 | 3,740,157 |
| Debentures | 600,000 | 600,000 | 600,000 | 600,000 |
| Finance lease liabilities | 6,700 | 10,904 | 3,671 | 4,281 |
| Total non-current borrowings | 4,285,868 | 4,353,119 | 4,281,132 | 4,344,438 |
| Total borrowings | 19,701,772 | 19,125,798 | 13,905,715 | 13,132,075 |

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13 Borrowings (Cont'd)

The movements in borrowings can be analysed as follows:

| | Consolidated | Company |
|---|---------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| | Baht'000 | Baht'000 |
| For the three-month period ended 31 March 2016 | | |
| Opening balance as at 1 January 2016 | 19,125,798 | 13,132,075 |
| Additions of short-term borrowings from financial institutions | 539,777 | 1,137,557 |
| Additions of long-term borrowings from financial institutions and finance lease liabilities | 380,102 | - |
| Repayments of long-term borrowings from financial institutions, debenture and finance lease liabilities | (370,990) | (363,917) |
| Cumulative currency differences on translation | 27,085 | - |
| Closing balance as at 31 March 2016 | <u>19,701,772</u> | <u>13,905,715</u> |

Short-term and long-term borrowings of the Group are secured by land, land improvements, buildings and structures, machinery and equipment, fixed deposits of some subsidiaries and certain of the Company's directors. These borrowings have average repayment periods from 1 day to 10 years.

Debentures of the Company presenting in Thai Baht are unsubordinated and unsecured which are due for redemption for the remaining balance in 2016 and 2018.

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

14 Income tax (expense) income

The interim income tax was accrued based on management's estimate, using the tax rate that would be applicable to the expected total annual earnings. The estimated average effective tax rate for the interim consolidated financial information for the nine-month period ended 31 March 2016 was 21.3% (the average effective tax rate for the year ended 31 December 2015 was 2.8%), and for the interim company financial information, it was 7.2% (the average effective tax rate for the year ended 31 December 2015 was 0.4%).

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15 Significant related party transactions

The following significant transactions were carried out with related companies:

15.1 Revenues from sales and services and other income

| For the three-month periods ended | Consolidated (Unaudited) | | Company (Unaudited) | |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 |
| Revenues from sales to: | | | | |
| Subsidiaries | - | - | 668,529 | 709,567 |
| An associate | 5,937 | 5,061 | - | - |
| A joint venture | 628,615 | 792,153 | 199,857 | 300,818 |
| | <u>634,552</u> | <u>797,214</u> | <u>868,386</u> | <u>1,010,385</u> |
| Service income from: | | | | |
| Subsidiaries | - | - | 12,943 | 6,464 |
| An associate | 5,171 | 4,241 | 724 | 243 |
| A joint venture | 70,969 | 69,955 | 4,148 | 3,768 |
| | <u>76,140</u> | <u>74,196</u> | <u>17,815</u> | <u>10,475</u> |
| Rental income: | | | | |
| Subsidiaries | - | - | 256 | 120 |
| A joint venture | 3,081 | 3,011 | 1,920 | 162 |
| | <u>3,081</u> | <u>3,011</u> | <u>2,176</u> | <u>282</u> |
| Interest income: | | | | |
| Subsidiaries | - | - | 10,763 | 7,414 |

15.2 Purchases of goods and services

| For the three-month periods ended | Consolidated (Unaudited) | | Company (Unaudited) | |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 |
| Purchases of goods from: | | | | |
| Subsidiaries | - | - | 242,433 | 412,014 |
| An associate | 15 | 3 | - | - |
| Joint ventures | 1,345,873 | 1,371,343 | 270,192 | 287,018 |
| | <u>1,345,888</u> | <u>1,371,346</u> | <u>512,625</u> | <u>699,032</u> |
| Service expenses from: | | | | |
| Subsidiaries | - | - | 309,411 | 199,291 |
| An associate | - | 137 | - | 137 |
| A joint venture | 88 | 195 | 5 | - |
| | <u>88</u> | <u>332</u> | <u>309,416</u> | <u>199,428</u> |
| Rental expense: | | | | |
| A subsidiary | - | - | 307 | 307 |

15 Significant related party transactions (Cont'd)

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

| | Consolidated | | Company | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| Trade accounts receivable: (Note 7) | | | | |
| Subsidiaries | - | - | 738,134 | 1,040,056 |
| An associate | 3,551 | 3,521 | 89 | 49 |
| A joint venture | 87,596 | 90,781 | 12,017 | 882 |
| | <u>91,147</u> | <u>94,302</u> | <u>750,240</u> | <u>1,040,987</u> |
| Amounts due from futures broker: | | | | |
| An associate | <u>78,789</u> | <u>87,465</u> | <u>78,789</u> | <u>87,465</u> |
| Other receivables: | | | | |
| Subsidiaries | - | - | 29,640 | 21,139 |
| An associate | 397 | 607 | - | 12 |
| A joint venture | 2,582 | 10,356 | 37 | 94 |
| | <u>2,979</u> | <u>10,963</u> | <u>29,677</u> | <u>21,245</u> |
| Trade accounts payable: (Note 12) | | | | |
| Subsidiaries | - | - | 322,639 | 168,012 |
| Associates | 1,926 | 4 | - | - |
| Joint ventures | 427,807 | 399,593 | 121,267 | 94,324 |
| | <u>429,733</u> | <u>399,597</u> | <u>443,906</u> | <u>262,336</u> |
| Other payables: | | | | |
| Subsidiaries | - | - | 71,938 | 47,289 |
| An associate | 119 | 69 | - | - |
| A joint venture | 6,551 | 4,328 | - | 8 |
| | <u>6,670</u> | <u>4,397</u> | <u>71,938</u> | <u>47,297</u> |

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15 Significant related party transactions (Cont'd)

15.4 Outstanding balances arising from long-term borrowings to subsidiaries

| | Consolidated | | Company | |
|---------------------------------|---|--|---|--|
| | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 | (Unaudited) 31 March 2016 Baht'000 | (Audited) 31 December 2015 Baht'000 |
| Accrued interest income: | | | | |
| Subsidiaries | - | - | 3,124 | 13,180 |
| Long-term loans to: | | | | |
| Subsidiaries | - | - | 1,233,376 | 1,625,605 |

At 31 March 2016, long-term loans to subsidiaries are as below:

| | Relationships | Company (Unaudited) | | | Interest rates % | Loan period |
|-------------------------------|------------------------|--|--------------------|--------------------|-----------------------------------|--------------------|
| | | Principles | | USD million | | |
| | | (Equivalent) Baht Million | USD million | | | |
| PT Sri Trang Lingga Indonesia | A subsidiary | 5 | 177 | 3.33 | 5 years | |
| PT Sri Trang Lingga Indonesia | A subsidiary | 15 | 526 | 2.65 | 2 years | |
| PT Star Rubber | An indirect subsidiary | 15 | 530 | 3.33 | 5 years | |
| | | 35 | 1,233 | | | |

15.5 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 three-month periods ended | Consolidated (Unaudited) | | Company (Unaudited) | |
|---|---|---|---|---|
| | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 | 31 March 2016 Baht'000 | 31 March 2015 Baht'000 |
| Salaries and other short-term key management benefits | 37,994 | 43,626 | 9,870 | 14,273 |
| Post-employment benefits | 872 | 1,235 | 301 | 322 |
| Total | 38,866 | 44,861 | 10,171 | 14,595 |

16 Contingent liabilities and commitments

16.1 Sales and purchases commitments

The Group and the Company are committed through certain sales and purchases contracts. Some of the contractual prices are fixed and are to be settled at future dates and some of 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 that the contractual prices are not determined at the contract date as follows:

| | <u>Consolidated</u> <u>(Unaudited)</u> 31 March 2016 Baht'000 | <u>Company</u> <u>(Unaudited)</u> 31 March 2016 Baht'000 |
|------------------------|--|---|
| Purchases from: | | |
| A joint venture | 149,379 | - |
| Third parties | 2,314,193 | - |
| | <u>2,463,572</u> | <u>-</u> |
| Sales to: | | |
| A joint venture | 1,329,505 | 699,411 |
| Third parties | 15,383,007 | 9,411,355 |
| | <u>16,712,512</u> | <u>10,110,766</u> |

16.2 Capital commitments

The Group and the Company have capital commitments as follows:

| | <u>Consolidated</u> <u>(Unaudited)</u> 31 March 2016 Baht'000 | <u>Company</u> <u>(Unaudited)</u> 31 March 2016 Baht'000 |
|--|--|---|
| Capital commitments - purchase of fixed assets | <u>603,766</u> | <u>156,360</u> |

16 Contingent liabilities and commitments (Cont'd)

16.3 Commitments to guarantee borrowings of subsidiaries and an associate and contingent liabilities

16.3.1 The Group and the Company have guarantee commitments from the borrowings of subsidiaries and an associate as follows:

| | Consolidated (Unaudited) | | | |
|----------------------------------|---------------------------------|-------------------------------|----------------------|---|
| | Relationships | Currencies | 31 March 2016 | |
| | | | Amount | (Equivalent to) Baht Million |
| Sri Trang USA, Inc. | An overseas subsidiary | USD Million | 25 | 894 |
| PT Sri Trang Lingga Indonesia | An overseas subsidiary | USD Million Rupiah Billion | 10 136 | 350 359 |
| PT Star Rubber | An overseas subsidiary | USD Million Rupiah Billion | 9 130 | 315 343 |

16.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agencies totaling Baht 78 million and has pledged its fixed deposits of Baht 5 million as collateral for these bank guarantees.

16.4 Operating lease commitments - where the Group and the Company are the lessees

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

| | Consolidated (Unaudited) 31 March 2016 Baht'000 | Company (Unaudited) 31 March 2016 Baht'000 |
|--|--|---|
| Not later than 1 year | 118,309 | 55,800 |
| Later than 1 year but not later than 5 years | 133,718 | 63,887 |
| Later than 5 years | 879 | - |
| Total | 252,906 | 119,687 |

17 Event occurring after reporting date

17.1 Acquisition of additional investment in a joint venture

On 1 April 2016, the Company (STA) purchased shares of Thaitech Rubber Corporation (TRC) at the agreed fair value of the preliminary price of Baht 2,064.10 per share, totaling Baht 111.52 million from a TRC shareholder. The Company now holds 255,028 shares or 42.51% in TRC. Under the new shareholders' agreement, the shareholders of TRC have collective decision-making powers with regards to TRC operations. No single shareholder is able to exercise a majority vote of 51% needed to pass shareholder resolutions, and consequently have control over TRC. As a result, the accounting treatment in both the separate financial statements of STA, and the consolidated financial statements of STA and its subsidiaries for its investment in TRC is still classified as 'Interest in a Joint Venture'.

17.2 Dividend payment

At the Annual General Meeting of Shareholders held on 28 April 2016, it was resolved that dividend will be paid to shareholders in respect of 2015 operating results at Baht 0.40 per share, totaling Baht 512 million. The dividend will be paid on 27 May 2016 to the shareholders.

18 Significant legal proceedings

Commercial dispute relating to the Joint Venture Agreement

On 5 September 2014, Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") filed two requests for arbitration proceedings in Switzerland to the ICC International Court of Arbitration, alleging that (a) the Company; (b) Rubberland Products Co., Ltd. ("Rubberland") (a subsidiary); and (c) other shareholders of Siam Sempermed Corp., Ltd. ("SSC") (a joint venture company) had breached the Joint Venture Agreement and other related agreements. Semperit claimed initial damages of approximately EUR 35 million (equivalent to approximately Baht 1,409 million) and requested the arbitral tribunals to issue orders demanding that the Company and Rubberland (and other shareholders of SSC) undertake or refrain from undertaking certain acts with respect to SSC.

On 24 March 2016, the arbitral tribunal for one of the cases rendered an award ordering the Company, Rubberland and other shareholders to cause SSC to grant access to certain information of SSC to Semperit. However, the arbitral tribunal has not rendered an award on the issue of whether the Company is obligated to pay damages as claimed by Semperit. Nevertheless, according to the legal advisor of the Company, the management of the Company believes that the Company is not obligated to pay the initial damages of approximately EUR 35 million as stated in the requests for arbitration proceedings submitted by Semperit because the Company and Rubberland did not breach any provisions of the Joint Venture Agreement and other related agreements with Semperit. Therefore, the management of the Company believes that the outcome of these disputes should not have any material impact upon the operation or the financial position of the Company and its subsidiaries.

In addition, on 6 May 2016, the Company and Rubberland further received an award from the arbitral tribunal for the other case. The tribunal declares that the resolution of SSC's Board of Director meeting against SSC's Articles of Association is deemed enforceable and legally binding. The Company and Rubberland are ordered to take actions pursuant to the provisions of the Joint Venture Agreement with Semperit as well as to compensate Semperit for the arbitration fees and other costs relating to the case in the total amount of approximately Baht 108 million. However, the legal advisor of the Company is of the view that there are still uncertainty on the legal issues relating to whether the arbitral award is enforceable under the Arbitration Act B.E. 2545. The Company is considering appropriate actions to defend this case further.

18 Significant legal proceedings (Cont'd)

The Company, Rubberland and other shareholders entered into the Joint Venture Agreement and other related agreements and have complied with the agreements since their execution. The dispute arose because, among others, the parties to the Joint Venture Agreement did not agree on the business plan of SSC in order to maintain and enhance its business competitiveness. In this regard, the Company and Semperit had entered into several negotiations in order to solve the conflicts among the parties for the maximum benefit of SSC but these efforts had proved to be unsuccessful results.

In order to be conservative, the management of the Company has set aside accrued expenses in the financial statements with respect to defending the disputes in the arbitral proceedings.

In addition to the requests for arbitration proceedings against the Company and Rubberland as the parties to the Joint Venture Agreement, Semperit filed another request for arbitration against SSC. Semperit alleged that SSC had breached the Joint Venture Agreement and other commercial agreements entered into between SSC and Semperit. Semperit claimed initial damages of approximately EUR 3 million (equivalent to approximately Baht 121 million). This dispute is also under the consideration of the arbitral tribunal.

According to the legal advisor of the Company, the management of the Company believes that there are reasonable grounds on which SSC can resist Semperit's claims for damages in the Arbitration. Therefore, the management of the Company believes that the result of the dispute should not have any material impact upon the operation or the financial position of the Company and SSC.