

Sri Trang Agro-Industry Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month period ended 31 March 2019

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Sri Trang Agro-Industry Public Company Limited for the same period. 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 of interim financial information 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 accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 14 May 2019

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		2,855,117,476	4,197,300,465	292,319,174	381,814,522
Trade and other receivables	4	5,750,287,466	5,692,013,025	2,783,208,002	3,233,142,662
Amounts due from futures brokers		990,957,168	976,274,751	30,737,240	31,299,805
Inventories	5	12,337,728,499	12,311,420,303	5,774,476,699	6,063,579,623
Current portion of long-term loans to subsidiaries	3	-	-	253,159,200	742,550,400
Derivative financial instruments	6	71,828,399	59,600,920	58,506,988	33,078,993
Other current assets		431,760,462	500,278,693	55,522,677	60,608,671
Total current assets		<u>22,437,679,470</u>	<u>23,736,888,157</u>	<u>9,247,929,980</u>	<u>10,546,074,676</u>
Non-current assets					
Fixed deposits pledged as collateral		701,500	2,143,358	-	-
Long-term loans to subsidiaries	3	-	-	1,518,955,200	1,775,664,000
Investments in subsidiaries	7	-	-	18,549,227,048	18,499,227,048
Investments in associates	8	427,664,267	394,919,332	157,568,800	157,568,800
Investment in joint venture	9	410,828,980	406,381,384	134,716,526	134,716,526
Long-term investments		136,901,918	136,498,052	136,590,438	136,182,449
Investment properties		197,151,884	201,527,752	75,663,125	75,663,125
Property, plant and equipment	10	24,499,036,995	24,456,054,330	8,990,255,190	9,093,221,983
Rubber and palm plantations	11	2,093,479,435	2,051,492,015	8,251,309	8,310,123
Intangible assets	12	407,034,555	420,687,887	384,334,575	395,579,708
Goodwill		2,953,782,343	2,953,782,343	-	-
Withholding tax deducted at source		702,799,732	701,722,319	457,692,522	457,692,522
Deferred tax assets - net		246,796,517	236,109,672	-	-
Other non-current assets		42,106,068	49,898,651	12,513,688	17,043,732
Total non-current assets		<u>32,118,284,194</u>	<u>32,011,217,095</u>	<u>30,425,768,421</u>	<u>30,750,870,016</u>
Total assets		<u>54,555,963,664</u>	<u>55,748,105,252</u>	<u>39,673,698,401</u>	<u>41,296,944,692</u>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	2,520,844,670	2,674,039,354	988,865,687	1,417,779,403
Short-term borrowings from financial institutions	14	15,699,472,021	15,616,386,620	11,397,374,000	11,320,258,000
Current portions of:					
- Long-term borrowings from financial institutions	14	929,000,000	1,260,000,000	550,000,000	965,000,000
- Debentures	14	810,000,000	810,000,000	810,000,000	810,000,000
- Finance lease liabilities	14	16,438,467	16,248,192	3,801,604	3,785,801
Short-term loans from subsidiaries	3	-	-	300,000,000	300,000,000
Income tax payable		216,235,225	186,693,776	-	-
Derivative financial instruments	6	331,348,736	171,403,131	208,137,875	111,332,231
Other current liabilities		50,599,462	37,206,877	15,321,734	17,505,972
Total current liabilities		<u>20,573,938,581</u>	<u>20,771,977,950</u>	<u>14,273,500,900</u>	<u>14,945,661,407</u>
Non-current liabilities					
Non-current portions of:					
- Long-term borrowings from financial institutions	14	7,060,318,000	7,344,386,000	3,581,318,000	3,989,386,000
- Debentures	14	1,455,000,000	1,455,000,000	1,455,000,000	1,455,000,000
- Finance lease liabilities	14	22,224,773	25,149,089	5,721,671	5,755,749
Deferred tax liabilities - net		661,232,814	687,734,888	71,404,231	80,088,388
Provision for retirement benefit obligations		342,625,650	329,015,471	122,484,995	118,115,622
Other non-current liabilities		33,228,603	35,067,391	-	-
Total non-current liabilities		<u>9,574,629,840</u>	<u>9,876,352,839</u>	<u>5,235,928,897</u>	<u>5,648,345,759</u>
Total liabilities		<u>30,148,568,421</u>	<u>30,648,330,789</u>	<u>19,509,429,797</u>	<u>20,594,007,166</u>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
1,535,999,998 ordinary shares of Baht 1 each	<u>1,535,999,998</u>	<u>1,535,999,998</u>	<u>1,535,999,998</u>	<u>1,535,999,998</u>
Issued and fully paid				
1,535,999,998 ordinary shares of Baht 1 each	1,535,999,998	1,535,999,998	1,535,999,998	1,535,999,998
Premium on ordinary shares	10,851,951,634	10,851,951,634	10,851,951,634	10,851,951,634
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	(173,134,488)	(173,134,488)	-	-
Retained earnings				
Appropriated - statutory reserve	153,600,000	153,600,000	153,600,000	153,600,000
Unappropriated	8,426,222,005	9,019,096,813	5,569,811,399	6,092,271,684
Other components of shareholders' equity				
Surplus on revaluation of assets - net of accumulated depreciation	4,067,854,856	4,102,659,313	2,041,375,111	2,057,910,140
Surplus on changes in value of available-for-sale investments	11,547,561	11,224,468	11,530,462	11,204,070
Exchange differences on translation of financial statements in foreign currency	<u>(869,783,380)</u>	<u>(796,207,126)</u>	-	-
Equity attributable to owners of the Company	24,004,258,186	24,705,190,612	20,164,268,604	20,702,937,526
Non-controlling interests of the subsidiaries	<u>403,137,057</u>	<u>394,583,851</u>	-	-
Total shareholders' equity	<u>24,407,395,243</u>	<u>25,099,774,463</u>	<u>20,164,268,604</u>	<u>20,702,937,526</u>
Total liabilities and shareholders' equity	<u>54,555,963,664</u>	<u>55,748,105,252</u>	<u>39,673,698,401</u>	<u>41,296,944,692</u>
	-	-	-	-

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

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

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues from sales of goods and services		15,247,968,852	17,689,066,714	8,133,316,818	10,909,135,206
Cost of sales and services		(14,238,052,537)	(16,178,619,836)	(7,689,093,063)	(10,081,448,717)
Gross profit		1,009,916,315	1,510,446,878	444,223,755	827,686,489
Other income		29,609,352	95,830,432	33,896,952	43,358,302
Dividend income		17,930	32,927	17,930	32,927
Selling and distribution expenses		(785,823,912)	(793,431,653)	(561,930,456)	(584,167,234)
Administrative expenses		(364,972,160)	(433,879,896)	(144,163,152)	(156,106,672)
Gain on exchange rates - net		110,755,290	254,764,291	59,281,521	189,203,607
Other gain (loss) - net		(448,744,950)	501,392,695	(281,400,468)	222,770,199
Operating profit (loss)		(449,242,135)	1,135,155,674	(450,073,918)	542,777,618
Share of profit from investments in associates and joint venture		37,192,531	80,145,783	-	-
Profit (loss) before finance income and finance cost and tax income (expenses)		(412,049,604)	1,215,301,457	(450,073,918)	542,777,618
Finance income		11,874,651	1,716,129	24,230,842	25,408,486
Finance cost		(227,741,215)	(236,654,389)	(121,917,993)	(142,716,358)
Profit (loss) before tax income (expenses)		(627,916,168)	980,363,197	(547,761,069)	425,469,746
Tax income (expenses)	15	9,735,815	(118,006,454)	8,765,755	(52,767,415)
Profit (loss) for the period		(618,180,353)	862,356,743	(538,995,314)	372,702,331
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(74,521,960)	(183,831,010)	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		323,093	(2,172,329)	326,392	(1,651,014)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(74,198,867)	(186,003,339)	326,392	(1,651,014)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Changes in revaluation of assets - net of income tax		-	28,666,081	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	28,666,081	-	-
Other comprehensive income for the period		(74,198,867)	(157,337,258)	326,392	(1,651,014)
Total comprehensive income for the period		(692,379,220)	705,019,485	(538,668,922)	371,051,317

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

(Unaudited but reviewed)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) attributable to:					
Owners of the Company		(627,679,265)	831,820,664	<u>(538,995,314)</u>	<u>372,702,331</u>
Non-controlling interests of the subsidiaries		<u>9,498,912</u>	<u>30,536,079</u>		
		<u>(618,180,353)</u>	<u>862,356,743</u>		
Total comprehensive income attributable to:					
Owners of the Company		(700,932,426)	680,002,899	<u>(538,668,922)</u>	<u>371,051,317</u>
Non-controlling interests of the subsidiaries		<u>8,553,206</u>	<u>25,016,586</u>		
		<u>(692,379,220)</u>	<u>705,019,485</u>		
Earnings per share					
	16				
Basic earnings per share					
Profit (loss) attributable to owners of the Company		<u>(0.41)</u>	<u>0.54</u>	<u>(0.35)</u>	<u>0.24</u>

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

(Unaudited but reviewed)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Issued and paid-up share capital	Premium on ordinary shares	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Retained earnings		Other components of shareholders' equity			Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets - net of depreciation	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency				
Balance as at 1 January 2018	1,535,999,998	10,851,951,634	(173,134,488)	128,000,000	7,165,408,573	4,049,446,188	16,432,908	(666,077,422)	3,399,801,674	22,908,027,391	368,864,048	23,276,891,439
Profit for the period	-	-	-	-	831,820,664	-	-	-	-	831,820,664	30,536,079	862,356,743
Other comprehensive income for the period	-	-	-	-	-	28,666,081	(2,172,329)	(178,311,518)	(151,817,766)	(151,817,766)	(5,519,492)	(157,337,258)
Total comprehensive income for the period	-	-	-	-	831,820,664	28,666,081	(2,172,329)	(178,311,518)	(151,817,766)	680,002,898	25,016,587	705,019,485
Depreciation on assets revaluation - net of income tax	-	-	-	-	39,134,815	(39,134,815)	-	-	(39,134,815)	-	-	-
Transferred unappropriated retained earnings to statutory reserve	-	-	-	25,600,000	(25,600,000)	-	-	-	-	-	-	-
Balance as at 31 March 2018	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>(173,134,488)</u>	<u>153,600,000</u>	<u>8,010,764,052</u>	<u>4,038,977,454</u>	<u>14,260,579</u>	<u>(844,388,940)</u>	<u>3,208,849,093</u>	<u>23,588,030,289</u>	<u>393,880,635</u>	<u>23,981,910,924</u>
Balance as at 1 January 2019	1,535,999,998	10,851,951,634	(173,134,488)	153,600,000	9,019,096,813	4,102,659,313	11,224,468	(796,207,126)	3,317,676,655	24,705,190,612	394,583,851	25,099,774,463
Loss for the period	-	-	-	-	(627,679,265)	-	-	-	-	(627,679,265)	9,498,912	(618,180,353)
Other comprehensive income for the period	-	-	-	-	-	-	323,093	(73,576,254)	(73,253,161)	(73,253,161)	(945,706)	(74,198,867)
Total comprehensive income for the period	-	-	-	-	(627,679,265)	-	323,093	(73,576,254)	(73,253,161)	(700,932,426)	8,553,206	(692,379,220)
Depreciation on assets revaluation - net of income tax	-	-	-	-	34,789,159	(34,789,159)	-	-	(34,789,159)	-	-	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	-	15,298	(15,298)	-	-	(15,298)	-	-	-
Balance as at 31 March 2019	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>(173,134,488)</u>	<u>153,600,000</u>	<u>8,426,222,005</u>	<u>4,067,854,856</u>	<u>11,547,561</u>	<u>(869,783,380)</u>	<u>3,209,619,037</u>	<u>24,004,258,186</u>	<u>403,137,057</u>	<u>24,407,395,243</u>

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

(Unaudited but reviewed)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity		Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets - net of depreciation	Surplus on changes in value of available-for-sale investments		
Balance as at 1 January 2018	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947
Profit for the period	-	-	-	372,702,331	-	-	-	372,702,331
Other comprehensive income for the period	-	-	-	-	-	(1,651,014)	(1,651,014)	(1,651,014)
Total comprehensive income for the period	-	-	-	372,702,331	-	(1,651,014)	(1,651,014)	371,051,317
Depreciation on assets revaluation - net of income tax	-	-	-	27,052,208	(27,052,208)	-	(27,052,208)	-
Transferred unappropriated retained earnings to statutory reserve	-	-	25,600,000	(25,600,000)	-	-	-	-
Balance as at 31 March 2018	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>153,600,000</u>	<u>5,125,709,297</u>	<u>1,917,820,850</u>	<u>14,191,485</u>	<u>1,932,012,335</u>	<u>19,599,273,264</u>
Balance as at 1 January 2019	1,535,999,998	10,851,951,634	153,600,000	6,092,271,684	2,057,910,140	11,204,070	2,069,114,210	20,702,937,526
Loss for the period	-	-	-	(538,995,314)	-	-	-	(538,995,314)
Other comprehensive income for the period	-	-	-	-	-	326,392	326,392	326,392
Total comprehensive income for the period	-	-	-	(538,995,314)	-	326,392	326,392	(538,668,922)
Depreciation on assets revaluation - net of income tax	-	-	-	16,535,029	(16,535,029)	-	(16,535,029)	-
Balance as at 31 March 2019	<u>1,535,999,998</u>	<u>10,851,951,634</u>	<u>153,600,000</u>	<u>5,569,811,399</u>	<u>2,041,375,111</u>	<u>11,530,462</u>	<u>2,052,905,573</u>	<u>20,164,268,604</u>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit (loss) before income tax	(627,916,168)	980,363,197	(547,761,069)	425,469,746
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange rates	(73,147,750)	(55,383,775)	(12,885,766)	94,761,572
Unrealised loss (gain) on revaluation of derivative financial instruments	147,718,126	(76,647,746)	71,377,649	(84,664,251)
Reversal of allowance for doubtful accounts	(90,000)	-	-	-
Reversal of reduction of inventory cost to net realisable value	(111,298,659)	(120,064,388)	(78,453,151)	(177,858,511)
Expenses for retirement benefit obligations	13,912,779	8,097,755	4,545,973	2,719,102
Depreciation	558,166,740	529,657,581	207,629,228	203,252,414
Amortisation - rubber and palm plantations	1,457,151	832,124	106,002	59,015
Amortisation - intangible assets	16,812,718	16,737,012	14,455,565	14,386,706
Impairment loss from assets revaluation	-	10,975,016	-	-
Finance cost	227,741,215	236,654,389	121,917,993	142,716,358
Finance income	(11,874,651)	(1,716,129)	(24,230,842)	(25,408,486)
Dividend income	(17,930)	(32,927)	(17,930)	(32,927)
Share of profit from investments in associates and joint venture	(37,192,531)	(80,145,783)	-	-
Loss (gain) on disposal and write-off of property, plant and equipment and intangible assets	2,004,156	(266,286)	2,106,395	2,504,686
Loss on change in fair value of investment properties	1,870,257	-	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	108,145,453	1,449,060,040	(241,209,953)	597,905,424
Operating assets (increase) decrease				
Trade and other receivables	(5,238,808)	862,534,032	472,262,989	444,412,097
Amounts due from futures brokers	(14,682,417)	118,134,874	562,565	(10,493,963)
Inventories	84,990,463	898,040,294	367,556,075	167,996,982
Other current assets	103,454,638	87,878,120	21,064,683	50,363,710
Other non-current assets	7,137,764	(75,378,691)	3,875,224	4,791,741
Operating liabilities increase (decrease)				
Trade and other payables	(209,553,067)	160,501,123	(449,378,083)	(174,138,845)
Other current liabilities	13,392,585	1,168,073	(2,184,238)	(191,699)
Provision for retirement benefit obligations	(302,600)	(360,000)	(176,600)	(360,000)
Cash flows provided by operating activities	87,344,011	3,501,577,865	172,372,662	1,080,285,447
Cash paid for interest expenses	(208,573,202)	(241,757,671)	(103,608,025)	(144,021,484)
Cash received for interest income	10,117,406	10,363,082	20,180,526	41,033,947
Cash paid for corporate income tax	(34,670,978)	(43,267,441)	(15,978,688)	(23,328,072)
Net cash flows provided by (used in) operating activities	(145,782,763)	3,226,915,835	72,966,475	953,969,838

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries**Cash flow statement (continued)**

For the three-month period ended 31 March 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Decrease in fixed deposits pledged as collateral	1,441,858	9,936,249	-	-
Dividends received	17,930	32,927	17,930	32,927
Cash received from repayment of long-term loan to a subsidiary	-	-	710,265,600	600,000,000
Increase in long-term loan to a subsidiary	-	-	-	(635,574,000)
Cash paid for investment in a subsidiary	-	-	(50,000,000)	(90,000,000)
Cash received from disposal of property, plant and equipment	7,579,713	6,447,322	250,869	998,659
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets	(635,303,206)	(854,781,692)	(106,634,168)	(180,960,348)
Net cash flows provided by (used in) investing activities	<u>(626,263,705)</u>	<u>(838,365,194)</u>	<u>553,900,231</u>	<u>(305,502,762)</u>
Cash flows from financing activities				
Increase (decrease) in short-term borrowings from financial institutions	95,184,665	(2,041,817,029)	77,116,000	(476,904,000)
Proceeds from long-term borrowings	250,000,000	629,400,000	-	629,400,000
Repayments of long-term borrowings	(834,525,600)	(105,351,000)	(792,525,600)	(75,000,000)
Repayments of debentures	-	(600,000,000)	-	(600,000,000)
Repayments of finance lease liabilities	(3,887,918)	(3,447,957)	(952,454)	(1,121,827)
Net cash flows used in financing activities	<u>(493,228,853)</u>	<u>(2,121,215,986)</u>	<u>(716,362,054)</u>	<u>(523,625,827)</u>
Decrease in translation adjustments	<u>(76,907,668)</u>	<u>(41,159,914)</u>	-	-
Net increase (decrease) in cash and cash equivalents	(1,342,182,989)	226,174,741	(89,495,348)	124,841,249
Cash and cash equivalents at beginning of period	4,197,300,465	2,241,899,673	381,814,522	269,018,868
Cash and cash equivalents at end of period	<u>2,855,117,476</u>	<u>2,468,074,414</u>	<u>292,319,174</u>	<u>393,860,117</u>
	-		-	
Supplemental cash flows information				
Non-cash transactions:				
Increase in payables from purchases of assets	27,015,792	42,584,964	-	11,727,693

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2019

1. General information

1.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of Sri Trang Agro-Industry Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There were no changes in the composition of the group during the current period.

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

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which were effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follow:

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, and discounts.

Rendering of services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the Group's engineers or project managers.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

(Unaudited but reviewed)

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of “Advance received from customers” in the statement of financial position. Advance received from customers are recognised as revenue when the Group perform under the contract.

3. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Transactions with subsidiaries</u>				
Sales of goods	-	-	1,343,946	1,274,967
Purchases of goods	-	-	748,510	1,373,300
Service income	-	-	40,855	37,203
Rental income	-	-	67	61
Interest income	-	-	22,615	25,186
Service expenses	-	-	144,073	146,770
Rental expenses	-	-	1,198	1,198
Interest expenses	-	-	814	-
<u>Transactions with associates</u>				
Sales of goods	5,322	6,356	-	-
Purchases of goods	8	26	8	-
Service income	8,418	8,446	2,484	2,343
Rental income	100	100	-	-
Service expenses	8	-	-	-
<u>Transactions with joint venture</u>				
Purchases of goods	528,926	500,110	-	9,072
Service income	7,268	3,825	7,265	3,825
<u>Transactions with related company¹</u>				
Sales of goods	147,827	-	126,015	-
Purchases of goods	363,609	-	86,790	-
Construction and engineering service income	225,164	-	-	-
Service income	5,589	-	1,001	-
Service expenses	8	-	-	-

(Unaudited but reviewed)

The pricing policies of the Group are as follows.

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

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

As at 31 March 2019 and 31 December 2018, the balances of the accounts between the Group and those related parties were as follows.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade accounts receivable</u> (Note 4)				
Subsidiaries	-	-	503,600	945,984
Associates	3,259	3,797	801	784
Related company ¹	145,259	24,941	50,236	16,386
	<u>148,518</u>	<u>28,738</u>	<u>554,637</u>	<u>963,154</u>
<u>Advance payment for goods</u> (Note 4)				
Subsidiaries	-	-	59,732	45,222
Related company ¹	121	153	121	153
	<u>121</u>	<u>153</u>	<u>59,853</u>	<u>45,375</u>
<u>Accrued income</u> (Note 4)				
Subsidiaries	-	-	3,625	14,267
Associates	344	406	-	-
Related company ¹	18,728	79,850	-	-
	<u>19,072</u>	<u>80,256</u>	<u>3,625</u>	<u>14,267</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Advance payment</u> (Note 4)				
Subsidiaries	-	-	5,631	3,146
Associates	-	2	-	2
Related company ¹	16	-	-	-
	<u>16</u>	<u>2</u>	<u>5,631</u>	<u>3,148</u>
<u>Retention</u> (Note 4)				
Related company ¹	<u>9,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u> (Note 4)				
Subsidiaries	-	-	1,646	976
Associates	975	883	-	-
Joint venture	-	818	-	818
Related company ¹	151	389	151	157
	<u>1,126</u>	<u>2,090</u>	<u>1,797</u>	<u>1,951</u>
<u>Trade accounts payables</u> (Note 13)				
Subsidiaries	-	-	329,226	373,139
Associates	8	-	-	-
Joint venture	107,014	17,917	-	-
Related company ¹	26,739	46,193	9,636	9,941
	<u>133,761</u>	<u>64,110</u>	<u>338,862</u>	<u>383,080</u>
<u>Accrued expenses</u> (Note 13)				
Subsidiaries	<u>-</u>	<u>-</u>	<u>6,467</u>	<u>35,890</u>
<u>Deferred income</u> (Note 13)				
Related company ¹	<u>86,812</u>	<u>6,940</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
<u>Other payables</u> (Note 13)				
Subsidiaries	-	-	16,623	17,892
Related company ¹	-	383	-	-
	-	383	16,623	17,892

Outstanding balances arising from loans to subsidiaries

As at 31 March 2019 and 31 December 2018, the balances of loans between the Company and subsidiaries were as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
<u>Accrued interest income</u> (Note 4)				
Subsidiaries	-	-	5,057	2,621
<u>Long-term loans to</u>				
Subsidiaries	-	-	1,772,114	2,518,214

¹ Thaikong Public Company Limited as described in Note 7.1 to the interim financial statements

(Unaudited but reviewed)

As at 31 March 2019 and 31 December 2018, long-term loans to subsidiaries were unsecured and could be summarised as below.

Separate financial statements					
As at 31 March 2019					
Relationship	Principle		Interest rates %	Borrowing periods	
	USD million	Baht million			
PT Sri Trang Lingga Indonesia	A direct subsidiary	23	728	4.18 - 4.30	3 years
PT Star Rubber	An indirect subsidiary	33	1,044	4.18 - 5.05	1 - 3 years
Total		56	1,772		

Separate financial statements					
As at 31 December 2018					
Relationship	Principle		Interest rates %	Borrowing periods	
	USD million	Baht million			
PT Sri Trang Lingga Indonesia	A direct subsidiary	45	1,453	4.18 - 4.30	3 years
PT Star Rubber	An indirect subsidiary	33	1,065	4.18 - 5.05	1 - 3 years
Total		78	2,518		

Movements in the balance of long-term loans to subsidiaries during the three-month period ended 31 March 2019 were as follows.

(Unit: Thousand Baht)

Separate financial statements					
Long-term loans	Balance as at 31 December 2018	Increase during the period	Decrease during the period	Unrealised loss on exchange rate	Balance as at 31 March 2019
	(Audited)				
Subsidiaries	2,518,214	-	(710,266)	(35,834)	1,772,114

(Unaudited but reviewed)

Outstanding balances arising from a loan from a subsidiary

Movements in the balance of a short-term loan from a subsidiary during the three-month period ended 31 March 2019 were as follows.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018 (Audited)	Increase during the period	Decrease during the period	Balance as at 31 March 2019
Short-term loan	300,000	-	-	300,000
Subsidiary	300,000	-	-	300,000

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	60,697	59,325	13,418	12,686
Post-employment benefits	1,463	1,407	326	322
Total	62,160	60,732	13,744	13,008

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.3.1 to the interim financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	financial statements		financial statements		
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
				(Audited)	(Audited)
<u>Trade accounts receivable - related parties</u> (Note 3)					
Aged on the basis of due dates					
Not yet due	148,159	28,380	510,729	876,843	
Past due					
Up to 30 days	359	358	38,956	83,311	
31 - 60 days	-	-	2,097	876	
61 - 90 days	-	-	16	519	
91 - 120 days	-	-	-	-	
121 - 365 days	-	-	2,839	1,605	
Total trade accounts receivable - related parties	148,518	28,738	554,637	963,154	
<u>Trade accounts receivable - unrelated parties</u>					
Aged on the basis of due dates					
Not yet due	4,061,122	4,566,862	1,506,977	1,851,651	
Past due					
Up to 30 days	560,914	445,065	338,744	191,475	
31 - 60 days	71,478	22,505	18,998	14,385	
61 - 90 days	22,044	25,926	1,714	4,122	
91 - 120 days	9,220	-	394	-	
121 - 365 days	41,193	35,084	15,879	34,513	
Over 365 days	49,645	54,044	43,364	47,553	
Total	4,815,616	5,149,486	1,926,070	2,143,699	
Less: Allowance for doubtful debts	(41,170)	(41,442)	(27,636)	(27,636)	
Total trade accounts receivable - unrelated parties, net	4,774,446	5,108,044	1,898,434	2,116,063	
Total trade accounts receivable, net	4,922,964	5,136,782	2,453,071	3,079,217	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
<u>Other receivables</u>				
Advance payment for goods - related parties (Note 3)	121	153	59,853	45,375
Advance payment for goods - unrelated parties	497,390	256,820	136,756	11,459
Prepaid expenses	189,357	113,630	77,857	39,663
Accrued interest income - related parties (Note 3)	-	-	5,057	2,621
Accrued income - related parties (Note 3)	19,072	80,256	3,625	14,267
Accrued income - unrelated parties	32,466	32,186	30,486	28,845
Advance payment - related parties (Note 3)	16	2	5,631	3,148
Advance payment - unrelated parties	35,827	29,097	7,286	4,831
Retention - related parties (Note 3)	9,076	-	-	-
Other receivables - related parties (Note 3)	1,126	2,090	1,797	1,951
Other receivables - unrelated parties	42,872	40,997	1,789	1,766
Total other receivables	827,323	555,231	330,137	153,926
Total trade and other receivables, net	5,750,287	5,692,013	2,783,208	3,233,143

5. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
Inventories - at cost	12,471,764	12,556,755	5,775,339	6,142,895
Less: Reduction of cost to net realisable value	(134,036)	(245,335)	(862)	(79,315)
Inventories, net	12,337,728	12,311,420	5,774,477	6,063,580

(Unaudited but reviewed)

Additional information

Information on inventory balances of the Group, for only ribbed smoked sheets, concentrated latex and block rubber, as at 31 March 2019 and 31 December 2018 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Inventories at net realisable value (NRV)*	11,266,244	10,411,061	5,954,576	5,886,610
Inventories at lower of cost or net realisable value (NRV) - as measured and included in the financial statements	10,423,613	10,201,733	5,553,653	5,793,784
Difference	842,631	209,328	400,923	92,826

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

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

(Unaudited but reviewed)

6. Derivative financial instruments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
				(Audited)
Cross currency swaps	2,620	-	-	(4,479)
Foreign exchange options	249	(57,667)	641	(14,483)
Rubber options	2,995	(18,882)	127	(157)
Forward foreign exchange contracts	7,067	(26,768)	10,642	(45,743)
Rubber futures	58,897	(228,032)	45,413	(106,524)
Physical forward contracts	-	-	2,778	(17)
Total derivative financial instruments	<u>71,828</u>	<u>(331,349)</u>	<u>59,601</u>	<u>(171,403)</u>

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
				(Audited)
Cross currency swaps	2,620	-	-	(4,479)
Foreign exchange options	182	(31,948)	641	(11,394)
Rubber options	2,995	(18,280)	127	(157)
Forward foreign exchange contracts	3,156	(12,841)	1,569	-
Rubber futures	49,554	(145,069)	30,742	(95,302)
Total derivative financial instruments	<u>58,507</u>	<u>(208,138)</u>	<u>33,079</u>	<u>(111,332)</u>

7. Investments in subsidiaries

7.1 Sri Trang Gloves (Thailand) Co., Ltd. (“Sri Trang Gloves”)

Investment in Rubber Glove Manufacturing Business

On 10 July 2018, the Board of Directors Meeting of the Company passed a resolution not to object to the proposed investment by Dr. Viyavood Sincharoenkul (“Dr. Viyavood”), who is the Chairman and Managing Director of the Company, in Thaikong Co., Ltd. (“TK”), which is in the rubber glove manufacturing business, through the acquisition of shares held by Thaikong Group Co., Ltd. (“TKG”) by using his own funds. The Board of Directors also passed a resolution to conduct due diligence on TKG and TK as well as to study the investment structure in details. Dr. Viyavood requested the Company to issue a written confirmation of the Company’s investment in TK as well as the structure of the investment within 31 December 2018. This granted an exclusive right to the Company to invest in TK, whether directly or indirectly, in order to incorporate TK into the Group, at the cost at which TK’s shares were acquired by Dr. Viyavood (including finance costs). Dr. Viyavood also allowed the Company to determine an appropriate structure for the investment.

Subsequently, on 30 August 2018, the Board of Directors resolved to approve the Company’s investment in TK, through the amalgamation of TK and Sri Trang Gloves (the Company and Rubberland Products Company Limited collectively hold 90.23 percent of all shares of Sri Trang Gloves). Following the amalgamation, Sri Trang Gloves will cease to be a subsidiary of the Company and the company formed by amalgamation will be a new subsidiary (the “New Merged Co.”). The Company has the cost of the transaction amounting to Baht 1,232.82 million, representing the cost of acquisition of Dr. Viyavood and the financing costs paid by Dr. Viyavood for the loan used to make this acquisition.

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

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

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

On 29 March 2019, the Joint Shareholders Meeting between the shareholders of Sri Trang Gloves and the shareholders of TK approved the amalgamation of those companies in accordance with legally prescribed principles and methods. The amalgamation of the companies was registered with the Ministry of Commerce on 1 April 2019, the new company is named Sri Trang Gloves (Thailand) Public Company Limited. As a result, the corporate status of Sri Trang Gloves and TK was terminated on that day and all of their assets, liabilities, rights, duties and responsibilities were transferred to the new company by law.

After the amalgamation, the Company and Rubberland Products Company Limited collectively hold 81.08 percent of all shares of Sri Trang Gloves (Thailand) Public Company Limited.

The management believed that the investment in TK, through the amalgamation with Sri Trang Gloves, was a business combination in accordance with the definition specified in TFRS 3 Business Combinations. Transactions from business combination are accounted for using purchase method.

Currently, the management of the Group is in the process of measuring the fair value and carrying value of the assets and liabilities of TK at the acquisition date (Amalgamation date is 1 April 2019).

7.2 Sri Trang Rubber & Plantation Co., Ltd. (“SRP”)

During the current period, the Company paid Baht 50 million for the additional capital of SRP that was called up in 2017.

In addition, on 3 April 2019, the Extraordinary Shareholder’s Meeting of SRP passed a resolution to approve an increase of Baht 200 million in its registered capital by issuing 2,000,000 new ordinary shares with a par value of Baht 100 per share. As a result, SRP’s new registered capital consists of 67,550,000 shares, which are initially to be 25 percent called up, for a total of Baht 50 million.

8. Investments in associates

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Carrying amounts based on equity method		Cost	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
Semperflex Asia Co., Ltd.	419,527	386,798	142,500	142,500
Pattana Agro Futures Co., Ltd.	8,137	8,121	15,069	15,069
Total investments in associates	<u>427,664</u>	<u>394,919</u>	<u>157,569</u>	<u>157,569</u>

9. Investment in joint venture

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Carrying amounts based on equity method		Cost	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
Thaitech Rubber Corp., Ltd.	410,829	406,381	134,717	134,717

(Unaudited but reviewed)

10. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	24,456,054	9,093,222
Acquisitions	634,383	107,012
Capitalised interest	1,784	-
Disposals and write-offs, net	(9,556)	(2,350)
Depreciation	(558,167)	(207,629)
Depreciation capitalised to assets (Note 11)	(19,098)	-
Translation adjustment	(6,363)	-
Net book value as at 31 March 2019	<u>24,499,037</u>	<u>8,990,255</u>

As at 31 March 2019, net book value of property, plant and equipment of a subsidiary with collateral against credit facilities, short-term and long-term borrowings received from a commercial bank is approximately Baht 167 million (31 December 2018: Baht 169 million) as described in Note 14 to the interim financial statements.

11. Rubber and palm plantations

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	2,051,492	8,310
Additions	24,346	47
Amortisation	(1,457)	(106)
Depreciation capitalised to assets (Note 10)	19,098	-
Net book value as at 31 March 2019	<u>2,093,479</u>	<u>8,251</u>

(Unaudited but reviewed)

12. Intangible assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	420,688	395,580
Additions	3,319	3,218
Disposals and write-offs, net	(28)	(7)
Amortisation	(16,813)	(14,456)
Translation adjustment	(131)	-
Net book value as at 31 March 2019	<u>407,035</u>	<u>384,335</u>

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
				(Audited)
Trade payables - related parties (Note 3)	133,761	64,110	338,862	383,080
Trade payables - unrelated parties	1,128,267	1,314,201	296,563	491,518
Accrued expenses - related parties (Note 3)	-	-	6,467	35,890
Accrued expenses - unrelated parties	533,654	643,494	198,104	248,476
Deferred income - related parties (Note 3)	86,812	6,940	-	-
Deferred income for goods and others	409,238	484,308	79,982	184,081
Deposits and retentions received from customers	55,223	50,626	27,372	25,424
Other payables - related parties (Note 3)	-	383	16,623	17,892
Other payables - unrelated parties	173,757	109,454	24,791	31,315
Others	133	523	102	103
Total trade and other payables	<u>2,520,845</u>	<u>2,674,039</u>	<u>988,866</u>	<u>1,417,779</u>

14. Borrowings

Movements in the borrowing account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	26,527,170	18,549,186
Additions in short-term borrowings from financial institutions	95,185	77,116
Additions of long-term borrowing from financial institutions	250,000	-
Repayments of long-term borrowings from financial institutions	(834,526)	(792,526)
Additions of finance lease liabilities	1,268	934
Repayments of finance lease liabilities	(3,888)	(952)
Unrealised gain on exchange rates	(30,886)	(30,542)
Translation adjustments	(11,870)	-
Balance as at 31 March 2019	25,992,453	17,803,216

Short-term and long-term borrowings from financial institutions

As at 31 March 2019, certain of short-term and long-term borrowings of local subsidiary totaling Baht 23 million (31 December 2018: Baht 31 million) were guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of a subsidiary as described in Note 10 to the interim financial statements, and by the guarantee of certain of the Company's directors. According to a condition of the borrowing agreements, the Company and the subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens.

During the current period, a local subsidiary drew down Baht 250 million of loans. The subsidiary had entered into a long-term loan agreement with a local commercial bank granting credit facilities of Baht 1,445 million, with a term of 6 years. The loan is subject to interest at MLR less a fixed rate per annum, is unsecured and loan principal is payable on a quarterly basis, with the first payment due in March 2020 and interest is payable on a quarterly basis.

As at 31 March 2019, an overseas subsidiary has a credit facility with a financial institution totaling USD 15 million or approximately Baht 477 million (31 December 2018: USD 19 million or approximately Baht 616 million). The subsidiary's short-term borrowings of USD 8.5 million or approximately Baht 270 million (31 December 2018: USD 10.5 million or approximately Baht 341 million) were guaranteed by the Company and the standby-letters of credit of a commercial bank as referred in Note 18.3 to the interim financial statements.

The borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain financial ratios.

Debentures

Debentures are unsubordinated, unsecured and denominated in Thai Baht, which are due for redemption from 2019 and 2021 respectively.

Finance lease liabilities

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

15. Income tax

Interim corporate income tax of the Company was calculated on profit (loss) before income tax from operations without BOI promotional privileges for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the local subsidiaries was calculated on profit (loss) before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the overseas subsidiaries was calculated in accordance with the accounting standards and/or tax law of that company's country of domicile.

(Unaudited but reviewed)

Tax expenses (income) for the three-month periods ended 31 March 2019 and 2018 are made up as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	29,699	92,191	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(39,435)	25,815	(8,766)	52,767
Tax expenses (income) reported in the statement of comprehensive income	<u>(9,736)</u>	<u>118,006</u>	<u>(8,766)</u>	<u>52,767</u>

16. Earnings per share

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Basic earnings per share				
Profit (loss) attributable to owners of the Company (Thousand Baht)	(627,679)	831,821	(538,995)	372,702
Weighted average number of ordinary shares (Thousand shares)	1,536,000	1,536,000	1,536,000	1,536,000
Earnings (losses) per share (Baht per share)	(0.41)	0.54	(0.35)	0.24

17. Segment information

The Group operated across four business segments in seven main geographical areas. The allocation of revenue to each geographical area is based on the origin of sales. During the current period, the Group did not change the organisation of their reportable segments.

Financial information by geographical area, which is presented to the Board of Directors of the Group is the chief operating decision makers of the Group, for the three-month periods ended 31 March 2019 and 2018 has been presented as follows:

(Unaudited but reviewed)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Natural rubber and gloves						Engineering	Plantation	Others	Elimination	Consolidation	
	Thailand	Indonesia	Singapore	United states of America	China	Vietnam	Myanmar	Thailand	Thailand			Thailand
Revenues												
Revenue from external customers	10,279,280	845,318	3,481,664	53,915	323,480	1,230	-	235,391	179	27,512	-	15,247,969
Inter-segment revenues	2,687,143	1,488,383	34,462	-	-	-	97,516	276,934	5,207	244,857	(4,834,502)	-
Total revenues	<u>12,966,423</u>	<u>2,333,701</u>	<u>3,516,126</u>	<u>53,915</u>	<u>323,480</u>	<u>1,230</u>	<u>97,516</u>	<u>512,325</u>	<u>5,386</u>	<u>272,369</u>	<u>(4,834,502)</u>	<u>15,247,969</u>
Unallocated income and expenses												
Depreciation and amortisation	(462,365)	(90,134)	(2,476)	(79)	(415)	-	(1,196)	(5,742)	(7,818)	(6,212)	-	(576,437)
Finance income	24,756	3,389	6,033	-	232	-	-	814	-	79	(23,428)	11,875
Finance cost	(167,313)	(80,067)	(49)	(4,839)	-	-	(1,838)	-	(60)	(372)	26,797	(227,741)
Share of profit from investments in of associates and joint venture	37,193	-	-	-	-	-	-	-	-	-	-	37,193
Profit (loss) before income tax expense	<u>(451,154)</u>	<u>(148,415)</u>	<u>29,212</u>	<u>(22,873)</u>	<u>(44,675)</u>	<u>262</u>	<u>14,839</u>	<u>13,460</u>	<u>(26,426)</u>	<u>4,786</u>	<u>3,068</u>	<u>(627,916)</u>
Tax income (expense)	10,784	(6,379)	148	4,969	4,277	-	-	(3,177)	28	(914)	-	9,736
Profit (loss) for the period	<u>(440,370)</u>	<u>(154,794)</u>	<u>29,360</u>	<u>(17,904)</u>	<u>(40,398)</u>	<u>262</u>	<u>14,839</u>	<u>10,283</u>	<u>(26,398)</u>	<u>3,872</u>	<u>3,068</u>	<u>(618,180)</u>
Total assets	<u>54,201,335</u>	<u>5,454,208</u>	<u>5,540,987</u>	<u>215,232</u>	<u>953,545</u>	<u>28,958</u>	<u>209,381</u>	<u>1,468,100</u>	<u>6,712,366</u>	<u>4,190,337</u>	<u>(24,418,485)</u>	<u>54,555,964</u>

(Unaudited but reviewed)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Natural rubber and gloves							Engineering	Plantation	Others	Elimination	Consolidation
	Thailand	Indonesia	Singapore	United states of			Thailand	Thailand	Thailand			
				America	China	Vietnam	Myanmar					
Revenues												
Revenue from external customers	11,969,063	466,758	4,559,924	106,954	558,270	-	-	14,654	213	13,231	-	17,689,067
Inter-segment revenues	3,583,261	1,881,483	104,008	-	8,850	-	81,041	274,583	1,255	208,277	(6,142,758)	-
Total revenues	15,552,324	2,348,241	4,663,932	106,954	567,120	-	81,041	289,237	1,468	221,508	(6,142,758)	17,689,067
Unallocated income and expenses												
Depreciation and amortisation	(446,049)	(73,694)	(2,033)	(246)	(500)	-	(1,233)	(5,927)	(8,423)	(9,122)	-	(547,227)
Finance income	25,523	446	148	-	198	-	-	587	-	-	(25,186)	1,716
Finance cost	(185,824)	(69,800)	(2,705)	(4,674)	-	-	(1,926)	-	-	(500)	28,775	(236,654)
Share of profit from investments in of associates and joint venture	80,146	-	-	-	-	-	-	-	-	-	-	80,146
Profit (loss) before income tax expense	804,218	(27,642)	149,744	(46,180)	196,986	(140)	6,217	6,151	(40,281)	(1,065)	(67,645)	980,363
Tax income (expense)	(94,995)	8,380	(19,396)	11,901	(25,178)	-	145	(1,187)	2,221	103	-	(118,006)
Profit (loss) for the period	709,223	(19,262)	130,348	(34,279)	171,808	(140)	6,362	4,964	(38,060)	(962)	(67,645)	862,357
Total assets	57,864,711	6,246,062	5,467,989	307,058	1,699,082	24,559	294,403	1,393,133	6,637,201	4,129,225	(25,617,435)	58,445,988

(Unaudited but reviewed)

18. Commitments and contingent liabilities

18.1 Sales and purchases commitments

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

(Unit: Thousand Baht)

As at 31 March 2019

	Consolidated financial statements	Separate financial statements
Purchases from:		
Joint venture	299,716	-
Related parties	34,594	34,594
Third parties	302,806	-
	<u>637,116</u>	<u>34,594</u>
Sales to:		
Subsidiaries	-	2,308,489
Related parties	137,500	137,500
Third parties	10,290,252	6,749,208
	<u>10,427,752</u>	<u>9,195,197</u>

18.2 Capital commitments

The Group had capital commitments as follows.

(Unit: Thousand Baht)

As at 31 March 2019

	Consolidated financial statements	Separate financial statements
Capital commitments - purchase of fixed assets	<u>611,378</u>	<u>18,026</u>

(Unaudited but reviewed)

18.3 Commitments from guarantees on borrowings of subsidiaries and contingent liabilities

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

Currencies	As at 31 March 2019	
	Consolidated financial statements / Separate financial statements	(Equivalent) Million Baht
Million USD	5	159
Billion Rupiah	917	2,057
Total		2,216

18.3.2 As at 31 March 2019, there were outstanding bank guarantees of Baht 149 million issued by banks on behalf of the Group primarily to guarantee electricity usage. The subsidiary had pledged its fixed deposits of Baht 1 million to guarantee electricity usage.

18.3.3 As at 31 March 2019, the Group had a credit facility of standby-letters of credit totaling USD 10 million, or approximately Baht 318 million.

18.4 Operating lease commitments - where the Group are is the lessee

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

	(Unit: Thousand Baht)	
	As at 31 March 2019	
	Consolidated financial statements	Separate financial statements
Not later than 1 year	142,242	93,611
Later than 1 year but not later than 5 years	136,997	92,521
Total	279,239	186,132

(Unaudited but reviewed)

19. Fair value measurements

As at 31 March 2019 and 31 December 2018, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	46,902	-	-	46,902
Derivative financial instruments (Note 6)	58,897	12,931	-	71,828
Liabilities				
Derivative financial instruments (Note 6)	228,032	103,317	-	331,349

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	46,498	-	-	46,498
Derivative financial instruments (Note 6)	45,413	14,188	-	59,601
Liabilities				
Derivative financial instruments (Note 6)	106,524	64,879	-	171,403

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	46,590	-	-	46,590
Derivative financial instruments (Note 6)	49,554	8,953	-	58,507
Liabilities				
Derivative financial instruments (Note 6)	145,069	63,069	-	208,138

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- equity securities	46,182	-	-	46,182
Derivative financial instruments (Note 6)	30,742	2,337	-	33,079
Liabilities				
Derivative financial instruments (Note 6)	95,302	16,030	-	111,332

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

20. Events after the reporting period

20.1 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional provision for retirement benefit obligations of Baht 81 million (The Company only: Baht 30 million) as a result. The Group will reflect the effect of the change by recognising expenses in profit or loss in the second quarter of 2019.

20.2 Approval for dividend payment

On 30 April 2019, the Annual General Meeting of Shareholders of the Company passed a resolution to approve the payment of a dividend to the shareholders from the operating results of the year 2018 at a rate of Baht 0.65 per share, totaling Baht 998.40 million. On 28 September 2018, the Company paid an interim dividend of Baht 0.25 per share from the operating results of the Company for the six-month period ended 30 June 2018, totaling of Baht 384 million. The Company is to pay the remaining dividend at a rate of Baht 0.40 per share, totaling Baht 614 million, on 29 May 2019, and will recognise the payment in the second quarter of 2019.

20.3 Investment in new subsidiary and restructuring of shareholding of subsidiary

On 14 May 2019, the Board of Directors of the Company passed resolutions to approve the following matters:

- a) Approval of the establishment of a new subsidiary in Thailand with a registered share capital of Baht 10 million to operate in the provision of technical, innovation, information, and advisory services, with the Company to have a 99.99% shareholding. The Company plans to register its establishment within May 2019.
- b) Approval of a restructuring of the shareholding of Shi Dong Shanghai Medical Equipment Co., Ltd. ("SDME"), which is engaged in the import and distribution of examination gloves in the People's Republic of China, with a registered share capital of USD 4,150,000, whereby Sri Trang Gloves (Thailand) Public Company Limited ("STGT") was assigned to purchase all shares of SDME from Startex Rubber Co., Ltd. ("STC"), which is the subsidiary of the Company with a 99.99% shareholding.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2019.