



Form 56-2

ANNUAL REPORT 2010

Thai Rubber Latex Corporation (Thailand)

Public Company Limited



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Annual Report Ending December 31, 2010

Thai Rubber Latex Corporation (Thailand) Public Company Limited

1. General information

1.1	The company	Thai Rubber Latex Corporation (Thailand) Pcl.
	Head office and	
	Subsidiaries:	99/1-3 Moo 13, Bangna-Trad Road 7 th KM., Bangkaew, Bangplee Samutprakarn 10540
	Factory:	29 Moo 2, Banbung –Klang Road, Nongyai, Chonburi 20190
	Type of business:	Product of latex concentrate, rubber sheets, and other rubber products
	Company registration	
	Number:	0107536000137
	Telephone:	(662) 751-7171 (36 lines), (662) 751-7140 up to 75
	Facsimile:	(662) 316-3938, (662) 316-2485, (662) 316-5872, (662) 751-7016
	Website:	http: //www.thaitex.com
	Registered capital:	436,209,696 common shares. Bath 436,209,696 registered capital.
	Share outstanding:	436,135,595 common shares. Baht 436,135,595 paid-up capital.

1.2 Subsidiaries that the company holds more than 10%share

Subsidiaries are classified into eight groups as follows ;

(1) Latex Concentrate group:

The namely latex concentrate group, which produces latex concentrate, pre-vulcanized latex, rubber sheet, and other rubber products, consists of the company, 1 subsidiary and 1 associates as follows;

1.1 Thai Rubber Latex Corporation (Thailand). , Pcl.

1.2 Thai Rubber Latex Group Co., Ltd.

Factory Total 8 Factories, in Songkla, Suratahani, Phang-Nga, Chumporn, Rayong (2 factories), Chanthaburi, Nongkhai

Registered capital: 100,000,000 common shares. Baht 1,000,000,000 registered capital.

Share outstanding: 54,400,000 common shares. Baht 544,000,000 paid-up capitals.

Share holding by the

Company: 100 % (subsidiary)

(2) Latex Glove group:

The namely latex glove group, which produces latex examination glove, consists of 1 subsidiary as follows;

2.1 Rosner Mautby Meditrade Co.,Ltd.

Factory: 199 Moo Banpu, Had Yai, Songkhla

Registered capital: 12,000,000 common shares. Baht 120,000,000 registered capital.

Share holding by the

Company: 31.54 % (associate)

Note: The associate has temporarily ceased its operations during 2007. The Company recognized share of losses from investment in this associate until the value of the investment reached zero. Subsequent losses incurred by this associate have not been recognized in the company's account since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate.

(3) Rubber Thread group:

The namely rubber thread group, which produces rubber thread, consists of 1 subsidiary as follows;

3.1 Woldflex Pcl.

Factory: 59/1 Moo 5, Pluakdang, Maenamkoo, Pluakdang, Rayong 21140

Registered capital: 77,000,000 common shares. Baht 308,000,000 registered capital.

Share outstanding: 77,000,000 common shares. Baht 308,000,000 paid-up capital.

Share holding by the

Company: 98.44 % (subsidiary)

(4) Service group:

The namely service group, which provide storage and shipment service for exporters of latex concentrate, consist of 1 subsidiary as follow;

4.1 Thai Thank Installation Co., Ltd.

Share outstanding: 35,000,000 common shares. Baht 35,000,000 paid-up capital.

Share holding by the

Company: 65.43 % (subsidiary)

Note: On 22 November 2008, the extraordinary general meeting of shareholders of the subsidiary passed a special resolution to approve the dissolution of the subsidiary had deregistered with the Ministry of Comeerece and the company has already deregistered in 2008.

(5) Rubber Estate group:

The namely rubber estate group, which operates a rubber plantation consists of 1 subsidiary as follows;

5.1 Thai Rubber Land and Plantation Co., Ltd.

Rubber plantation Located in Nan and Chiang Rai province

Registered capital: 30,000,000 common shares. Baht 300,000,000 registered capital.

Share outstanding: 22,500,000 common shares. Baht 225,000,000 paid-up capital.

Share holding by the

Company: 99.99 % (subsidiary)

Note: On 20 September 2010, the subsidiary had registered to change name with the Registrar of the Office of Company and Partnership Registration, Samutprakarn, Department of Business Development, Ministry of Commerce, by changing its name from Thai Rubber City Company Limited to “Thai Rubber Land and Plantation Company Limited”

The associate of Thai Rubber Land and Plantation Co., Ltd.

Wang Somboon Rubber Estate Co., Ltd.

Rubber plantation	Locate in Sakaew province
Registered capital:	5,530,000 common shares. Baht 55,300,000 registered capital.
Share outstanding:	5,530,000 common shares. Baht 55,300,000 paid-up capital.
Share holding by the	
Company:	48.43 %

(6) Broker group:

The namely broker group, which provide service as broker in the agricultural futures market, consists of 1 subsidiary as follow;

6.1 Agrowealth Co., Ltd.

Registered capital:	7,500,000 common shares. Baht 75,000,000 registered capital.
Share outstanding:	6,375,000 common shares. Baht 63,750,000 paid-up capital.
Share holding by the	
Company:	100 % (subsidiary)

(7) Block Rubber group:

The namely Block Rubber group, which Manufacture of blocked Rubber (STR) and rubber compound, consists of 1 subsidiary as follow;

6.1 Thai Rubber (H.P.N.R.) Co., Ltd.

Registered capital:	10,000,000 common shares. Baht 100,000,000 registered capital.
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Share outstanding: 7,000,000 common shares. Baht 70,000,000 paid-up capital.

Share holding by the

Company: 100 % (subsidiary)

(7) Other Group

The namely other group, which produces latex foam mattress, consists of 1 related company as follows;

7.1 Latex Systems Co., Ltd.

Registered capital: 8,529,101 common shares. Baht 78,808,893.24 registered capital.

Share outstanding: 8,529,101 common shares. Baht 78,808,893.24 paid-up capital.

Share holding by the

Company: 44.93 % (relate company)

1.3 Other references

(A) Registrar

Name Thailand Securities Depository Co., Ltd.

Address Capital Market Academy Building, 2nd floor

2 / 7 Moo 4, North Park Project, Vibhavadi-Rangsit Road, Tung Song Hong, Laksi,

Bangkok 10210

Telephone (662) 596-9000

Facsimile (662) 832-4994-6

(B) Auditing Firm

Name Ernst & Young Office Limited

Address 33rd Floor, Lake Rajada Office Complex

193/136-137 New Rachadapisek Road, Bangkok 10110

Telephone (662) 246-0777, 661-9190

Facsimile (662) 264-0789, 661-9192

Auditors Mr. Wichart Lokatekrawee CPA No.4451

Ms. Saifon Inkaew CPA No.4434

Ms. Siriwan Suratepin CPA No.4604

2. Financial summary

Financial highlights of the company (consolidated) (Unit: Million baht)

Year	2010	2009	2008
Total revenues	12,912.15	7,913.80	9,041.40
Cost of goods sold and expenses	12,670.41	7,727.29	9,156.62
Net income (loss)	250.44	116.88 -	115.22
Earnings per share (Bt.)	0.57	0.27 -	4.23
Share outstanding (million shares)	436.14	436.14	27.26
Total assets	6,289.28	4,615.60	3,780.11
Current assets	4,291.48	2,871.66	2,127.51
Total liabilities	5,245.61	3,698.88	2,898.77
Current liabilities	4,902.13	3,488.73	2,892.98
Shareholders' equity	1,043.67	916.72	881.34

Financial ratio of the company (consolidated)

Year	2010	2009	2008
<u>Liability ratio</u>			
Current ratio (times)	0.88	0.82	0.74
Cash cycle (days)	87	95	87
<u>Profitability ratio</u>			
Gross margin	6.54%	9.39%	4.67%
Net profit margin	1.91%	1.49%	-1.27%
ROE	25.55%	13.09%	-11.68%
<u>Efficiency ratio</u>			
ROA	4.59%	2.78%	-2.67%
<u>Financial policy ratio</u>			
Debt to Equity (times)	5.03	4.03	3.29
Interest coverage ratio (times)	2.77	1.88	0.39
Dividend payout ratio	73%	31%	0%

3. Nature of business

3.1 Structure and Business division of the group companies

The company together with subsidiaries and affiliates can be classified into 8 groups of business according to the types of businesses operating, which are latex concentrate, latex glove, rubber thread, service, rubber estate, broker, block rubber and other group. Names of companies in each group and shareholding in each company are already mentioned in the point no.1 General information of this report.

Business operation of the company

The company is engage mainly in the manufacturing and selling of latex concentrate. Main customers are the general customers and subsidiaries, which consist of rubber thread, latex glove manufactures, and other group, will add value by taking the raw material into their own product line of finished products

3.2 Income structure of the group

(Unit ; Million Baht)

Business	year	2010		2009		2008	
		Income	%	Income	%	Income	%
Latex concentrate		16,771.44	87.84%	9,004.08	85.28%	8,059.00	90.88%
Rubber thread		2,121.65	11.11%	1,459.80	13.83%	781.00	8.81%
Trading			0.00%	8.11	0.08%	19.00	0.21%
Service		6.64	0.03%	-	-	6.00	0.07%
Rubber estate		30.78	0.16%	2.37	0.02%	3.00	0.03%
Latex mattress and latex pillow		163.23	0.85%	84.25	0.80%	-	-
Total		19,093.74	100%	10,558.61	100%	8,868.00	100%

3.3 Major change in core businesses of the company

(A) Latex Concentrate group:

In the year 2010, we saw the global natural rubber prices reaching historical high record levels, specially around the later part of the year. Obviously the continuous unusual and erratic weather conditions through out the year, played a major role in pushing the natural prices to record high levels. At the same time the demand for rubber from tyre manufacturers had been steadily increasing during 2010, specially, during the second part of the year. The demand from China has been indeed very strong. Although at the time of writing this report, we are yet to have the official figures in hand, the total global rubber consumption during the year 2010 is expected to be around 10.09 million tons as compared to 9.287 million tons during year 2009, which is an impressive increase of over 8%.

In addition to that, as earlier said, the supplies were interrupted quite often through out the year due to erratic weather conditions like rain, flood, hurricane and other natural calamities in the main rubber producing areas globally. Hence we saw the rubber prices continued hitting historical peaks one after another, even now they are still keeping on reaching new historical peaks and it seems that there is no limit as to how high they will go! The prices at TOCOM and other regional Future Rubber markets kept on moving up, not only the future prices but also the physical rubber prices increased by more than fifty percent during the year 2010. This certainly made the latex prices also to reach to historical highs and stay at high levels during the year 2010, even though the upward movements of rubber prices were basically driven by demand for dry rubber by the tyre manufacturers around the globe but mainly China. China's total natural rubber consumption rose to as high as 3.3 million tons in 2010. However the bulk of this volume is dry rubber.

Due to very unusual weather conditions i.e. continuous heavy rainfall in most of the rubber producing areas of Thailand, rubber tapping was severely disrupted, thus having impact on the overall latex production last year. The

domestic raw material supply remained sluggish since the beginning of the year and continued to remain so through out last year. Although the exact official figures are yet to be announced, we estimate that Thailand's total latex concentrate production in 2010 was around 700,000 – 750,000 metric tons. The company's main market still remained the domestic market. China replaced Malaysia as the biggest export market for the company, as Malaysian glove industry gradually began to switch to cheaper synthetic latex usage more and more as Natural Rubber Latex has become to expensive to use as raw material.

There was no significant addition of new production facilities during the year 2010, only couple of very small factories were opened last year. As far as the company is concerned, also no new production facilities were added. However with its 100% owned 9 factories and 270 centrifuging machines plus its three associated factories under Thaitex, the Thaitex group still remains the biggest producer of concentrated latex in Thailand and in the world.

(B) Industry outlook and competition trend

During the year 2010, we have seen Thailand's dipping industry especially the small and medium size natural rubber gloves manufacturers going through difficult period due to record high concentrated latex prices and higher fuel costs. We understand that there is very slight chance of recovery for them in the near future, as the latex prices are still jumping from one record high historical price to another high and showing no sign of coming down in the near future. The natural rubber glove prices have not improved much to cover their costs and cope up with the record high latex prices. Many of the bigger gloves producers both in Thailand and Malaysia have already started switching to use synthetic rubber latex as raw material to produce gloves due to comparatively cheaper synthetic latex prices. Some of them have already switched to 100% usage of synthetic rubber latex. However the smaller and the medium ones are finding it difficult to switch immediately as they lack the necessary resources. In any case most of them are trying or contemplating on making the switch. Therefore

we expect the latex sales to the domestic dipping industry to be rather stagnant during 2010. We also expect the Malaysian Natural Rubber Latex sales also to remain dormant during this year for the similar reason. However we believe that there is still plenty of potential to increase sales of latex in the Chinese market.

As compared to above, Rubber Thread Industry, which has developed into a major extruding industry in Thailand over the past few years, has been consuming considerably large quantity of latex. However because of the high latex prices the Rubber Thread Industry itself has not been doing very well. Even though the latex prices are expected to remain high through out the 2011, the rubber thread industry is expected to do better as compared to the glove industry. However there has not been any addition of new Rubber Thread Factory or new facilities over the past few years, except one small Rubber Thread producing factory, which stopped production a couple of years ago, has now resumed production under a new name. We would expect the demand for latex by the Rubber Thread Industry in Thailand probably to remain more or less unchanged. Therefore it not will be incorrect to conclude that the domestic market is more or less saturated and thus chances to increase sales in the domestic market is rather remote this year. Hence the company has adopted the marketing strategy to increase its export quantity, by being more aggressive to expand sales in the already existing overseas markets e.g. Chinese market and explore for opportunities to open new markets.

Natural Rubber consumption in China is expected to rise by around 9% to 3.6 million tons and India's consumption is expected to increase to 0.99 – 1.00 million tons this year. Total global consumption of Natural Rubber is being estimated to rise as high as 11.00 million tons in the year 2011. However the consumption will be mainly for tyre manufacturing i.e. mainly for dry Natural Rubber, we do not expect the increase in demand for Natural Rubber Latex to be that significant this year.

Malaysia is still expected to remain the largest consumer and importer of latex Thai latex concentrate. Although it is very difficult to expect any significant increase, due to the fact that the glove manufactures in Malaysia are

going through a very difficult time this year and many are switching to use synthetic rubber latex. Even though the latex prices are expected to remain extremely high, the Malaysians still will have to import Concentrated Latex from Thailand for their consumption. We understand that most of the major Malaysian glove producers are importing latex from Thailand on long term basis due to uncertain supply situation in Malaysia and of course in Thailand. However the volume committed by Thai Latex producers is comparatively smaller this year.

On the other hand, the latex consumption and import of latex by China is fast catching up with that of Malaysia. Therefore the Thaitex group's strategy for putting concentrated effort to increase sales volume in China over the past several years is finally bearing fruit now. Hopefully our latex sales to China, is expected to increase significantly this year.

Even though the Global demand for Natural Rubber is expected to increase significantly and the prices to remain at sky high levels, but the bottom line is "The year 2011 is probably will be a very tough year for Natural Rubber Latex Industry."

(2) Finished products group: Rubber Tread

Industry and competition trend

Rubber thread is a down stream business of latex business which are grouped in rubber product to be semi raw material for the garment industry. World Flex Pcl. is one of the 5 suppliers in Thailand. The biggest suppliers are located in Thailand and Malaysia. In 2010, the estimated rubber thread demand is expected to be steadily or slightly increase due to economic recovery and free trade agreement between Thailand and China which have no import tax for products between each other.

4. Risk

4.1 Risk of raw material supply shortage

The main raw material of concentrate latex is field latex, which is tapped from the rubber tree. The quantities got from tapping greatly rely on weather condition such as, temperature, air humidity, and rainfall. There are two main conditions that affect the yield quantity of field latex

(1) Length of wintering (shedding leaves) period, which there will be no tapping, during February through May of every year, it may vary by coming sooner or later than expected. Also the duration of wintering period may differ.

(2) During the yield period, if the weather condition turns unfavorable for the tree to yield, such as drought or rain, then the field latex will fall short

In addition, as the world demand for rubber sheet and block rubber expand to serve the growing need of car tire industry, whereas the tappable plantation areas are unable to keep up with the same expansion rate. This will cause the demand for rubber over the supply, which will cause competition in the procurement of the raw material to feed each rubber factory.

The uncertainty of raw material quantity, if happen not as planned, will affect the sales and production plan. However, the fact that company has nine subsidiaries' latex concentrate factories and three alliances' factory spread out in three different regions; the southern, the eastern and the northeastern part of the country, enables the company to sufficiently provide latex concentrate to the customers, despite of unfavorable supply condition.

4.2 Risk of price fluctuation according to the world market

In each of the past few years, rubber price has been greatly volatile, reflecting in the rubber prices of much future market, e.g., AFET, TOCOM. Partly it is the result of speculation by the hedge funds in the commodity markets world. It has been more difficult to the rubber price movement in the short run. As the rubber price directly and greatly affects production cost of latex as the field latex constitutes approximate 90 percent of latex concentrate production cost. Hence, managing risk of rubber price fluctuation is reflected in the policy of stock keeping and sales position. For example, in the situation where the rubber price trend is uncertain, the company will not keep too much stock (long position) or sell forward too much (short position)

4.3 Financial Risk

With the rubber price situation that had been upward trend and stayed at high level since 2003 to 2010, the company requires greater working capital in order to keep stock and finance account receivables. The main source of increased working capital is short term financing from financial institutions. This business situation can be understood hence the company is well supported with expanded credit lines. In addition, the company has portion of export sales volume approximately 40 percent of total sales volume, whereas the raw materials, which is a great portion of total production cost, are purchased locally. Therefore, even though the company had set the export price to cover all the costs and expenses, the export revenue, when convert into Thai Bath, may be different from the revenue book in the export date. The company manages this risk by entering into forward contract to exchange the foreign currency.

5. Shareholder structure and management

5.1 Shareholders

As of 4 March 2011, the latest book closing date, list of major shareholders is as follows

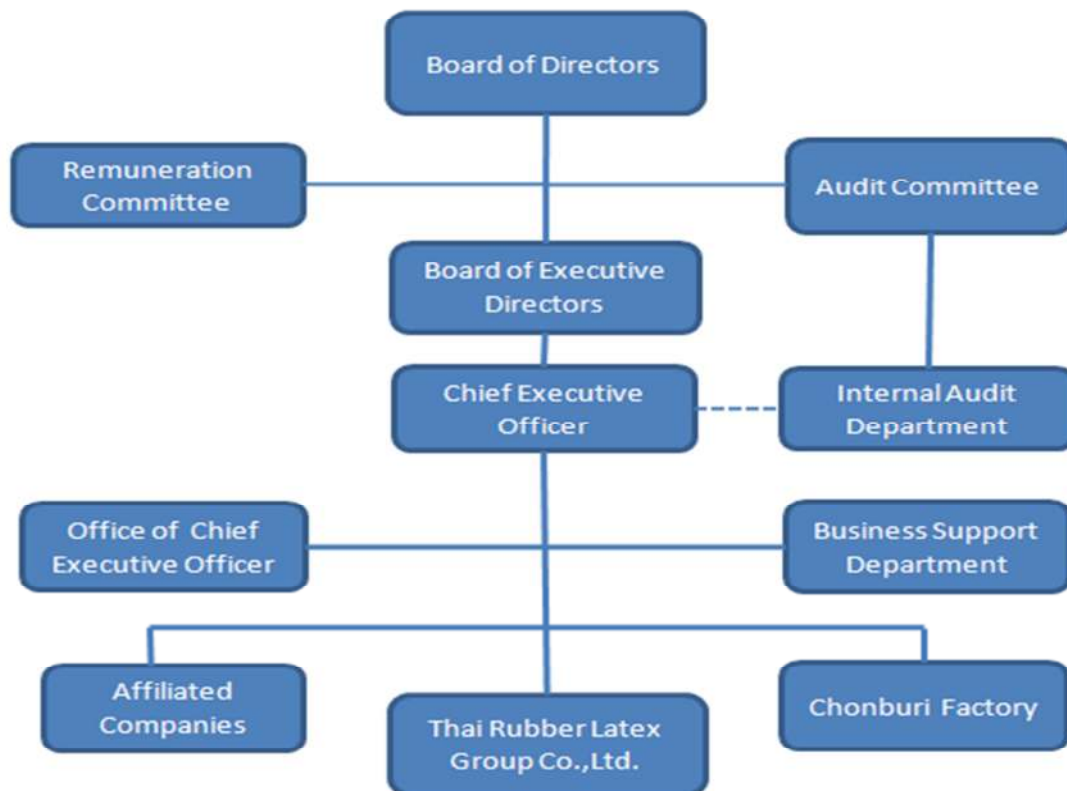
Item	Shareholders	Number of Shares	Percentage of Shareholding
1	Mr.Paiboon Waraprateep's Group	57,334,400	13.15%
2	Mr.Vorathep Wongsasuthikul's Group	26,898,400	6.17%
3	Thaisri Insurance Co.,Ltd	10,771,100	2.47%
4	Country Group Securities Public Limited	10,500,000	2.41%
5	Thai NVDR Co.,Ltd.	9,598,500	2.20%
6	Mr.Suchart Charoenpornpanichkuls' Group	8,772,160	2.01%
7	World Latex Supply Co.,Ltd.	3,712,000	0.85%
8	Mr.Prachnon Temritikulchai's Group	3,491,200	0.80%
9	Mr.Kanitha Thongrunkul	3,240,700	0.74%
10	Mr.Poonsook Cheawchanyon	3,104,000	0.71%

Note: "Investor can see current data of shareholders from the company's website (<http://www.thaitex.com>) before Ordinary Shareholders meeting"

5.2 Management

Thai Rubber Latex Corporation (Thailand) Public Company Limited has regulated the working regulations and operation authority, Which have been continuously pursued and have been amended to be appropriate with duty and responsibility of each position since 29 December 2003 until present by regulating the structure of management and administration as follow;

Organization Chart of Thai Rubber Latex Corporation (Thailand) PCL.



The structure of management and administration has declared working regulations and operation authority as follows;

5.2.1 Board of Directors

According to the Public Company Limited Act B.E. 2535 Chapter 6 concerning the Board of Director, Section 67 - 97 has designated the number, qualification, election, meeting, and resignation of directors. The authority and duty of the Board of Directors has been specified in Section 77 which is to manage and administer the company to be in accordance with company objectives, articles of association, and resolution of shareholder meeting. Moreover, Section 85 also imposed the duty of business operation of company where the directors shall perform their duties to be in complied with the law, objectives, articles of association, and resolution of shareholder meeting with honesty, trustworthy, and awareness in order to protect the company's interests.

Besides the authority and duty of administration, such law additionally identified the limitation of performance, including responsibility for any damages occurred to the company as well.

Referred to the resolution of the shareholder meeting no.1/2010 held on 23 April 2010, the company has been approved to be composed with 12 directors in the Board of Directors with the remuneration of Baht 9.30 million.

The name list of directors and number of meeting attended in 2010

<u>Name-Surname</u>	<u>Title</u>	<u>12 Board of Directors meetings</u>	<u>12 Audits committee meetings</u>
1.Mr.Vorathep Wongsasuthikul	President and CEO	11	-
2.Mr.Paiboon Waroprateep	Vice President	12	-
3.Mr.Prachnon Temritikulchai	Vice President	12	-
4.Mr.Suchart Charoenpornpanichkul	Director	10	-
5.Mr.Tiwa Sappakit	Director and Chairman of Auditing committee	12	12
6.Mr.Erwin Muller	Director, Chairman of Remuneration committee	11	11
7.Mr.Krisn Saritdechakul	Director and Auditing Director	12	12
8.Mr.Woraj Wongpiyasatid	Director and Remuneration Director	5	-
9.Mr.Wanchai Tanittiraporn	Director	10	-
10.Ms.Suchada Sodthibhaphkul	Director and Remuneration Director	11	-
11.Mr.Yanyong Tavarorot	Director	12	-
12.Mr.Somkad Sueptrakul	Director	10	-

Remark : 1.Mr.Woraj Wongpiyasatid resigned from the director and remuneration director of the company since

5 July 2010. At present, there are 11 directors.

2.At present, the secretary of the company is Ms.Chalongkwan Wongsasuthikul.

5.2.2 Board of Executive Directors

The Board of Directors has appointed the Board of Executive Directors comprising of not less than 3 directors of the company. In 2010, the Board of Executive Directors has been composed of 4 directors as follows;

1. Mr.Vorathep Wongsasuthikul
2. Mr.Paiboon Waraprateep
3. Mr.Prachnon Temritikulchai
4. Mr.Suchart Charoenpornpanichkul

The company has issued regulations on duty and authority in order to limit the power of such as well.

5.2.3 Audit Committee

The Board of Directors has selected the Audit Committee from 2 previous independent directors and 1 expert in accounting and finance. The total number of audit Committee shall be composed of 3 persons which are

- | | |
|------------------------------|--------------------------------|
| 1. Mr. Tiwa Sappakit | Chairman of auditing committee |
| 2. Mr. Erwin Muller | Auditing Director |
| 3. Mr. Krisn Saritdeechaikul | Auditing Director |

With the Secretary of such has been appointed to Mr. Bandit Hongsuwan, the Manager of Internal Control.

The Board of directors by the approval of the Ordinary Shareholder Meeting No.5/2009, which was held on 14 May 2009, has set the duration for Audit Committee as of 3 year period of time.

Before operation, the Audit Committee has preliminary issued an Audit Committee Charter to be proposed to the Board of directors in order to consider, approve, and declare the effective of such to be activated business operation as the Board of directors deemed appropriate.

5.2.4 Remuneration Committee

The Board of Directors has appointed the Remuneration Committee by selecting 3 directors of the company to be included and appointing the Secretary of the Board of Director to be the Secretary thereof.

From Clause 5.2, the Management of the Company, Thai Rubber Latex Corporation (Thailand) Public Company Limited has specified the infrastructure of its administration by using 4 boards of directors as follows;

1. Board of Directors, totaling 12 directors
2. Board of Executive Directors, totaling 4 directors
3. Audit Committee, totaling 3 directors
4. Remuneration Committee, totaling 3 directors

In addition, the Board of Directors has appointed 4 Assistant Managing Directors from high skilled and experienced managers in order to perform any duties the President and Executives deemed appropriate as follows;

1. Mr. Prawit Waraprateep
2. Ms. Chalengkwan Wongsasuthikul
3. Mr. Pattarapol Wongsasuthikul
4. Mr. Kitti Charoenpornpanichkul

The appointment of these 4 Assistant Managing Directors has lightened the load of works from the Board of Director and Board of Executive Directors in every aspect. Even through a position of director has been unoccupied and the perfect one for replacement has not been appointed, the Board of Director has not faced with failure to the compliance with the law whatsoever. There were explicitly designation of authority of the Board of Directors and Board of Executive Director to appoint the assistant Managing Director any performance as may deemed appropriate as follows;

Authority of the Board of Director

1. To manage the company with honest and foresight, and in accordance with the objectives, Company's affidavit, relevant laws, as well as, the resolution of shareholders' meeting

2. Determine the company's goal, policy, strategy, and budget. To oversee the executive director's management to be in line with policy except for the matters that needs approval from the shareholders' meeting before proceeding.

Duties and scope of responsibility of the executive directors

1. To consider the goal, policy, and annual budget, which are prepared by the management level staff, review and ensure they, are in accordance with the policy assigned from the Board of directors. Proposed to Board of directors for approval .To approves any changes of budget incurred and present to the Board of director in the next meeting.

2. To oversee the overall performance of each group of subsidiaries. Arrange to have the management of each group reported on monthly basis.

3. Approve the expenses in the limit stated in the company's affidavit.

4. Approve the budgeted expenses as set in the annual budgeting or as the Board of directors had approved in principal previously.

5. Approve in principal the investment in the existing business or joint venture with other business entities. This approval is to be presented in the next meeting of board of directors for approval once more.

6. Approve the appointment of authorized signatories in the company's current account and company's payment advice.

7. Act as consultants for management staff regarding production, marketing, finance,management, personals and operation.

8. Approve the appointment, transfer, and dismissal of employee.

9. To pursue matters assigned from Board of directors.

5.3 Nomination and appointment of directors.

The company has two methods of selecting directors and management as below.

Method 1 – Number of directors depends on shareholder's resolution, which is appropriate to manage the company. However, according to the applicable law, number of directors must not be less than 5.

Method 2 – Board of directors will act as Nominating Committee to opt for qualified, experienced, and legally eligible person to replace the retired or resigning director. In case of business expansion /construction, numbers of directors will increase/decrease accordingly. This change in number of directors is to be approved by shareholders' meeting.

5.4 Director's remuneration

5.4.1 Monetary remuneration of directors

(A) Remuneration of directors

Total remuneration of 12 directors in 2010 was Baht 8.94 million, dividing into meeting compensation to directors, executive directors, auditing directors and remunerating directors. The average remuneration per director per year was Baht 0.81 million. The highest remuneration per director per year was Baht 1.53 million. The lowest remuneration per director per year was Baht 0.21 million.

(B) Remuneration of management

In 2010, total number of management was 9 persons. Total remuneration was Baht 29.06 million dividing into salary, bonus, traveling and house rent expenses. The average remuneration per management per year was Baht 3.23 million. The highest remuneration per management per year was Baht 10.52 million. The lowest remuneration per management per year was Baht 0.95 million.

The changing in the remuneration of directors from 2010 compared to 2009 increased 57.56 percent.

5.4.2 Other remuneration

None

5.5 Principal of good corporate governance

The company emphasizes on its administration so as to attain transparency and efficiency of the management which includes the Board of Director, and employees, to rest assure that the delegated duties are performed with fairness and transparency. The shareholders, investor, stakeholders, and relevant parties can be confident in the transparency of companies' operation.

In accordance with the principals of good corporate governance determinate by the stock Exchange of Thailand in 2006, the content is divided into five sections as follows;

5.5.1 The Rights of Shareholders,

The company realizes that shareholders are owners of the company and had appointed board of directors to act on their behalves. By the same token, shareholders should also realize their rights and obligation, so as to protect their interests.

In 2010, the company convened a 2010 Annual Ordinary Shareholder Meeting. The meeting was arranged at the firm's meeting room on 23 April 2010. The firm submitted letters calling the meeting together with meeting-based information as per meeting agenda to shareholders on 30 March 2010 for acknowledgement prior to meeting for 24 business days. The Extra Ordinary Shareholder of the Company Meeting convened on 22 June 2010. The firm submitted letters calling the metting together with meeting based information as per meeting agenda to shareholders on 3 June 2010 for acknowledgement prior to meeting for 19 days. The agenda of which had the Board of Directors' opinion attached and the record, of which was correct and complete in order for the shareholders to be able to examine such issues. As far as transparency concerned, the board of directors, including all panel of directors such as executive director, audit committee, remuneration committee, attended meeting to answer the shareholders' questions. The duration of meeting was appropriate so as shareholders can express their opinions freely.

5.5.2 The equitable treatment of shareholders

The company treats all shareholders fairly whether they are major minor, individual, institutional, or foreign shareholders. The company has treated them with equality. This principle is shown in many actions, for instance;

(1) Voting rights is depends on the number of shares held by each shareholder. One share entitles one vote.

(2) Voting rights to elect the company's Board of Director id equal. No priority among shareholders.

(3) The board of directors has established measures to prevent the misuse of internal information (insider trading) for personal benefit of the persons concerned, including the Directors, management staff and employees.

5.5.3 The Role of stakeholders

The company concentrates on the right of the stakeholders, regardless of whether they are internal stakeholders, i.e., employees and management of all of the company or the subsidiaries, or external stakeholders, i.e., competitors, creditors, public sectors and other entities involved. This is because of the fact that the enterprise is aware of such supports provided by a variety of stakeholders that the firm has potential to enter to the field of competition and generate profits in favor of the firm which is deemed success in the long run whereby the company's Board of Director is aware of the right of the stakeholders as specified by laws and shall control and support cooperation between the company and the stakeholders to create wealth, work and growth to the company with stabilized financial position and good environment.

5.5.4 Disclosure and transparency

Not only that the company has disclosed the required financial report and other information to the public on the completely, accurately, and timely manner, but also addition information has been disclosed to public to ensure transparency in its operation, for instance;

- . The information regarding performance and attendance of the directors.
- . Report on the corporate governance policy and the performance on such aspect.
- . Answering to the questions from public through concerned department.

5.5.5 The responsibilities of the Board of Director

The Board of Directors consists of qualified, knowledgeable, and accepted in his field of profession. The Board of Directors has responsibility to jointly draw the financial policy, risk management policy, and organization overview. The Board has to monitor, oversee and access the performance management staff to ensure that managing activities are carries out in accordance with the business plan.

In 2010, the Board of Director has 12 directors, which consist of 4 executive directors, 4 non-executive directors and 4 independent directors which all four of them are in the Audit committee.

Board of Directors Meeting

The firm shall define annual meeting schedule, such as general tour meeting, factory manager meeting and various division managers meeting on the 4th Tuesday of every month. The Board of Directors Meeting shall be convened on the 3rd Friday of each month, although the annual meeting is scheduled, the company shall prior submit a notice to determine the meeting at least 7 days by notifying meeting agenda and document concerned, including the previous meeting record for certification. Apart from normal monthly meeting, special to consider quarterly financial statements shall be also held to certify the report prescribed by Stock Exchange of Thailand. There will not be less than 12 Times of the Board of Directors Meeting to be convened in a year.

Remuneration of Directors and Management

(A) Remuneration of Directors

The firm has clearly and transparently specified remuneration of directors at the same rate, as that of the industry and the aforesaid rate is high enough for maintaining the qualified directors. This remuneration has been approved by the shareholder meeting. The director assigned to be the audit committees receive additional remuneration in line with the addition on line with the additional quantity of work.

(B) Remuneration of Management

The remuneration of management is in accordance with principles and policies set forth by the Board of Directors by the linkage of the enterprise's operational results and each management's performance. This remuneration shall be considered by Sub - Committee on Remuneration Determination and the suitable amount shall be presented to the Board of Director of the Company for final approval.

Sub - Committee

In addition to Board of Directors with remuneration according to above Remuneration of Directors and Management, the company still has ad hoc Sub - Committee without remuneration as necessary. In this regard, the directors, and salaried managers and employees shall be appointed to be the members of Sub -Committee.

Internal Control and Audit Systems

The company has set managerial structure to define that the Internal Control Division is Accountable to Managing Director and is the Secretary to the Committee.

The company focuses on internal control system both in efficient managerial and operational levels by apparently setting functions and powers of operation of operators and management in writing. The company controls and oversees the use of assets of the company to maximize benefit, segregate the duties of operator, follow up, control, and evaluate the performance on a continual basis.

Additionally. The company authorizes the Internal Audit Division to audit operations to ensure that major operations and crucial financial activities of the company abide by guidelines set forth and with efficiency, including auditing relevant law and requirement compliance and enabling Internal Audit Division to be independent and able to fully perform auditing and balancing. Thus, the company stipulates that the Internal Audit Division directly reports to the Audit Committee and that its performance is evaluated by the Audit Committee.

It is regarded that the control systems has directors continually control every dimension and follow up the results every month.

On internal audit, the Internal Audit Division controls, oversees, and assesses the performance in conformity to operational plans, and has the Audit Committee co-considers and co-evaluate the performance and then continuously report to the Board of Directors of the company for acknowledgement and consideration on a monthly basis.

Report of Board of Directors

The Board of Directors of the company is responsible for consolidated financial statements of the company and its subsidiaries and for financial information shown on annual report. The aforesaid financial statements are prepared in accordance with Generally Accepted Accounting Principles in Thailand. The company adopts the appropriate accounting policies with consistent practices, cautious judgment, and best estimation in preparation, including sufficient important information disclosure written in notes to financial statements.

The Board of Directors maintains effective internal control systems to reasonably ensure that the accounting data records are correct, complete, and adequate to maintain the properties and that the company will find its weak points to prevent material corruption or abnormal operation.

For these reasons, the Board of Directors appoints the Audit Committee consisting of Non-Executive Directors responsible for quality of financial reports and internal control systems and opinions given in respect of these issues, which have already been displayed on report of the Audit Committee on annual report.

In the Board of Directors' opinion, overall internal control systems of the company is in satisfactory level and can reasonably create confidence on the Company and its subsidiary companies' financial statements as at 31 December 2010.

Relationship with Investors

The Board of Directors of the company is always aware that the company's monetary and non-monetary information can affect investors and stakeholders' decision making; therefore, the company emphasizes the management to disclose its information; completely, actually, reliably, consistently and punctually, whereby the firm's management always realizes this importance and practice. For investor relations division, the Company has not yet particularly established this work unit. Nonetheless, the company has assigned the Finance Manager and the Planning and Business analysis manager to contact and communicate with every institution of investors and shareholders, including analysts and public sectors concerned. Due to few transactions, investors can contact the company for information.

5.5.5 The responsibilities of the Board of Director

The Board of Directors consists of qualified, knowledgeable, and accepted in his field of profession. The Board of Directors has responsibility to jointly draw the financial policy, risk management policy, and organization overview. The Board has to monitor, oversee and assess the performance management staff to ensure that managing activities are carried out in accordance with the business plan.

5.5.6 The duties and responsibilities of the Board of Director Secretary

(1) Arrange and filing the director registry document, the agenda of the board of director meeting, the resolution of the Board of Director meeting, the company annual report and the shareholder meeting report.

(2) Store the interest of the Board of Director's and the management's document.

(3) Operate the duties under the Securities and Exchange Commission's regulations.

(4) Give opinions to and help the Board of Director and the management of the company to be with involved law and regulations for efficiency of the good management.

(5) Help the Board of Director's and the managements' practicing to the involved law and good governance principle by considered to the shareholder's right and fairness.

(6) Follow up the Board of Director's and the shareholder's meeting resolutions.

(7) Communicate the shareholder's matter with the involved department properly

5.6 Use to inside information

The company prohibits its management personals or the relevant departments that acknowledge the inside information disclosing such information to the irrelevant parties or the outsiders.

5.7 Internal Audit

From Board of director's view, the company had already carried out proper internal audit. As the company has set up internal audit department, reporting to the audit committee, auditing activities were at least evaluated once a month. The directors were regularly updated in the Board of directors meeting. As a result of the company's audit mechanisms, the company and subsidiaries were able to protect their assets from misuse or unauthorized transaction.

6. Related party transaction

6.1 Related party transaction with party who may have conflict in the year 2010

In the year 2010, the company had business transaction with its subsidiaries, affiliates, related companies and related parties. Relationships are by ways of shareholdings, having common directors or partial joining executives. The significant business transaction between the company and those companies are summarized below.

Abbreviation's explanation

The Company

TRUBB = Thai Rubber Latex Corporation (Thailand) Public Company Limited

Subsidiaries

THAITEX = Thai Rubber Latex Group Co., Ltd. (TRUBB holds 100% shares)

WFX = World Flex PCL. (TRUBB holds 98.44% shares)

Associated company

WSB = Wangsomboon Rubber Estate Co., Ltd. (TRUBB holds shares indirectly in WSR, by TRLP holds 48.43% shares in WSB)

LST = Latex Systems Co., Ltd.

Related companies

TSE = Thai Smart Elastic Co., Ltd.

SDR = Soidao Rubber Estate Co., Ltd.

TCR = Thai Chun Rubber Partnership Ltd.

Related persons

Mr. Prakit Waraprateep = Shareholder's and Vice President's son

(A) Buying and Selling to related party transactions which are normal business activities

Name and Relationship	Transaction description	Transaction Value (Million Baht)	Necessity and Reasonability
LST (Group of shareholders who collectively hold 0.81% Shares in TRUBB hold 16.28% shares in LST)	THAITEX sold concentrated latex to LST as raw material for producing latex foam mattress.	1.92	- LST bought concentrated latex from THAITEX before to be related company of TRUBB. - THAITEX's selling price to LST is the same as to other customers.
LST (Group of shareholders who collectively hold 0.81% Shares in TRUBB hold 16.28% shares in LST)	THAITEX sold concentrated latex to LST as raw material for producing latex foam mattress.	95.61	- LST bought concentrated latex from TRUBB before to be related company of TRUBB. - TRUBB's selling price to LST is the same as to other customers.
WSB (Group of shareholders who collectively hold 17.87% Shares in TRUBB hold 5.08% shares in WSB)	THAITEX bought field latex from WSB's plantation as production raw material.	27.79	- WSB's plantation locates in the same province as Thaitex's factory. It is logistically reasonable to purchased price is the same as that of purchased from other plantation in the same province.
TSE (Groups of Shareholders who collectively hold 7.79% Shares in TRUBB hold 23.07% shares in TSE)	WFX sold second grade rubber thread to TSE as raw material for TSE and resell.	17.29	-TSE is the only purchaser of second grade rubber thread. Therefore there is no comparison of other purchaser's price.
SDR (Group of Shareholders who collective hold 18.06%share in TRUBB hold 47.91% share in SDR)	THAITEX bought field latex from SDR's plantation as production raw material.	6.80	SDR's plantation locates in the same province as Thaitex's factory. It is logistically reasonable to purchase from its plantation. And purchased price is the same as that of purchased from other plantation.
TCR (Groups of shareholders who collectively hold 12.42% shares in TRUBB hold 29% shares in TCR)	TRUBB sold skim block to TCR as raw material for producing rubber band.	11.06	The shareholder group of TCR is a co-founder of TRUBB and TCR has purchased skim block from TRUBB since its beginning. TRUBB's selling price to TCR is the same as to other customers.

(B) Relate party transactions which is not normal business activities

None

(C) Related party service transaction

Name and Relationship	Transaction description	Transaction value (Million Baht)	Necessity and Reasonability
Mr.Prakit Waraprateep (hold 7.09% shares in TRUBB)	THAITEX's factory in Chantaburi province rent the land from Mr.Prakit as the site for the latex concentrate factory with five centrifuging machines.	1.53	Renting land is a way to reduce the investment in fixed assets as the small factory such as Chantaburi branch and hence reduce fixed cost. In addition the rent charged, currently 66,000 Baht per year, is lower than the rent of nearby comparable plot of land. Rent duration is 10 years. Contract expires in 2012.

(D) Related interest expense/income transaction

None

(E) Dept guarantee among the companies

None

Policy in setting up price of related party transaction

Policy details are disclosed in the notes to consolidated financial statements point no.8, in the annual financial statements report of year 2010, which was audited by the Certified Public Accountant.

6.2 Necessary and justification of related party transaction

The company describes necessary and justification of related party transaction in table (A) and (C). Board of Directors and Audit Committee certified above related party transactions on 25 February 2010

6.3 Approve procedure of the normal business transaction with related party

Board of Directors will hold meeting once a year in order to set forth the policy, which related subordinate management staff will determine the price in accordance with the policy.

6.4 Policy of future related party transaction

The company has no policy to create new related transaction, however, if necessary, the company will carry out the transaction in the way that is most beneficial to the shareholder. The transactions carried out in 2010 will continue in 2011.

7. Management discussion and financial performance

7.1 Overall performance

(A) Overall performance

In the year 2010 Thai Rubber Latex Corporation (Thailand) PCL (TRUBB) and subsidiaries had total revenue Baht 13,090 million, increased Baht 5,112 million or 64 percent increase. Whereas, the cost of goods sold and services and total expenses were Baht 12,839 million, increased Baht 4,978 million or 63 percent increase. Net profit was Baht 250 million, increased Baht 134 million. Total assets were Baht 6,289 million, increased 1,674 million or 36 percent increase. Total liabilities were Baht 5,246 million, increased 1,547 million or 42 percent increase. Total shareholders' equity was Baht 1,044 million, increased 127 million or 12 percent increase. The major causes of better business operation due to good performance of main business and subsidiaries business. Together with, the rubber demand increased owing to the economic explosive in China so it made the rubber demand increased. In addition, the local rubber production has dropped in 2010. It made the rubber price raised.

The causes of changes in 2010's operation results compared to 2009's were;

- (1) Sales and services income of 2010 was Baht 12,912 million increased Baht 4,998 million or 63 percent increase. Due to selling price increases by rubber prices rise continuously in the past year.
- (2) Cost of sales and services was Baht 12,068 million increased Baht 4,897 million or 68 percent increase.
- (3) Gross profit was Baht 845 million increased Baht 101 million or 14 percent increase.
- (4) Selling and administrative expenses were Baht 549 million increased Baht 91 million or 20 percent increase.
- (5) Other income were Baht 177 million, increased Baht 113 million or 176 percent increase (The majoe cause of increase in other income was gain futher from exchange rate Baht 106 million ,increase 103 million from year 2009)
- (6) Loss from delivatives trading was Baht 9 million, decreased Baht 44 million or 13 percent decrease.
- (7) Other expenses were Baht 44 million decreased Baht 44 million or 50 percent decrease.
- (8) Corporate income tax was Baht 20 million.

(B) Latex Concentrate Group:

- (1) Sale income – Sales revenue of 2010 was Baht 10,227 million increased Baht 3,662 million or 56 percent increase. It was the result of increase selling price 69%. Whereas sale volume decreased 134,086 metric ton or 6 percent decrease because of the economy recovery all over the world in 2010. Especially the economic growth of China that drive the global automobile industry. As a result, rubber demand increased result in selling price increases as well. At the same time, rubber price increase caused local rubber production has dropped made the sale volume decreased slightly. However, sale increase from selling price increased.
- (2) Other income – Other income was Baht 178 million, increased Baht 113 million from 2009. The cause of increase in other income were gain on exchange rate and interest income increase.
- (3) Cost of goods sold and expenses - Cost of sales and services was Baht 10,040 million increased 3,438 million or 52 percent increase due to 88 percent increase raw material cost. Selling and administration expenses was Baht 448 million increased Baht 32 million or 8 percent increase due to allowance for doubtful debt Baht 30 million . Interest expense was Baht 141 million increased Baht 15 million or 12 percent increase due to raw material price increase.
- (4) Net loss – Net loss from normal operation was Baht 141 million, compared to that loss of last year Baht 47 million
- (5) Return on Equity - In 2010 Thai Rubber Latex Group Co.,Ltd., subsidiary in the latex group, paid dividend Share for unpaid up Baht 81.6 million from profit Baht 121.5 million or 67.16 percent of the profit to TRUBB.

(C) Rubber Thread Group:

- (1) Sales income - Sales revenue of 2010 was Baht 2,122 million increased Baht 672 million or 46 percent increase due to sale volume increase, cause the demand of rubber thread increased especially in China.
- (2) Other income – Other income was Baht 52 million increased Baht 32 million or 160 percent increase due to gain on exchange rate was Baht 32 million increased Baht 29 million compared to that of last year.
- (3) Cost of goods sold and expenses - Cost of goods sold and expenses were totally Baht 2,039 million increased Baht 774 million or 61 percent increase due to sale and production volume increase. Furthermore, from raw material prices had risen.

(4) Net profit - Net profit from normal operation was Baht 135 million decreased Baht 70 million or 34 percent decrease. Also, net profit margin was 6 percent compared with 14 percent in last year.

(5) Return on Equity - Worldflex Co. , ltd. subsidiary rubber thread manufacturing, paid dividend Baht 94.75 million from profit Baht 135 million or 70.19 percent of the profit to TRUBB.

7.2 Financial Status

(A) Assets

Total assets at year end of 2010 were Baht 6,289 million increased 1,674 million or 36 percent increase from that of the previous year. Increase of current assets were Baht 1,420 million and non-current assets were Baht 254 million.

1. Assets Structure

- Current assets totally Baht 4,292 million, increased Baht 1,674 million or 49 percent increase. The main increased items were; trade accounts increased Baht 338 million due to higher in selling price entire the year 2010 ; inventory increased Baht 944 million due to higher in raw material price.

- Non-current assets totally Baht 1,998 million, increased 254 million or 15 percent increase because of investments in associates and withholding tax deducted at source.

2. Quality of Assets

- Assets in 2010, the company had not set allowance for diminution in value of inventories.

- The profile was as follows;

(1) 65 percent of total trade accounts and notes receivable was within due date; comparing to 71 percent that of last year.

(2) 29 percent of total trade account and notes receivable was overdue less than 365 days; comparing to 19 percent that of last year.

(3) The balance Baht 94 million of total trade accounts and notes receivable or 5 percent of total, was made full allowance. This portion was equal in the late year. Most of these trade accounts and notes receivable with full allowance had outstanding duration longer than 1 year or under legal action against the company.

(B) Liquidity

1. Cash flow -as of 31 December 2010, the cash flow situation was summarized follows;

- Cash flows from operation activities: Net cash used from operating activities of Baht 880 million, whereas in 2009 that had net cash used in operating activities of Baht 306 million. This was due to Baht 363 million increase of trade accounts and notes receivable compared to Baht 279 million increase of that in 2009 and Baht 944 million increase of inventory compared to Baht 428 million increase of that in 2009 due to higher production volume and raw material price.

- Cash flows used in investing activities: Net cash used in investment was Baht 347 million, increased from previous year of Baht 185 million due to expanding investment in land plant and equipment Baht 260 million in 2010, whereas in 2009 that was of Baht 159 million.

- Cash flows from financing activities: Net cash used in financing activities were Baht 1,277 million, comparing to net cash from financing activities of Baht 459 million in 2009, because of increasing short term debt of Baht 1,657 million for stocking raw material when rubber prices rose.

2. Liquidity ratios

- Current ratio was 0.88 time, increase 0.06 time from last year due to decreasing in short-term financing ratio when compared to total asset because of utilizing profit from operation in business instead.

- Acid-test ratio was 0.37 time, decreased 0.04 time from last year. Due to decrease of short-term loans and advances to related parties

3. Repayment of short-term debt and current portion of long-term loans which may affect liquidity as at year end 2009

The current portion of long-term loans in 2010 of Baht 467 million in the notes of 2010 consolidated financial statements point no.19

(C) Capital Expenditure

Year 2010 investment in subsidiaries Baht 73.75 million (Details of that were provided in the notes to 2010 consolidated financial statements point no.11) and investment in associates Baht 29.77 million. (Details of that were provided in the notes to 2010 consolidated financial statements point no.12)

(D) Source of Fund

1.Capital Structure - Debt to equity ratio was 5.03 time, increased from 4.04 time as at year end 2009, because, the company increased to utilize short-term loan from financial institution in 2009 ,the company's policy needed to increase the level of keeping inventories more, Due to both drought and floods occur in 2010. Together with, rubber price rose more than 50% over the previous year.

Beside using net operating profit for inventories investment, The company utilized short term financial for inventories investment also.

2. Shareholder's equity - Equity of Baht 1,044 million, increased Baht 127 million or 14 percent increase.

3. Liabilities - Total liabilities was Baht 5,246 million, increased Baht 1,547 million or 42 percent increase. Because of the current liabilities increased for supporting working capital when rubber price rose.

7.3 Audit's remuneration

(A) Audit fee

The company and subsidiaries paid total audit fee of Baht 5.80 million.

(B) Non – audit fee

The subsidiaries have to pay the audit fee for reviewing the compliance with the conditions of the Board of investments certificate in the future amounting Baht 0.22 million.

<h2>8. Financial Report</h2>

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Report and consolidated financial statement 31 December 2010 and 2009

Report of Independent Auditor

To the Shareholders of Thai Rubber Latex Corporation (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheet of Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of three subsidiaries, which were included in the consolidated financial statements with total assets as at 31 December 2010 of approximately Baht 262.84 million, representing 4.18 percent of the total consolidated assets, and total revenues for the year ended 31 December 2010 of approximately Baht 1,601.90 million, representing 12.24 percent of the total consolidated revenues. The financial statements of these subsidiaries were audited by other auditors and I have obtained the audit report from those auditors. My report, herein on the year ended 31 December 2010 financial statements insofar as it related to any amounts and particulars of these subsidiaries as included in the consolidated financial statements, is based solely upon the audit report of those auditors. The consolidated financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited for the year ended 31 December 2009, as presented herein for comparative purpose, were audited in accordance with generally accepted auditing standards by another auditor in our office who, under her report dated 1 Mach 2010, based on her audit and the reports of the other auditors, expressed a qualified on those financial statements with respect to the limitation of scope on the audit of the overseas subsidiary company, and drew attention to the changes in accounting policy for recording inventories of the Company and its subsidiaries from first-in, first-out method to weighted average method and the allegation of encroaching on the National Reserve Land.



I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries and of Thai Rubber Latex Corporation (Thailand) Public Company Limited as at 31 December 2010, the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without additional qualifying my opinion on the above financial statements, I draw attention to the following matters:

- a) As discussed in Note 4 to the financial statements, in 2010, the Company and its subsidiaries changed their accounting policy for recording employee benefits. The Company and its subsidiaries had restated the financial statements as at 31 December 2009 and for the year then ended, to reflect such change in accounting policy.
- b) As discussed in Note 31.4 to the financial statements, a subsidiary received a notice from the Department of Special Investigation (DSI) alleging that the subsidiary encroached on approximately 900 rai of the National Reserve land for rubber planting. The management of the Company and the subsidiary refuse the allegation and have explained that the Company's procedures for acquiring land for planting accord with legal processes, and the land possessory rights were legally acquired. The case is currently under the consideration of the DSI in which the management believe that the final outcome will not result in significant loss to the Company and the subsidiary.

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited

Bangkok: 25 February 2011

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries
Balance sheets
As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
			(Restated)		(Restated)
Assets					
Current assets					
Cash and cash equivalents	7	173,532,084	127,118,366	20,900,318	33,634,987
Trade accounts receivable					
Related parties	8, 9	76,746,834	48,233,682	250,990,408	186,012,513
Unrelated parties - net	9	1,587,458,993	1,278,164,418	1,079,437,735	737,941,960
Trade accounts receivable - net		1,664,205,827	1,326,398,100	1,330,428,143	923,954,473
Short-term loans and advances to					
Related parties	8	418,127	454,117	489,652,559	374,998,986
Unrelated parties - net		89,299,026	74,492,343	33,807,594	34,397,502
Inventories	10	2,220,999,439	1,277,518,098	578,435,509	207,934,264
Dividend receivable from related parties	8	-	-	176,349,308	-
Other current assets					
Value added tax refundable		8,050,584	10,988,021	1,277,624	622,396
Advance payments for goods		104,810,021	29,159,933	72,404,501	29,159,934
Others		30,167,046	25,535,386	7,607,153	3,313,705
Total other current assets		143,027,651	65,683,340	81,289,278	33,096,035
Total current assets		4,291,482,154	2,871,664,364	2,710,862,709	1,608,016,247
Non-current assets					
Investments in subsidiaries - net	11	-	-	1,320,361,538	1,210,011,559
Investments in associates - net	12	66,762,296	35,953,620	37,570,345	8,295,720
Other long-term investments - net	13	-	-	-	-
Property, plant and equipment - net	14	1,372,323,964	1,254,716,795	256,261,073	279,992,866
Intangible assets - net	15	5,900,469	2,056,219	2,325,062	498,408
Land possessory rights - net	16	137,775,981	137,775,981	3,129,500	3,129,500
Rubber plantation development costs	17	248,608,699	172,080,665	-	-
Other non-current assets					
Withholding tax deducted at source		95,558,564	55,827,624	92,096,795	54,372,618
Deposit for purchase of land		31,719,858	33,214,820	-	-
Others		39,152,143	52,307,198	5,522,478	5,304,169
Total other non-current assets		166,430,565	141,349,642	97,619,273	59,676,787
Total non-current assets		1,997,801,974	1,743,932,922	1,717,266,791	1,561,604,840
Total assets		6,289,284,128	4,615,597,286	4,428,129,500	3,169,621,087

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
			(Restated)		(Restated)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	18	4,424,991,506	2,768,452,270	1,711,836,856	1,307,582,354
Trade accounts payable					
Related parties	8	914,430	347,864	1,451,636,181	380,165,377
Unrelated parties		230,577,440	220,853,322	44,350,908	16,143,747
Total trade accounts payable		231,491,870	221,201,186	1,495,987,089	396,309,124
Short-term loans and advances from					
related parties	8	-	-	20,035,836	86,596,454
Current portion of long-term loans from banks	19	46,990,500	337,500,000	37,500,000	337,500,000
Current portion of finance leases and hire-purchase payable	20	516,235	1,508,167	-	-
Other current liabilities					
Accrued expenses		137,214,883	118,782,911	21,595,497	29,817,515
Advances from customers		19,198,773	608,471	805,723	608,471
Corporate income tax payable		8,888,285	-	-	-
Others		32,841,327	40,679,143	5,713,203	7,413,166
Total other current liabilities		198,143,268	160,070,525	28,114,423	37,839,152
Total current liabilities		4,902,133,379	3,488,732,148	3,293,474,204	2,165,827,084
Non-current liabilities					
Long-term loans from banks - net of current portion	19	316,259,500	184,750,000	147,250,000	184,750,000
Finance leases and hire-purchase payable - net of current porti	20	488,568	248,291	-	-
Liabilities from employee benefit	21	26,669,818	25,147,160	3,686,750	3,288,544
Other non-current liabilities		61,500	-	-	-
Total non-current liabilities		343,479,386	210,145,451	150,936,750	188,038,544
Total liabilities		5,245,612,765	3,698,877,599	3,444,410,954	2,353,865,628

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
			(Restated)		(Restated)
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	22				
Registered					
436,209,696 ordinary shares of Baht 1 each					
(31 December 2009: 50,000,000 ordinary shares					
of Baht 10 each)		436,209,696	500,000,000	436,209,696	500,000,000
Issued and fully paid up					
436,135,595 ordinary shares of Baht 1 each					
(31 December 2009: 27,263,106 ordinary shares					
of Baht 10 each)		436,135,595	272,631,060	436,135,595	272,631,060
Paid-in capital					
Share premium		124,045,530	124,045,530	124,045,530	124,045,530
Revaluation surplus on assets	14	345,222,488	391,127,652	89,557,462	96,105,604
Translation adjustments		(4,254,208)	(1,153,998)	-	-
Retained earnings					
Appropriated - statutory reserve	23	92,853,049	80,517,672	50,000,000	50,000,000
Unappropriated		42,864,564	43,123,586	283,979,959	272,973,265
Equity attributable to Company's shareholders		1,036,867,018	910,291,502	983,718,546	815,755,459
Minority interest - equity attributable to minority					
shareholders of subsidiaries		6,804,345	6,428,185	-	-
Total shareholders' equity		1,043,671,363	916,719,687	983,718,546	815,755,459
Total liabilities and shareholders' equity		6,289,284,128	4,615,597,286	4,428,129,500	3,169,621,087

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


นายวเทพ วงศ์สุทนต์
กรรมการผู้จัดการ


นายไพฑูย์ วรประทีป
กรรมการบริหาร


นายปิยะฉัตร เกียมจุฑารักษ์
กรรมการบริหาร



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009 (Restated)	2010	2009 (Restated)
Revenues					
Sales and service income	26	12,912,144,748	7,913,795,979	8,234,682,989	4,298,407,012
Gain from sale of investment		-	45,105	-	3,775,180
Other income					
Interest income		22,030,430	19,717,766	28,677,914	25,507,547
Dividend income	11	-	-	176,349,308	97,649,587
Gain on exchange		106,051,877	3,383,384	45,726,520	-
Reversal of allowance for impairment of investment	11	-	-	36,600,000	221,119,508
Others		49,424,728	41,198,824	18,379,942	9,718,487
Total other income		177,507,035	64,299,974	305,733,684	353,995,129
Total revenues		13,089,651,783	7,978,141,058	8,540,416,673	4,656,177,321
Expenses					
Cost of sales and services		12,067,557,362	7,170,352,510	7,964,710,242	4,129,636,278
Selling expenses		300,057,626	246,811,867	146,057,418	128,506,593
Administrative expenses		186,153,334	161,717,213	41,506,816	42,780,451
Directors' and management's remuneration		63,080,000	49,334,000	12,530,000	11,082,000
Loss from investment in agricultural futures		9,359,242	10,729,287	13,381,681	10,542,069
Loss on exchange		-	-	-	3,024,906
Other expenses		44,201,000	88,344,025	37,650,083	73,640,099
Total expenses		12,670,408,564	7,727,288,902	8,215,836,240	4,399,212,396
Income before share of income (loss) from investments					
in associates, finance cost and corporate income tax		419,243,219	250,852,156	324,580,433	256,964,925
Share of income (loss) from investments in associates	12	3,193,026	(468,523)	-	-
Income before finance cost and corporate income tax					
corporate income tax		422,436,245	250,383,633	324,580,433	256,964,925
Finance cost		(152,411,741)	(132,829,869)	(77,313,487)	(81,427,107)
Income before corporate income tax		270,024,504	117,553,764	247,266,946	175,537,818
Corporate income tax	25	(19,584,368)	(673,666)	-	-
Net income for the year		250,440,136	116,880,098	247,266,946	175,537,818
Net income attributable to:					
Equity holders of the parent		248,336,607	117,636,769	247,266,946	175,537,818
Minority interests of the subsidiaries		2,103,529	(756,671)	-	-
		<u>250,440,136</u>	<u>116,880,098</u>		
Basic earnings per share					
Net income attributable to equity holders of the parent	27	0.57	0.27	0.57	0.40
Weighted average number of ordinary shares (shares)		436,135,595	436,135,595	436,135,595	436,135,595

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements (Restated)									
Note	Equity attributable to the parent's shareholders							Minority interest - equity attributable to minority shareholders of subsidiaries	
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders		Total
					Appropriated - statutory reserve	Unappropriated (deficit)			
Balance as at 31 December 2008 - as previously reported	272,631,060	124,045,530	450,752,664	-	64,164,000	(38,817,427)	872,775,827	8,564,440	881,340,267
Cumulative effect on change in accounting policy for recording employee benefit	4	-	-	-	-	(19,342,084)	(19,342,084)	(2,529)	(19,344,613)
Balance as at 31 December 2008 - as restated	272,631,060	124,045,530	450,752,664	-	64,164,000	(58,159,511)	853,433,743	8,561,911	861,995,654
Expenses recognised directly in equity:									
Amortisation of revaluation surplus on assets	14	-	-	(59,625,012)	-	-	(59,625,012)	(226,677)	(59,851,689)
Translation adjustment		-	-	(1,153,998)	-	-	(1,153,998)	-	(1,153,998)
Total expenses recognised directly in equity		-	-	(59,625,012)	(1,153,998)	-	(60,779,010)	(226,677)	(61,005,687)
Net income (loss) for the year (restated)		-	-	-	-	117,636,769	117,636,769	(756,671)	116,880,098
Total income (expenses) recognised for the year		-	-	(59,625,012)	(1,153,998)	-	56,857,759	(983,348)	55,874,411
Unappropriated retained earnings transferred to statutory reserve		-	-	-	16,353,672	(16,353,672)	-	-	-
Decrease in minority interest from dividend paid by subsidiaries		-	-	-	-	-	-	(900,414)	(900,414)
Decrease in minority interest		-	-	-	-	-	-	(249,964)	(249,964)
Balance as at 31 December 2009 - as restated	272,631,060	124,045,530	391,127,652	(1,153,998)	80,517,672	43,123,586	910,291,502	6,428,185	916,719,687

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements									
Note	Equity attributable to the parent's shareholders							Minority interest - equity attributable to minority shareholders of subsidiaries	
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders		Total
					Appropriated - statutory reserve	Unappropriated			
Balance as at 31 December 2009 - as previously reported	272,631,060	124,045,530	391,127,652	(1,153,998)	80,517,672	64,724,036	931,891,952	6,432,020	938,323,972
Cumulative effect on change in accounting policy for recording employee benefit	4	-	-	-	-	(21,600,450)	(21,600,450)	(3,835)	(21,604,285)
Balance as at 31 December 2009 - as restated	272,631,060	124,045,530	391,127,652	(1,153,998)	80,517,672	43,123,586	910,291,502	6,428,185	916,719,687
Expenses recognised directly in equity:									
Amortisation of revaluation surplus on assets	14	-	-	(45,905,164)	-	-	(45,905,164)	(226,677)	(46,131,841)
Translation adjustment		-	-	(3,100,210)	-	-	(3,100,210)	-	(3,100,210)
Total expenses recognised directly in equity		-	-	(45,905,164)	(3,100,210)	-	(49,005,374)	(226,677)	(49,232,051)
Net income for the year		-	-	-	-	248,336,607	248,336,607	2,103,529	250,440,136
Total income (expenses) recognised for the year		-	-	(45,905,164)	(3,100,210)	-	199,331,233	1,876,852	201,208,085
Stock dividend	30	163,504,535	-	-	-	(163,504,535)	-	-	-
Dividend paid	30	-	-	-	-	(72,755,717)	(72,755,717)	-	(72,755,717)
Unappropriated retained earnings transferred to statutory reserve		-	-	-	12,335,377	(12,335,377)	-	-	-
Decrease in minority interest from dividend paid by subsidiaries		-	-	-	-	-	-	(1,500,692)	(1,500,692)
Balance as at 31 December 2010	436,135,595	124,045,530	345,222,488	(4,254,208)	92,853,049	42,864,564	1,036,867,018	6,804,345	1,043,671,363

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

Separate financial statements (restated)						
Note	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2008 - as previously reported	272,631,060	124,045,530	102,655,698	42,559,000	107,748,764	649,640,052
Cumulative effect on change in accounting policy for recording employee benefit	4	-	-	-	(2,872,317)	(2,872,317)
Balance as at 31 December 2008 - as restated	272,631,060	124,045,530	102,655,698	42,559,000	104,876,447	646,767,735
Expenses recognised directly in equity:						
Amortisation of revaluation surplus on assets	14	-	(6,550,094)	-	-	(6,550,094)
Total expenses recognised directly in equity		-	(6,550,094)	-	-	(6,550,094)
Net income for the year (restated)		-	-	-	175,537,818	175,537,818
Total income (expenses) recognised for the year		-	(6,550,094)	-	175,537,818	168,987,724
Unappropriated retained earnings transferred to statutory reserve	23	-	-	7,441,000	(7,441,000)	-
Balance as at 31 December 2009 - as restated	272,631,060	124,045,530	96,105,604	50,000,000	272,973,265	815,755,459

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

Separate financial statements						
Note	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2009 - as previously reported	272,631,060	124,045,530	96,105,604	50,000,000	276,261,809	819,044,003
Cumulative effect on change in accounting policy for recording employee benefit	4	-	-	-	(3,288,544)	(3,288,544)
Balance as at 31 December 2009 - as restated	272,631,060	124,045,530	96,105,604	50,000,000	272,973,265	815,755,459
Expenses recognised directly in equity:						
Amortisation of revaluation surplus on assets	14	-	(6,548,142)	-	-	(6,548,142)
Total expenses recognised directly in equity		-	(6,548,142)	-	-	(6,548,142)
Net income for the year		-	-	-	247,266,946	247,266,946
Total income (expenses) recognised for the year		-	(6,548,142)	-	247,266,946	240,718,804
Stock dividend	30	163,504,535	-	-	(163,504,535)	-
Dividend paid	30	-	-	-	(72,755,717)	(72,755,717)
Balance as at 31 December 2010	436,135,595	124,045,530	89,557,462	50,000,000	283,979,959	983,718,546

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Cash flows statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		(Restated)		(Restated)
Cash flows from operating activities				
Net income before tax	270,024,504	117,553,764	247,266,946	175,537,818
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Share of (income) loss from investments in associates under equity method	(3,193,026)	468,523	-	-
Dividend income	-	-	(176,349,308)	(97,649,587)
Depreciation and amortisation	97,511,268	94,357,879	18,777,703	18,650,336
Doubtful accounts	17,419,613	48,358,619	30,298,368	60,772,785
Reversal of allowance for diminution in inventory value	-	(197,976,291)	-	(85,273,002)
Gain from disposals of property, plant and equipment	(61,923)	(205,932)	(74,348)	(100)
Reversal of impairment of assets	-	(187,713)	-	-
Loss from impairment of deposits for purchase of land	-	8,287,000	-	-
Loss from liquidation of associate	11,950	-	376,241	-
Loss from sales of investments in related parties	-	3,079,734	-	9,188,070
Reversal of impairment of investments	-	-	(36,600,000)	(221,119,508)
Employee benefit expenses	3,238,718	2,054,517	466,606	416,227
Unrealised loss (gain) on exchange	(7,220,254)	(2,562,844)	10,009,771	3,086,932
Interest income	(22,030,430)	(19,717,766)	(28,677,914)	(25,507,547)
Interest expenses	145,568,020	126,988,343	70,350,534	79,222,702
Income (loss) from operating activities before changes in operating assets and liabilities	501,268,440	180,497,833	135,844,599	(82,674,874)
Operating assets decrease (increase)				
Trade accounts receivable	(362,894,619)	(278,599,069)	(446,781,809)	(377,279,756)
Short-term loans and advances to unrelated parties	(15,029,202)	(19,387,662)	589,908	5,639,343
Inventories	(943,481,341)	(428,433,321)	(370,501,245)	55,849,061
Advance payments for goods	(75,650,088)	11,540,687	(43,244,567)	17,428,368
Other current assets	14,211,997	(24,008,677)	(5,233,717)	(39,963,227)
Other non-current assets	10,790,062	(27,279,564)	(218,366)	(2,809,321)
Operating liabilities increase (decrease)				
Trade accounts payable	10,290,684	106,639,291	1,099,677,965	(18,066,967)
Accrued expenses	18,431,972	62,614,781	(8,190,226)	8,996,558
Advances from customer	18,590,302	-	197,252	-
Other current liabilities	(11,048,027)	18,739,871	(755,959)	5,757,524
Liabilities from employee benefit	(1,716,060)	3,134,930	(68,400)	-
Other non-current liabilities	61,500	-	-	-
Cash from (used in) operating activities	(836,174,380)	(394,540,900)	361,315,435	(427,123,291)
Cash received from interest income	1,881,316	2,643,801	1,359,506	1,998,395
Cash paid for corporate income tax	(45,460,311)	(16,415,805)	(37,724,177)	(16,184,878)
Net cash from (used in) operating activities	(879,753,375)	(408,312,904)	324,950,764	(441,309,774)

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

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
		(Restated)		(Restated)
Cash flows from investing activities				
Decrease (increase) in short-term loans and advances to related parties	35,990	12,283,605	(114,449,248)	(102,095,353)
Cash received from interest income	20,371,633	16,940,665	27,399,124	23,429,169
Increase in investments in subsidiaries and associate	(29,774,625)	(4,377,720)	(103,524,547)	(11,877,720)
Cash received from sales of investments in related parties	-	17,525,095	-	27,264,345
Cash received from liquidation of associate	123,759	-	123,759	-
Dividend received from related parties	1,606,800	1,606,800	-	97,649,587
Proceeds from disposals of property, plant and equipment	3,157,593	3,414,056	3,141,959	7,528,540
Cash paid for acquisitions of property, plant and equipment	(260,426,996)	(159,077,421)	(4,085,618)	(12,191,941)
Increase in intangible assets	(4,907,293)	(1,685,032)	(2,402,699)	-
Increase in rubber plantation development costs	(77,402,606)	(70,629,199)	-	-
Proceeds from disposals of rubber sprout	874,572	-	-	-
Decrease in minority interests from dividend paid by subsidiary company	(1,500,692)	(900,414)	-	-
Decrease in investment in subsidiary companies				
for recording employee benefit	416,466	-	-	-
Net cash from (used in) investing activities	(347,425,399)	(184,899,565)	(193,797,270)	29,706,627
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from				
financial institutions	1,656,539,236	656,744,787	404,254,502	574,387,647
Decrease in short-term loans and advances from related parties	-	(1,311,066)	(66,612,398)	(11,847,979)
Cash received from long-term loans	178,500,000	-	-	-
Cash paid for long-term loans	(337,500,000)	(67,423,704)	(337,500,000)	(56,376,363)
Cash paid for finance leases and hire-purchase payable	(751,655)	(1,247,221)	-	-
Cash paid for dividend	(72,755,717)	-	(72,755,717)	-
Interest expenses	(147,339,162)	(127,473,925)	(71,274,550)	(80,135,369)
Share subscription received from minority interest	-	(249,964)	-	-
Net cash from (used in) financing activities	1,276,692,702	459,038,907	(143,888,163)	426,027,936
Increase (decrease) in cash and cash equivalents	49,513,928	(134,173,562)	(12,734,669)	14,424,789
Translation adjustment	(3,100,210)	(1,153,998)	-	-
Net increase (decrease) in cash and cash equivalents	46,413,718	(135,327,560)	(12,734,669)	14,424,789
Cash and cash equivalents at beginning of the year	127,118,366	262,445,926	33,634,987	19,210,198
Cash and cash equivalents at the end of the year	173,532,084	127,118,366	20,900,318	33,634,987

Supplemental cash flows information:

Non-cash related transactions from investing activities

Depreciation on revalued portion	46,131,841	59,851,689	6,548,142	6,550,094
Transfer deposits for purchase of land to land	-	22,753,307	-	-
Assets acquired under financial lease agreements and hire purchase	-	202,300	-	-

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited
and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009**

1. General information

Thai Rubber Latex Corporation (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and sales of latex concentrated and prevulcanized latex and its registered address is at No. 99/1-3 Moo 13, Bangna-Trad Road, K.M. 7, Tambol Bangkaew, Amphur Bangplee, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543. The Company has early adopted of Thai Accounting Standard No. 19 “Employee Benefits”.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage owned by the Company - direct and indirect		Assets as a percentage to the consolidated total assets as of 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2010	2009	2010	2009	2010	2009
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries directly held by the Company</u>								
Thai Rubber Latex Group Co., Ltd.	Production and distribution of latex concentrate and skim blocks	Thailand	100.0	100.0	58	37	53	32
World Flex Public Company Limited	Production and distribution of rubber thread	Thailand	98.4	98.4	16	18	17	14
Thai Tank Installation Co., Ltd.	Storage and shipment services for exports of latex	Thailand	65.4	65.4	-	-	-	-
Thai Rubber Land and Plantation Co., Ltd. (formerly name “Thai Rubber City Co., Ltd.”)	To operate the rubber planting project	Thailand	100.0	100.0	10	11	-	-
Agrowealth Co., Ltd.	Agricultural future trading	Thailand	100.0	100.0	1	2	-	-
Thai Rubber (H.P.N.R.) Co., Ltd.	Production and distribution of a stick and company later	Thailand	100.0	-	1	-	-	-
<u>The subsidiaries held by Thai Rubber Latex Group Co., Ltd.</u>								
Shanghai Rummao International Trading Co., Ltd.	Purchase and distribution of latex concentrate	China	100.0	100.0	2	2	12	10

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Translation adjustment” in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Investments in the subsidiaries as recorded in the Company’s books of account are eliminated from the consolidated financial statements.
- g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

- 3.1 During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets

TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

- b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 16 (revised 2009) Property, Plant and Equipment

According to this accounting standard, an entity which presents its property, plant and equipment (PPE) on a revaluation basis is required to charge depreciation on the total revalued amount to its income statement. Currently, as permitted by the relevant notification of the Federation of Accounting Professions, only the depreciation calculated on the original cost of PPE is charged to the income statement. The change in this accounting policy in 2011 will have no effect to the Company's retained earnings.

4. Change in accounting policy for recording employee benefit

In 2010, the Company and its subsidiaries have early adapted of Thai Accounting Standard No. 19 “Employee Benefits”. The Company has chosen to record the effect of the accounting change against the beginning balance of retained earnings as though the accounting policy for employee benefits had always been applied. The change has effect of decreasing the balance of retrained earnings brought forward to the 2009 in the consolidated and separate financial statements by Baht 19.3 million and Bath 2.9 million, respectively. The change also has the effect of decreasing net income in the consolidated and separate financial statements for the year ended 31 December 2009 by Baht 2.3 million (Baht 0.01 per share) and Bath 0.4 million (Baht 0.001 per share), respectively. The cumulative effect of the accounting change has been presented under the heading of “Cumulative effect on the change in accounting policy for recording employee benefits” in the statements of changes in shareholder’s equity.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deduction discounts and allowances. Revenues from sales of goods under the conditions that the goods will be paid for only when they are used by the customer, and that unused goods can be returned, are recognised when the goods are used by the customer.

Rendering of services

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

Rental income

Rental income is recognised on an accrual basis.

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

Finished goods are valued at the lower of cost (weighted average method) and net realisable value. Cost includes as all production costs and attributable factory overheads.

Raw materials and supplies used in the manufacture are valued at the lower of cost (weighted average method) and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in inventory value is made for damaged, slow-moving or deteriorated inventories.

5.5 Investments

- a) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.
- c) Investments in available-for-sale securities are determined at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statements when the securities are sold.
- d) Investments in non-marketable equity securities, which the Company classified as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

5.6 Property, plant and equipment and depreciation

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the Company's and the subsidiaries' assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and the subsidiaries' assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount on the straight-line basis (except certain assets which were acquired prior to 1998 are depreciated based on declining basis) over the following estimated useful lives:

Building and building improvement	-	5 - 50	years
Machinery	-	5 - 20	years
Office equipment	-	3 - 5	years
Motor vehicles	-	5	years
Other fixed assets	-	5 - 10	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is deducted against revaluation surplus in shareholders' equity.

No depreciation is provided for land, land improvement and assets in progress.

5.7 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	5 years

5.8 Rubber plantation development costs

Rubber plantation development costs present the costs of rubber tree plantation, which are amortised over the estimated productive life of the rubber trees (20 years).

Cost of supplying rubber vacancies and infilling mature areas are included in determining income.

No amortisation is provided on rubber plantation development costs that are not ready for harvest.

5.9 Land possessory rights

Land possessory rights are stated at cost less allowance for loss on impairment of assets (if any).

5.10 Deferred expenses and amortisation

Deferred expenses represent deferred receptacle costs, which are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over a period of 1 - 3 years.

The amortisation is included in determining income.

5.11 Related party transactions

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

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

5.12 Long-term lease agreements

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

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

5.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities determined in foreign currencies outstanding are translated into Baht at the exchange rates ruling at the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

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

An impairment loss is recognised in the income statement. However in cases where property, plant and machines was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation. Any excess amount is recognised as expense in the income statement.

5.15 Employee benefits

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

Employee retirement

The obligation and costs of retirement benefits are determined using the projected unit credit method. A professionally qualified independent actuary values the fund's liability and certain obligations. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognised when the curtailment or settlement occurs.

Actuarial gains or losses are recognised immediately to the income statement. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

5.16 Provisions

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

5.17 Income Tax

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

5.18 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

Agricultural futures contracts

Gain (loss) on trading of agricultural futures contracts are recognised as income or expenses on the transaction dates.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgment and estimates of loss that may be incurred from obsolete or deteriorated inventories including the effect from the reduction of net realisable value of inventories.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s and the subsidiaries plant and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land, buildings and machinery at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings and machinery. The valuation involves certain assumptions and estimates.

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

Intangible assets

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

Pension and post-retirement benefits

Pension and post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions as to salary increases and discount rate, among others.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	711,740	771,240	135,195	235,863
Bank deposits	172,820,344	126,347,126	20,765,123	33,399,124
Total	<u>173,532,084</u>	<u>127,118,366</u>	<u>20,900,318</u>	<u>33,634,987</u>

As at 31 December 2010, bank deposits in saving accounts carried interests between 0.1 and 0.5 percent per annum (2009: between 0.1 and 0.5 percent per annum).

8. Related party transactions

During the years, the Company and its subsidiaries 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)

	Consolidated financial statements		Separate financial statements		Transfer pricing and lending policy
	2010	2009	2010	2009	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	936,093	460,679	At market price
Sales of raw materials	-	-	9,133	5,166	At market price
Interest income	-	-	7,232	6,402	At interest rate of 3.91 - 7.50 percent per annum (2009: 4.49 - 7.50 percent per annum)
Dividend income	-	-	176,349	97,650	At the declared rate
Office rental and service income	-	-	3,964	4,110	Baht 200 and Baht 60 per month per square metre for rental and service respectively, based on actual area used except for companies involved in latex production for which total charge is based on allocation thereof.
Machine rental income	-	-	840	840	At contract price of Baht 5,000 per machine per month
Purchases of goods	-	-	5,038,046	1,883,328	At market price less operating expenses at the determining rate (Baht 2.0 - 7.0 per kilogram) (2009: At market price less operating expenses Baht 1.5 - 2.0 per kilogram)
Interest expenses	-	-	1,007	2,054	At interest rate of 1.75 - 4.14 percent per annum (2009: 4.25 - 7.50 percent per annum)
Service expenses	-	-	88	30	At market price
<u>Transactions with associates</u>					
Sales of goods	96,983	30,455	95,062	-	At market price
Interest income	-	442	-	442	At interest rate of 4.49 - 9.00 percent per annum
Office rental and service income	167	239	167	239	Baht 200 and Baht 60 per month per square metre for rental and service respectively, based on actual area used
Purchases of finished goods	-	104,734	-	104,734	At market price
Purchases of raw materials	27,792	23,381	-	-	At market price

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing and lending policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with related companies / related persons</u>					
Sales of goods	94,961	46,911	77,670	33,340	At market price
Office rental and service income	1,390	1,390	1,390	1,390	Baht 200 and Baht 60 per month per square metre for rental and service respectively, based on actual area used
Machine rental income	1,200	1,200	1,200	1,200	At contract price of Baht 100,000 per month
Purchases of raw materials	11,044	7,622	-	-	At market price
Purchase of rubber seeding (recorded as deferred expense)	-	2,767	-	-	At market price
Purchases of supplies	77	-	77	-	At market price

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable- related parties</u>				
<u>Subsidiaries</u>				
World Flex Public Company Limited	-	-	153,322,773	168,776,313
Shanghai Runmao International Trading Co., Ltd.	-	-	28,516,067	-
Thai Rubber Latex Group Co., Ltd.	-	-	2,328,968	6,772,365
Total trade accounts and notes receivable - subsidiaries	-	-	184,167,808	175,548,678
<u>Associates</u>				
Latex Systems Co., Ltd.	44,778,675	29,614,721	42,857,525	-
Total trade accounts and notes receivable - associates	44,778,675	29,614,721	42,857,525	-
<u>Related companies</u>				
Phoenix Rubber Products Co., Ltd.	20,875,075	10,382,835	20,875,075	10,382,835
Thai Smart Elastic Co., Ltd.	8,003,084	4,073,838	-	-
Thai Chuan Rubber Partnership Ltd.	3,090,000	81,000	3,090,000	81,000
World Latex Supply Co., Ltd.	-	4,081,288	-	-
Total trade accounts receivable - related companies	31,968,159	18,618,961	23,965,075	10,463,835
Total trade accounts receivable - related parties	76,746,834	48,233,682	250,990,408	186,012,513

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Short-term loans and advances to related parties</u>				
<u>Short-term loans and accrued interest receivable</u>				
<u>Subsidiaries</u>				
Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.")	-	-	482,293,051	374,387,003
Agrowealth Co., Ltd.	-	-	-	1,722
Total short-term loans and accrued interest receivable - subsidiaries	-	-	482,293,051	374,388,725
<u>Advances to related parties</u>				
<u>Subsidiaries</u>				
Agrowealth Co., Ltd.	-	-	5,466,815	454,392
Shanghai Runmao International Trading Co., Ltd.	-	-	1,811,661	-
Thai Rubber Latex Group Co., Ltd.	-	-	62,604	136,713
World Flex Public Company Limited	-	-	5,075	6,894
Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.")	-	-	781	562
Total advances to subsidiaries	-	-	7,346,936	598,561
<u>Associates</u>				
Wang Somboon Rubber Estate Co., Ltd.	2,625	3,136	164	277
Total advances to associates	2,625	3,136	164	277
<u>Related companies</u>				
Phoenix Rubber Products Co., Ltd.	413,605	398,256	12,355	11,344
Soydao Rubber Estate Co., Ltd.	1,897	52,725	53	79
Total advances to related companies	415,502	450,981	12,408	11,423
Total advances to related parties	418,127	454,117	7,359,508	610,261
Total short-term loans and advances to related parties	418,127	454,117	489,652,559	374,998,986
<u>Dividend receivable - related parties</u>				
<u>Subsidiaries</u>				
World Flex Public Company Limited	-	-	94,749,317	-
Thai Rubber Latex Group Co., Ltd.	-	-	81,599,991	-
Total dividend receivable - related parties	-	-	176,349,308	-
<u>Trade accounts payable - related parties</u>				
<u>Subsidiary</u>				
Thai Rubber Latex Group Co., Ltd.	-	-	1,451,636,181	380,155,747
Total trade accounts payable - subsidiary	-	-	1,451,636,181	380,155,747
<u>Associate</u>				
Wang Somboon Rubber Estate Co., Ltd.	724,018	219,968	-	-
Total trade accounts payable - associate	724,018	219,968	-	-
<u>Related companies / person</u>				
Soydao Rubber Estate Co., Ltd.	190,412	117,696	-	-
Phoenix Rubber Products Co., Ltd.	-	9,630	-	9,630
Thanakorn Estate	-	570	-	-
Total trade accounts payable - related companies / person	190,412	127,896	-	9,630
Total trade accounts payable - related parties	914,430	347,864	1,451,636,181	380,165,377

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Short-term loans and advances from related parties</u>				
<u>Short-term loans and accrued interest payable</u>				
<u>Subsidiaries</u>				
Thai Rubber Land and Plantation Co., Ltd. (formerly name “Thai Rubber City Co., Ltd.”)	-	-	18,026,753	-
Thai Rubber Latex Group Co., Ltd.	-	-	85,161	86,576,451
Total short-term loans and accrued interest payable to related parties	-	-	18,111,914	86,576,451
<u>Advances from related parties</u>				
<u>Subsidiary</u>				
Thai Rubber Latex Group Co., Ltd.	-	-	1,923,922	20,003
Total advances from related parties	-	-	1,923,922	20,003
Total short-term loans and advances from related parties	-	-	20,035,836	86,596,454

During 2010, movements of short-term loans and accrued interest receivable from related parties and short-term loans and accrued interest payable to related parties of the Company were as follows:

				(Unit: Thousand Baht)
	Balance as at			Balance as at
	1 January	During the year		31 December
	2010	Increase	Decrease	2010
<u>Short-term loans and accrued interest</u>				
<u>receivable from related parties</u>				
<u>Subsidiaries</u>				
Thai Rubber Land and Plantation Co., Ltd.				
(formerly name “Thai Rubber City Co.,				
Ltd.”)	374,387	172,284	64,378	482,293
Agrowealth Co., Ltd.	2	-	2	-
World Flex Public Company Limited	-	50,520	50,520	-

	(Unit: Thousand Baht)			
	Balance as at	During the year		Balance as at
	1 January			31 December
	2010	Increase	Decrease	2010
<u>Short-term loans and accrued interest payable to related parties</u>				
<u>Subsidiaries</u>				
Thai Rubber Latex Group Co., Ltd.	86,576	385,975	472,466	85
Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.")	-	18,027	-	18,027

Directors and management's remuneration

In 2010, the Company and its subsidiaries had salaries, bonus, meeting allowances, and gratuities of their directors and management recognised as expenses totaling Baht 63.08 million (the Company only: Baht 12.53 million) (2009: Baht 49.33 million, the Company only: Baht 11.08 million).

Guarantee obligations with related parties

As at 31 December 2010, a total of Baht 1,536.78 million and USD 27.30 million of credit facilities granted to the Company by the commercial banks are guaranteed by certain subsidiaries, and the Company has issued letters of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 3,848.92 million and USD 31.10 million (As described in Note 31.3 to the financial statements).

9. Trade accounts receivable

The balances of trade accounts receivables and notes receivable as at 31 December 2010 and 2009 aged on the basis of due date of invoices, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties</u>				
Not yet due	48,816	16,304	202,546	186,012
Past due				
Up to 3 months	26,154	11,279	46,667	-
3 - 6 months	1,777	6,078	1,777	-
6 - 9 months	-	3,128	-	-
9 - 12 months	-	4,852	-	-
Over 12 months	-	6,593	-	-
Total trade accounts receivable - related parties	76,747	48,234	250,990	186,012

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - unrelated parties</u>				
Not yet due	1,100,704	975,409	688,313	540,299
Past due				
Up to 3 months	482,173	254,202	387,135	150,015
3 - 6 months	90	359	-	100
6 - 9 months	-	-	-	-
9 - 12 months	-	51	-	-
Over 12 months	99,077	125,309	92,833	106,073
Total trade accounts receivable - unrelated parties	1,682,044	1,355,330	1,168,281	796,487
Less: Allowance for doubtful accounts	(94,585)	(77,166)	(88,843)	(58,545)
Trade accounts receivable – unrelated parties - net	1,587,459	1,278,164	1,079,438	737,942
Total trade accounts receivable - net	1,664,206	1,326,398	1,330,428	923,954

10. Inventories

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished goods	1,930,484,463	1,078,217,812	563,580,197	204,692,640
Work in process	5,809,199	13,321,723	-	-
Raw materials	263,996,943	168,274,192	14,495,871	2,871,268
Packing materials	5,726,105	1,820,343	-	-
Supplies	14,982,729	15,884,028	359,441	370,356
Total	2,220,999,439	1,277,518,098	578,435,509	207,934,264

11. Investments in subsidiaries

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

Company's name	Nature of business	Separate financial statements											
		Paid up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net		Dividend received during the year	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		Thousand Baht	Thousand Baht	Percent	Percent	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Thai Rubber Latex Group Co., Ltd.	Production and distribution of latex concentrate and skim blocks	544,000	544,000	100.0	100.0	544,000,000	544,000,000	-	-	544,000,000	544,000,000	81,599,991	40,799,996
World Flex Public Company Limited	Production and distribution of rubber threads	308,000	308,000	98.4	98.4	443,600,000	443,600,000	-	(36,600,000)	443,600,000	407,000,000	94,749,317	56,849,591
Thai Tank Installation Co., Ltd.	Storage and shipment services for exports of latex (currently in process of liquidation)	35,000	35,000	65.4	65.4	12,942,500	12,942,500	(12,563,327)	(12,563,327)	379,173	379,173	-	-
Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.")	To operate the rubber planting project	225,000	225,000	100.0	100.0	224,999,943	224,999,943	-	-	224,999,943	224,999,943	-	-
Agrowealth Co., Ltd.	Agricultural futures trading	63,750	60,000	100.0	100.0	49,849,920	46,099,920	(12,467,477)	(12,467,477)	37,382,443	33,632,443	-	-
Thai Rubber (H.P.N.R.) Co., Ltd.	Production and distribution of a stick rubber and compound later	70,000	-	100.0	-	69,999,979	-	-	-	69,999,979	-	-	-
Total						1,345,392,342	1,271,642,363	(25,030,804)	(61,630,804)	1,320,361,538	1,210,011,559	176,349,308	97,649,587

11.1 On 16 July 2010, the Extraordinary General Meeting of shareholders of Agrowealth Co., Ltd. (a subsidiary company) passed a resolution to approve an increase in its registered share capital from Baht 60 million to Baht 75 million, by issuing new 1,500,000 ordinary shares, with a par value of Baht 10 each, totaling Baht 15 million, to be allotted to the Company.

On 21 July 2010, the Company made additional payment of Baht 2.50 per share for the 1,500,000 ordinary shares of Agrowealth Co., Ltd., or a total of Baht 3.75 million. As a result, the value of investment in this subsidiary stated at cost increased from Baht 46.10 million to Baht 49.85 million. The subsidiary registered the capital increase with the Ministry of Commerce on 2 August 2010.

11.2 On 13 August 2010, the meeting of the board of directors of the Company passed a resolution approving the Company's investment in 9,999,997 ordinary shares of Thai Rubber (H.N.P.R.) Co., Ltd., (a stick rubber and compound latex) at Baht 10 each, totaling Baht 100 million, after which the Company's shareholding was 99.99 percent of registered share capital. The objective of investments is to expand into the production of raw materials for tire and automotive parts factories, giving the group a fully integrated rubber business.

In September and October 2010, the Company made total payments of Baht 7 per share for 9,999,997 ordinary shares of this subsidiary, or a totaling of Baht 70 million. The subsidiary company registered the increase share capital with the ministry of commerce on 2 November 2010.

11.3 Since the operating results of World Flex Plc. had been improved and the Company's management believes that the operations of the subsidiary will be consistently profitable in the future. The Company had in 2010 and 2009 reversed an allowance for impairment of investment in the subsidiary by Baht 36.6 million and Baht 207 million respectively, considering the net asset value of the subsidiary as at 31 December 2010 and 2009.

11.4 On 17 September 2010, the Extraordinary General Meeting of Thai Rubber Land and Plantation Co., Ltd. (a subsidiary) passed a special resolution approving the change of its name from the name "Thai Rubber City Co., Ltd." to "Thai Rubber Land and Plantation Co., Ltd." The subsidiary registered the name change with the Ministry of Commerce on 20 September 2010.

12. Investments in associates

12.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements									
			Paid up capital		Shareholding percentage		Cost		Carrying amount based on equity method		Dividend received during the year	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Thousand Baht	Thousand Baht	Percent	Percent	Baht	Baht	Baht	Baht	Baht	Baht
Wang Somboon Rubber Estate Co., Ltd. (held by Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.") which is a subsidiary)	Planting of rubber	Thai	55,300	55,300	48.4	48.4	30,100,720	30,100,720	31,438,433	30,450,369	1,606,800	1,606,800
Rosner-Mautby Meditrade (Thailand) Ltd.	Production of latex examination gloves	Thai	120,000	120,000	31.5	31.5	37,849,000	37,849,000	-	-	-	-
T-Inter Plus Co, Ltd. (become unrelated party in 2010)	Distribution of all rubber products	Thai	-	1,250	-	40.0	-	500,000	-	135,596	-	-
Latex Systems Co., Ltd.	Production of and distribution of foam latex mattress and pillow	Thai	78,808	18,808	44.9	30.0	37,570,345	7,795,720	35,323,863	5,367,655	-	-
Total							<u>105,520,065</u>	<u>76,245,440</u>	<u>66,762,296</u>	<u>35,953,620</u>	<u>1,606,800</u>	<u>1,606,800</u>

Company's name	Nature of business	Country of incorporation	Separate financial statements									
			Paid up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amount based on cost method - net	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Thousand Baht	Thousand Baht	Percent	Percent	Baht	Baht	Baht	Baht	Baht	Baht
Rosner-Mautby Meditrade (Thailand) Ltd.	Production of latex examination gloves	Thai	120,000	120,000	31.5	31.5	37,849,000	37,849,000	(37,849,000) (37,849,000)	-	-
T-Inter Plus Co, Ltd. (become unrelated party in 2010)	Distribution of all rubber products	Thai	-	1,250	-	40.0	-	500,000	-	-	-	500,000
Latex Systems Co., Ltd.	Production of and distribution of foam latex mattress and pillow	Thai	78,808	18,808	44.9	30.0	37,570,345	7,795,720	-	-	37,570,345	7,795,720
Total									(37,849,000			
							<u>75,419,345</u>	<u>46,144,720</u>	<u>) (37,849,000)</u>	<u></u>	<u>37,570,345</u>	<u>8,295,720</u>

12.1.1 On 25 April 2008, the meeting of the board of directors of the Company passed a resolution approving the jointed investment in the natural concentrated latex project by constructing a factory in The People's Republic of China. The jointed company has a registered capital of RMB 70 million (approximately Baht 340 million), whereby the Company will invest RMB 24.50 million (approximately Baht 120 million), representing 35% holding interest.

On 22 October 2010, a meeting of the Board of Directors of the Company passed a resolution to cancel investing in the project, approved by the board of Directors on 25 April 2008, to jointly invest in a natural concentrated latex project by construction a factory in The People's Republic of China. The reason for this decision was that a feasibility study concluded that investment would not be worthwhile of the project, it is not worthwhile for investment.

12.1.2 On 21 October 2010, the Extraordinary General Meeting of shareholders of Latex Systems Co., Ltd. (an associate company) passed a resolution to approve an increase in its registered share capital from Baht 18.81 million to Baht 78.81 million, by issuing new 6,493,506 ordinary shares, with a par value of Baht 9.24 each, totaling Baht 60 million. These were to be allotted to the Company in proportion to its shareholding. The associate company registered the capital increase with the Ministry of Commerce on 3 November 2010.

During the fourth quarter of 2010, the Company purchased 1,945,996 new ordinary shares of Latex Systems Co., Ltd, in proportion to be allotted to the Company, at their par value of Baht 9.24 per share, or for a total of Baht 17.98 million. It also purchased of 1,276,366 ordinary shares from other, unrelated parties at their par value of Baht 9.24 per share, or for a total of Baht 11.79 million. As a result of the share acquisitions, the Company held a total of 3,832,368 shares, totaling Baht 37.57 million, representing a 44.93 percent shareholding.

12.1.3 On 4 September 2009, the extraordinary general meeting of shareholders of T-Inter Plus Co., Ltd., an associate company, passed a resolution to liquidate the company because it had engaged in no commercial activity since its incorporation in 2007. The dissolution of the associated company's business and the completion its liquidation process were registered with the Ministry of Commerce on 3 December 2009 and 30 April 2010, respectively, and outstanding capital of Baht 0.12 million was returned to the Company.

12.2 Share of income/loss and dividend received

During the year, the Company recognised its share of net income/loss and dividend income from investments in associates in the consolidated financial statements as follows:

(Unit: Baht)			
Consolidated financial statements			
	Share of income (loss) from investments in associates during the year		Dividend received during the year
	<u>2010</u>	<u>2009</u> (restated)	<u>2010</u>
			<u>2009</u>
Wang Somboon Rubber Estate Co., Ltd.	2,692,469	1,930,285	1,606,800
Latex Systems Co., Ltd.	500,444	(1,145,914)	-
T-Inter Plus Co, Ltd.	113	(89,894)	-
Wintex Rubber Industry Co., Ltd. (unrelated party in 2009)	-	(1,163,000)	-
Total	<u>3,193,026</u>	<u>(468,523)</u>	<u>1,606,800</u>

12.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

Company's name	Paid-up capital as		Total assets as at		Total liabilities as at		Total revenues for		(Unit: Million Baht)	
	at 31 December		31 December		31 December		the year ended		Net income (loss)	
	31 December		31 December		31 December		31 December		for the year ended	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(Restated)		(Restated)		(Restated)		(Restated)		(Restated)	
Wang Somboon Rubber										
Estate Co., Ltd.	55.30	55.30	69.02	66.56	4.10	3.88	31.05	28.33	5.56	3.72
Rosner-Mautby Meditrade										
(Thailand) Ltd.	120.00	120.00	-	-	-	-	-	-	-	-
T-Inter Plus Co, Ltd.	-	1.25	-	0.35	-	0.01	-	-	-	(0.22)
Latex systems Co., Ltd.	78.81	18.81	131.97	49.79	55.43	36.49	165.55	88.51	3.24	(7.14)

- Rosner-Mautby Meditrade (Thailand) Ltd. has temporarily ceased its operations since 2007. Thus, there is no available financial information for the years ended 31 December 2009 and 2010.

The Company recognised share of losses from investment in Rosner-Mautby Meditrade (Thailand) Limited until the value of the investment reached zero. Subsequent losses incurred by this associate have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate.

- T-Inter Plus Co., Ltd. had deregistered with the Ministry of Commerce and had been liquidated as discussed in Note 12.1.3. Thus, there is no available financial information for the year ended 31 December 2009 and 2010.

12.4 Investments in associates, which are Wang Somboon Rubber Estate Co., Ltd., T-Inter Plus Co., Ltd. and Latex System Co., Ltd., in the consolidated financial statements are stated under the equity accounting method based on the associates' financial statements as at 31 December 2010 and 2009, which were audited by their auditors.

13. Other long-term investments

These represented long-term investments in the ordinary shares of the following companies:

(Unit: Baht)

	Consolidated financial statements				Separate financial statements			
	2010		2009		2010		2009	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<u>Available-for-sale</u>								
<u>securities</u>								
Listed securities	1,248,718	-	1,248,718	-	1,248,718	-	1,248,718	-
Less: Allowance for impairment	(1,248,718)		(1,248,718)		(1,248,718)		(1,248,718)	
Available-for-sale securities - net	-		-		-		-	
<u>Other investments</u>								
Ordinary shares								
Siam Steel Container Co., Ltd.								
	2,000,000		2,000,000		1,000,000		1,000,000	
Dr. Boo Co., Ltd.								
	5,100,000		5,100,000		5,100,000		5,100,000	
Universal Steel Drum Co., Ltd.								
	3,000,000		3,000,000		3,000,000		3,000,000	
Asia Fila Co., Ltd.								
	-		31,500,000		-		-	
Total	10,100,000		41,600,000		9,100,000		9,100,000	
Less: Allowance for impairment	(10,100,000)		(41,600,000)		(9,100,000)		(9,100,000)	
Total other investment - net	-		-		-		-	
Other long-term investments - net								
	-		-		-		-	

On 2 September 2010, a meeting of the Board of Directors of World Flex Public Co., Ltd. (a subsidiary company) passed a resolution approving the write-off of investment and allowance for impairment of investment in Asia Fila Co., Ltd., amounting to approximately Baht 31.5 million.

14. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements								
	Revaluation basis			Cost basis				
	Land and land improvement	Buildings and building improvement	Machinery	Office equipment	Vehicles	Other fixed assets	Assets in progress	Total
Cost/Revalued amount:								
31 December 2009	367,784,984	804,786,460	818,026,278	310,833,070	60,991,415	90,348,059	164,131,416	2,616,901,682
Acquisitions	77,393,859	11,160	2,556,582	7,074,442	9,299,690	-	164,091,263	260,426,996
Disposals	-	-	(88,000)	(741,773)	(631,000)	-	(3,026,071)	(4,486,844)
Transfer in (out)	-	43,973,219	24,785,388	4,171,788	11,993,465	9,598,790	(94,522,650)	-
31 December 2010	445,178,843	848,770,839	845,280,248	321,337,527	81,653,570	99,946,849	230,673,958	2,872,841,834
Accumulated depreciation:								
31 December 2009	-	404,874,094	520,155,410	255,101,924	50,062,130	66,671,020	-	1,296,864,578
Depreciation for the year	-	34,510,566	28,106,251	19,863,510	5,223,764	5,888,225	-	93,592,316
Depreciation on revalued portion	-	24,544,491	21,587,350	-	-	-	-	46,131,841
Depreciation - disposals	-	-	(88,000)	(713,714)	(589,460)	-	-	(1,391,174)
31 December 2010	-	463,929,151	569,761,011	274,251,720	54,696,434	72,559,245	-	1,435,197,561
Allowance for impairments loss:								
31 December 2009	45,847,787	19,436,253	36,269	-	-	-	-	65,320,309
31 December 2010	45,847,787	19,436,253	36,269	-	-	-	-	65,320,309
Net book value:								
31 December 2009	321,937,197	380,476,113	297,834,599	55,731,146	10,929,285	23,677,039	164,131,416	1,254,716,795
31 December 2010	399,331,056	365,405,435	275,482,968	47,085,807	26,957,136	27,387,604	230,673,958	1,372,323,964
Depreciation for the year								
2009 (Baht 68.1 million included in manufacturing cost, and the balance included in selling and administrative expenses)								90,228,215
2010 (Baht 68.0 million included in manufacturing cost, and the balance included in selling and administrative expenses)								93,592,316

	Separate financial statements							
	Revaluation basis			Cost basis				
	Land and land improvement	Buildings and building improvement	Machinery	Office equipment	Vehicles	Other fixed assets	Assets in progress	Total
Cost/Revalued amount:								
31 December 2009	146,977,819	188,827,910	102,086,573	54,475,154	25,340,109	18,430,947	11,301,221	547,439,733
Acquisitions	-	-	-	1,797,670	460,000	-	1,827,948	4,085,618
Disposals	-	-	-	(77,818)	(631,000)	-	(3,026,071)	(3,734,889)
Transfer in (out)	-	-	604,998	2,447,947	-	-	(3,052,945)	-
31 December 2010	146,977,819	188,827,910	102,691,571	58,642,953	25,169,109	18,430,947	7,050,153	547,790,462
Accumulated depreciation:								
31 December 2009	-	77,709,684	70,695,596	49,192,562	24,504,103	12,815,717	-	234,917,662
Depreciation for the year	-	9,793,870	4,496,092	2,430,812	448,692	1,032,192	-	18,201,658
Depreciation on revalued portion	-	2,673,456	3,874,686	-	-	-	-	6,548,142
Depreciation - disposals	-	-	-	(77,818)	(589,460)	-	-	(667,278)
31 December 2010	-	90,177,010	79,066,374	51,545,556	24,363,335	13,847,909	-	259,000,184
Allowance for impairment loss								
31 December 2009	30,177,719	2,351,486	-	-	-	-	-	32,529,205
31 December 2010	30,177,719	2,351,486	-	-	-	-	-	32,529,205
Net book value:								
31 December 2009	116,800,100	108,766,740	31,390,977	5,282,592	836,006	5,615,230	11,301,221	279,992,866
31 December 2010	116,800,100	96,299,414	23,625,197	7,097,397	805,774	4,583,038	7,050,153	256,261,073
Depreciation for the year								
2009 (Baht 2.1 million included in manufacturing cost, and the balance included in selling and administrative expenses)								18,183,184
2010 (Baht 1.9 million included in manufacturing cost, and the balance included in selling and administrative expenses)								18,201,658

The Company and its subsidiaries arranged for the independent professional valuers to appraise the value of certain assets in 2007 on an asset-by-asset basis. The basis of the revaluations was as follows:

- Land was revalued using the market approach.
- Buildings and machinery were revalued using the depreciated replacement cost approach.

The Company and its subsidiaries has recorded the revaluation increase in respect of land, buildings and machinery as “Surplus on revaluation of assets” in the shareholders’ equity and the revaluation decrease in respect of land and buildings is included in allowance for impairment loss of assets.

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

Breakdown of property, plant and equipment carried on the revaluation basis and their accumulated depreciation is as follows:

(Unit: Baht)

Consolidated financial statements						
	2010			2009		
	Land and land improvement	Buildings and building improvement	Machinery	Land and land improvement	Buildings and building improvement	Machinery
Original cost	335,088,118	625,871,546	656,781,910	257,694,259	581,887,167	629,527,940
Surplus from revaluation	110,090,725	222,899,293	188,498,338	110,090,725	222,899,293	188,498,338
Revalued amount	<u>445,178,843</u>	<u>848,770,839</u>	<u>845,280,248</u>	<u>367,784,984</u>	<u>804,786,460</u>	<u>818,026,278</u>
Accumulated depreciation on original cost	-	362,618,898	487,315,731	-	328,108,333	459,297,480
Accumulated depreciation on surplus from revaluation	-	101,310,253	82,445,280	187,713	76,765,762	60,857,930
Adjustment	-	-	-	(187,713)	-	-
Accumulated depreciation on revalued amount	<u>-</u>	<u>463,929,151</u>	<u>569,761,011</u>	<u>-</u>	<u>404,874,095</u>	<u>520,155,410</u>

(Unit: Baht)

Separate financial statements						
	2010			2009		
	Land and land improvement	Buildings and building improvement	Machinery	Land and land improvement	Buildings and building improvement	Machinery
Original cost	97,592,389	153,582,295	78,095,485	97,592,389	153,582,295	77,490,487
Surplus from revaluation	49,385,430	35,245,615	24,596,086	49,385,430	35,245,615	24,596,086
Revalued amount	<u>146,977,819</u>	<u>188,827,910</u>	<u>102,691,571</u>	<u>146,977,819</u>	<u>188,827,910</u>	<u>102,086,573</u>
Accumulated depreciation on original cost	-	82,148,732	67,424,983	-	72,354,862	62,928,891
Accumulated depreciation on surplus from revaluation	-	8,028,278	11,641,391	-	5,354,822	7,766,705
Accumulated depreciation on revalued amount	<u>-</u>	<u>90,177,010</u>	<u>79,066,374</u>	<u>-</u>	<u>77,709,684</u>	<u>70,695,596</u>

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2549 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statements based on the historical costs of the assets instead of on the revalued amounts. The Company and its subsidiaries have decided to follow the notification. However, had the depreciation changed been calculated based on the revalued amounts net income attributable to equity holders of the parent and earnings per share would have been changed to the following:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		(Restated)		(Restated)
Net income (Baht)	204,308,295	57,028,409	240,718,804	168,987,724
Basic earnings per share				
(Baht per share)	0.47	0.13	0.55	0.39

As at 31 December 2010, the subsidiaries have vehicles acquired under hire-purchase and financial lease agreements, with net book value amounting to Baht 2.47 million (2009: Baht 4.20 million).

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss those assets amounted to approximately Baht 400.03 million (2009: 261.12 million) (the Company only: Baht 85.91 million, 2009: 79.56 million).

The Company and its subsidiaries have pledged their assets with the net book value of approximately Baht 741.23 million (2009: 830.77 million) as collateral to secure their bank overdrafts, trust receipts, short-term and long-term loans (the Company only: Baht 240.98 million, 2009: 237.51 million).

15. Intangible assets

Intangible assets which are computer software are as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
31 December 2009	5,614,083	3,744,105
Additions and transfer in	4,907,293	2,402,699
31 December 2010	10,521,376	6,146,804
Accumulated amortisation		
31 December 2009	3,557,864	3,245,697
Amortization during the year	1,063,043	576,045
31 December 2010	4,620,907	3,821,742
Net book value		
31 December 2009	2,056,219	498,408
31 December 2010	5,900,469	2,325,062
Amortisation for the year		
2009	723,128	467,152
2010	1,063,043	576,045

16. Land possessory rights

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
31 December 2009	140,916,481	6,270,000
Increase	-	-
Transfer to land	-	-
31 December 2010	140,916,481	6,270,000
Allowance for impairment loss		
31 December 2009	3,140,500	3,140,500
31 December 2010	3,140,500	3,140,500
Net book value		
31 December 2009	137,775,981	3,129,500
31 December 2010	137,775,981	3,129,500

These represent possessory rights of the Company and a subsidiary on approximately 12,439 rai of land (2009: 12,439 rai) (the Company only: 49 rai, 2009: 49 rai). The Company and its subsidiary are currently in the process of acquiring legal documentation of ownership.

17. Rubber plantation development costs

	(Unit: Baht)	
	Consolidated financial statements	
	2010	2009
Rubber plantation development costs	172,080,665	108,083,527
Increase	77,402,606	70,629,199
Decrease	(874,572)	(6,632,061)
Net book value	<u>248,608,699</u>	<u>172,080,665</u>

18. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2010 and 2009 consist of:

		(Unit: Baht)			
	Interest rate	Consolidated financial statements		Separate financial statements	
	(percent per annum)	2010	2009	2010	2009
Bank overdrafts	MOR	10,464,506	8,766,168	2,121,856	3,828,354
Short-term loans from financial institutions	2.30 – 5.75	4,414,527,000	2,749,985,000	1,709,715,000	1,303,754,000
Trust receipts	2.85	-	9,701,102	-	-
Total bank overdrafts and short-term loans					
from financial institutions		<u>4,424,991,506</u>	<u>2,768,452,270</u>	<u>1,711,836,856</u>	<u>1,307,582,354</u>

Bank overdrafts and short-term loans from financial institutions of the Company and certain subsidiaries are secured by the mortgage of their land and premises thereon, plants and machineries, and are guaranteed by the Company and certain subsidiaries.

19. Long-term loans

Long-term loans of the Company and its subsidiaries are loans from local commercial banks as summarised below.

		(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
19.1	Long-term loans of the Company				
a)	Long-term loan of Baht 250 million (total credit facility of Baht 300 million), with a grace period of 24 months, subject to interest at THBFIX plus 1.75 percent per annum and payable commencing May 2009 to January 2014.	84,000,000	102,000,000	84,000,000	102,000,000
b)	Long-term loan of Baht 130 million (total credit facility of Baht 250 million), with grace period of 17 months, subject to interest at THBFIX plus 1.75 percent per annum and payable commencing September 2009 to March 2013.	100,750,000	120,250,000	100,750,000	120,250,000
c)	Long-term loan of Baht 300 million subject to interest at THBFIX plus 1.10 percent per annum and repayable within 36 months by November 2010.	-	300,000,000	-	300,000,000
Total long-term loans of the Company		184,750,000	522,250,000	184,750,000	522,250,000

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
19.2 Long-term loans of the subsidiaries				
Thai Rubber Latex Group Co., Ltd.				
a) Long-term loan of Baht 150 million subject to interest at Minimum Loan Rate minus - 2% per annum and repayable in 8 installments (Baht 15 million for installment 1-2 and Baht 20 million for installment 3-8). The repayments are to be made for every 6-month period, commencing January 2012.	150,000,000	-	-	-
World Flex Public Company Limited				
a) Long-term loan of Baht 28.5 million subject to interest at 6% per annum and repayable in 12 installments commencing January 2011.	28,500,000	-	-	-
Total long-term loans of the subsidiaries	178,500,000	-	-	-
Total long-term loans	363,250,000	522,250,000	184,750,000	522,250,000
Less: Current portion	(46,990,500)	(337,500,000)	(37,500,000)	(337,500,000)
Total long-term loans - net of current portion	<u>316,259,500</u>	<u>184,750,000</u>	<u>147,250,000</u>	<u>184,750,000</u>

Long-term loans of the Company and its subsidiaries are secured by the mortgage of the Company's and the subsidiaries' land and premises thereon, plants and machineries, and are guaranteed by the Company and the subsidiaries.

The loan agreements stipulate certain covenants and restrictions imposed by the lenders, including maintaining certain financial ratios. As at 31 December 2010 and 2009, the Company was unable to maintain certain financial ratios as required under the loan agreements. However, the Company obtained a letter from the bank granting a waiver from the condition to maintain a certain financial ratio for the financial statements for the period from 31 December 2009 to 30 September 2010 and obtained a further letter extending the waiver period from 30 September 2010 to 30 November 2011. As at 31 December 2010, the Company classified these loans according to payment conditions specified in the loan agreements.

20. Finance leases and hire-purchase payable

(Unit: Baht)

	Consolidated financial statements	
	2010	2009
Finance leases and hire-purchase payable	1,068,224	1,874,688
Less: Deferred interest expenses	(63,421)	(118,230)
Total	1,004,803	1,756,458
Less: Portion due within one year	(516,235)	(1,508,167)
Finance leases and hire-purchase payable - net of current portion	488,568	248,291

The subsidiaries entered into the finance lease and hire-purchase agreements with leasing companies for rental of the vehicles for use in their operations, whereby they are committed to pay rental fee on a monthly basis. The terms of the agreements are generally between 1 and 3 years. Financial lease and hire-purchase agreements are non-cancelable.

As at 31 December 2010, future minimum lease payments required under the finance lease and hire-purchase agreements were as follows:

(Unit: Baht)

	Consolidated financial statements		
	Less than 1 year	1 - 3 years	Total
Future minimum lease payments	565,404	502,820	1,068,224
Deferred interest expenses	(49,169)	(14,252)	(63,421)
Present value of future minimum lease payments	516,235	488,568	1,004,803

The financial leases payable are guaranteed by the directors of the Company.

21. Liabilities from employee benefits

21.1 Employee benefits - Defined contribution plans

The Company, together with certain subsidiaries, and their employees, have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rate of 5 percent of basic salary. The funds, which are managed by Krungthai Thai Asset Management Public Company Limited, will be paid to the employees in accordance with the rules of the funds.

During the year 2010, the Company and its subsidiaries contributed Baht 4.0 million and the Company contributed Baht 0.3 million (2009: Baht 3.9 million and Baht 0.3 million, respectively) to the funds.

21.2 Liabilities from employee benefit

The Company and its subsidiary companies have hired a professionally qualified independent actuary to reassess the value of their employee retirement benefit liabilities to reflect the updated reserve status.

The liabilities from employee benefit was measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on long term government bonds.

Movement in liabilities from employee benefit showed as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2008	19,957,713	2,872,317
Interest cost	781,650	114,892
Current service cost	4,407,797	301,335
Balance as at 31 December 2009	25,147,160	3,288,544
Interest cost	923,321	131,542
Current service cost	2,315,397	335,064
Benefits paid	(1,716,060)	(68,400)
Balance as at 31 December 2010	26,669,818	3,686,750

The principal assumptions used in determining employee benefits are shown as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.0	4.0	4.0	4.0
Future salary increases	2.0 - 6.0	2.0 - 6.0	3.0 - 6.0	3.0 - 6.0

22. Share capital

On 22 June 2010, the extraordinary general meeting of the Company No. 1/2010 approved the following resolutions:

- 22.1 To decrease the Company's registered share capital from Baht 500,000,000 (50,000,000 ordinary shares of Baht 10 each) to Baht 272,631,060 (27,263,106 ordinary shares of Baht 10 each) by canceling 22,736,894 shares of unissued capital with a par value of Baht 10 per share. The Company registered the decrease in share capital with Ministry of Commerce on 24 June 2010.
- 22.2 To change the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in the number of ordinary shares from 27,263,106 shares to 272,631,060 shares, after the capital reduction discussed in Note 22.1. The Company registered the change in the par value of the Company's ordinary shares with the Ministry of Commerce on 24 June 2010.
- 22.3 To increase the Company's registered share capital from Baht 272,631,060 (272,631,060 ordinary shares of Baht 1 each) to Baht 436,209,696 (436,209,696 ordinary shares of Baht 1 each) by issuing 163,578,636 new ordinary shares with a par value of Baht 1 per share, to be reserved for a stock dividend. The Company registered the increase in share capital with the Ministry of Commerce on 24 June 2010.

In July 2010, the Company allocated 163,504,535 ordinary shares for a stock dividend. As a result of the stock dividend, the issued and paid up share capital changed from Baht 272,631,060 (272,631,060 ordinary shares of Baht 1 each) to Baht 436,135,595 (436,135,595 ordinary shares of Baht 1 each). The Company registered this change with the Ministry of Commerce on 20 July 2010. In addition, the Company filed an application with the Stock Exchange of Thailand (SET) to register the additional 163,504,535 shares as listed securities. The SET approved the trading of the additional shares through the stock market, effective from 23 July 2010.

23. Statutory reserve

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

24. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Raw materials and consumables used	7,996,242,475	4,465,387,048	619,609,848	332,196,182
Purchases of finished goods	4,437,411,699	2,763,139,213	7,677,492,704	3,803,782,837
Changes in inventories of finished goods and work in process	(844,754,127)	(286,218,517)	(358,887,557)	55,705,918
Salary and wages and other employee benefits	282,858,325	251,966,701	24,067,937	20,309,555
Depreciation	86,718,378	90,932,631	17,745,511	18,650,336
Amortisation expenses	27,374,182	17,911,288	2,417,396	1,889,802
Doubtful accounts	38,738,415	46,130,429	36,616,527	60,772,785
Loss on exchange	-	-	-	3,024,396
Rental expenses from operating lease agreements	2,310,781	8,149,262	949,154	1,474,696

25. Corporate income tax

Corporate income tax for the years 2010 and 2009 of the Company and its subsidiaries is calculated on net income after adjustments for BOI promotional privileges (if any), expenses disallowable for tax computation purposes, and tax losses brought forward from previous years.

No corporate income tax was payable by the Company on the 2010 and 2009 net income since the Company had tax loss brought forward from prior years in excess of net income for the years.

26. Promotional privileges

The Board of Investment has granted the Company and certain subsidiaries various tax privileges under the Investment Promotion Act of B.E. 2520 for the manufacture of latex, skim crepe, skim block, and latex products. Subject to certain imposed conditions set out in each promotional certificate, the privileges granted include the following:

- a) Exemption from payment of corporate income tax for a period of three to eight years commencing as from the date of first earning operating income.
- b) Exemption from income tax on dividends paid from the income derived from the promoted operations throughout the period in which the corporate income tax is exempted.
- c) Reduction of corporate income tax on net income at the rate of fifty percent of the normal rate for a period of five years after the tax exemption period ends.
- d) Permission to double-deduct transportation, electricity and water expenses for tax purposes, for a period of ten years commencing as from the date of first earning operating income.
- e) An allowance of five percent of the increment in export income over that of the preceding year deductible from taxable income for a period of ten years commencing as from the date of first earning operating income. However, export income in that year may not be less than the average export income for the previous three years, with the exception of the first two years of operation (only for the Company and certain subsidiaries).

Revenues of the Company and its subsidiaries for the years ended 31 December 2010 and 2009 segregated between promoted operations and non-promoted operations are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Sales and service income						
Domestic	273	168	5,372	7,191	5,645	7,359
Export	821	209	6,446	346	7,267	555
Total	<u>1,094</u>	<u>377</u>	<u>11,818</u>	<u>7,537</u>	<u>12,912</u>	<u>7,914</u>

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Sales						
Domestic sales	-	-	5,278	2,490	5,278	2,490
Export sales	-	-	2,957	1,808	2,957	1,808
Total	-	-	8,235	4,298	8,235	4,298

27. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend 163,504,535 shares on 20 July 2010, as discussed in Note 22. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported.

28. Financial information by segment

The Company's and its subsidiaries' business operations involve two principal segments, which are the manufacture and sale of latex concentrated and prevulcanized latex, and the manufacture of latex products. These operations are carried out only in Thailand.

Financial information by segment of the Company and its subsidiaries as at and for the years ended 31 December 2010 and 2009 are summarised below.

(Unit: Million Baht)

	Consolidated income statements for the years ended 31 December									
	Concentrated and prevulcanized latex		Latex products		Others		Total		Eliminated transactions	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Sales and service income										
Subsidiaries	5,988	2,560	-	-	-	-	5,988	2,560	(5,988)	(2,560)
Other companies	10,783	6,444	2,122	1,452	7	18	12,912	7,914	-	-
Total revenues	16,771	9,004	2,122	1,452	7	18	18,900	10,474	(5,988)	(2,560)
Segment income (loss)	674	488	170	247	6	12	850	747	(5)	(3)
Unallocated income and expenses:										
Gain on exchange							106	3	-	-
Other income							84	76	(13)	(15)
Selling expenses							(300)	(247)	-	-
Administrative expenses							(190)	(161)	4	-
Directors and management's remuneration							(63)	(49)	-	-
Loss from investment in agricultural futures							(9)	(11)	-	-
Other expenses							(44)	(89)	-	-
Share of income (loss) from investments in associates							215	257	(212)	(258)
Financial cost							(161)	(141)	8	8
Corporate income tax							(20)	(1)	-	-
Loss in respect of minority interest							-	-	(2)	1
Net income	468	384					468	384	(220)	(267)

(Unit: Million Baht)

	Consolidated balance sheets as at 31 December											
	Concentrated and						Eliminated					
	prevulcanized latex		Latex products		Others		Total		transactions		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Property, plant and equipment - net	706	766	461	347	205	144	1,372	1,257	-	-	1,372	1,257
Unallocated assets							8,699	5,771	(3,782)	(2,412)	4,917	3,359
Total assets							10,071	7,028	(3,782)	(2,412)	6,289	4,616

Transfer prices between business segments are as set out in Note 8 to the financial statements.

29. Forward sales contracts

It is the Company's and its subsidiaries' policy with many customers to sell concentrated latex products under forward sales contracts. Some productions are trading under such forward contracts.

30. Dividend paid

30.1 On 23 April 2010, the Annual General Meeting of the Company's shareholders No. 1/2010 approved a dividend payment for the year 2009 of Baht 2.00 per share to the holders of the Company's shares totaling Baht 54.51 million. The dividend payment was made as at 19 May 2010.

30.2 On 22 June 2010, the Extraordinary General Meeting of the Company's shareholders No. 1/2010 passed a resolution to approved interim dividend payment (both stock dividend and cash dividend) from the Company's retained earnings at Baht 0.66666667 per share (calculated from the Company's total paid-up capital after changing par value to Baht 1 per share as discussed in Note 22.2) in forms of cash dividend and stock dividend totaling Baht 181,754,040 are as follows:

- Cash Dividend of Baht 0.06666667 per share to cover payment of withholding tax of stock dividend.
- Stock dividend at the ratio of 5 existing ordinary shares to 3 stock dividend shares equivalent to dividend payment of Baht 0.60 per share. In case where there is fraction of shares less than 5 shares, the Company will pay such stock dividend in cash at Baht 0.60 per share instead.

The dividend payment (both cash dividend amounting to Baht 18,249,505 and stock dividend amounting to Baht 163,504,535) was made as at 20 July 2010.

31. Commitments and contingent liabilities

31.1 Commitments

As at 31 December 2010, the Company and its subsidiaries had the following outstanding commitments:

- Commitments in respect of uncalled portion of investments in subsidiaries of Baht 572.25 million (2009: Baht 532.5 million).
- The Company had outstanding commitments of approximately Baht 0.09 million (2009: Baht 0.6 million) in respect of the rental of space for storage of latex.
- Two subsidiaries had outstanding commitments of approximately Baht 3.69 million, in respect of construction and installation contract of machinery and tools.
- Three subsidiaries had outstanding commitments of approximately Baht 1.48 million, in respect of the office rental and the house rental for staffs.
- A subsidiary entered into a service agreement with a legal consultant of the Company in respect of land purchase for rubber plantation in the northern area, whereby service fees will be charged at the rates stipulated in the agreement.
- The Company and two subsidiaries entered into consulting agreements, from which the Company and the subsidiaries will receive consulting services in respect of their business operations, and shall pay consulting fee at Baht 530,000 per month (2009: Baht 476,750 month).
- A subsidiary had registered with the People's Republic of China to set up a corporate office for a period of 20 years from 9 January 2006 to 8 January 2026.
- The Company entered into the purchase agreements with two local companies to purchase latex, at quantity and price specified in the agreements.
- A subsidiary has outstanding commitment with respect to rubber purchasing and planting agreements with the individuals for planting of rubber in the northern area, with total value of Baht 0.12 million (2009: Baht 2.54 million).

- The subsidiary entered into an agreement with a group of para rubber planter state enterprises in respect of the distribution of benefits from the harvesting of the field latex as stipulated in the agreement which is for a period of 35 years or until the end of the useful life of the para rubber trees.
- In this year, the subsidiary amended the agreement with a group of para rubber planter state enterprises in respect of the distribution of benefits from the harvesting of the field latex, whereby it is obliged to provide loans in amounts of not more than Baht 20,000 per rai, plus interest at a rate of 8 percent per year. The loan principal and interest are repayable within 10 years from the contract date. The Company has to pay the first installment when the para rubber trees provide latex.
- A subsidiary has outstanding commitments in respect of agreements for issuing of land title deeds with total area of 5,000 rais. The subsidiary is committed to pay commission to the operator at Baht 5,650 per rai.
- A subsidiary has outstanding commitment under the land procurement contract for para rubber plantation in Amphur Maechan, Chaingrai, with total area of 1,800 rais at Baht 12,000 per rai.
- A subsidiary has outstanding commitment in respect of service agreement with the individuals for rubber tree plantation, with total value of Baht 4.51 million (2009: Baht 3.49 million).

31.2 Bank guarantees

As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 13.05 million (the Company only: Baht 2.58 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 0.60 million to guarantee payments due to creditors (the Company only: Baht 0.35 million), Baht 12.45 million to guarantee electricity use, among others (the Company only: Baht 2.23 million).

31.3 Corporate guarantees

The Company and its subsidiaries have issued letters of guarantee to banks and financial institutions to secure credit facilities granted by the banks and financial institutions to each party as follows:

Guarantees	Guarantors									
	Thai Rubber Latex Corporation (Thailand) Public Co., Ltd.				Thai Rubber Latex Group Co., Ltd.				Thai Rubber Land and Plantation Co., Ltd. (formerly name "Thai Rubber City Co., Ltd.)	
	31 December 2010		31 December 2009		31 December 2010		31 December 2009		31 December 2010	31 December 2009
	Million Baht	Million USD	Million Baht	Million USD	Million Baht	Million USD	Million Baht	Million USD	Million Baht	Million Baht
Thai Rubber Latex Corporation (Thailand) Public Co., Ltd.	-	-	-	-	1,352.03	27.30	1,955.98	27.30	184.75	222.25
World Flex Public Co., Ltd.	321.92	19.00	306.69	9.00	-	-	-	-	-	-
Thai Rubber Latex Group Co., Ltd.	3,527.00	12.10	2,531.55	7.00	-	-	-	-	-	-
Total	3,848.92	31.10	2,838.24	16.00	1,352.03	27.30	1,955.98	27.30	184.75	222.25

31.4 Contingent liabilities

A subsidiary received a notice from the Department of Special Investigation (DSI) alleging that the subsidiary encroached on approximately 900 rai of the National Reserve land for rubber planting. The management of the Company and the subsidiary refuse the allegation and have explained that the Company's procedures for acquiring land for planting accord with legal processes, and the land possessory rights were legally acquired. The case is currently under the consideration of the DSI in which the management believe that the final outcome will not result in significant loss to the Company and the subsidiary.

32. Financial instruments

32.1 Financial risk management

The Company's and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 107 (TAS 32 - previous version) "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable and loans as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts and borrowings which carry interest. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Fixed interest rates 1-5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (percent per annum)
	(Million Baht)				
Financial assets					
Cash and cash equivalents	-	154	20	174	0.50
Trade accounts receivable	-	-	1,664	1,664	-
Short-term loans and advances	-	90	-	90	MOR+1, MOR+3
	-	244	1,684	1,928	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	4,425	-	4,425	1.84-7.50, MOR
Trade accounts payable	-	-	231	231	-
Long-term loans	363	-	-	363	6.00, MLR-2.00
Finance lease and hire-purchase payable	1	-	-	1	3.05, 4.00
	364	4,425	231	5,020	

The Company entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 19.1 a), b) and c) to the financial statements. The details of the interest rate swap agreements outstanding as at 31 December 2010 are as follows:

- The Company entered into an interest rate swap agreement with a local bank for the period from 15 November 2007 to 15 November 2012 by which the Company agreed to swap the interest rate of Baht 120 million loan from a floating interest rate, THBFIX plus 1.75 percent per annum as stipulated in the loan agreement, to a fixed interest rate at 7.50 percent per annum.
- The Company entered into an interest rate swap agreement with a local bank for the period from 15 November 2007 to 15 November 2010 by which the Company agreed to swap the interest rate of Baht 300 million loan from a floating interest rate, THBFIX plus 1.10 percent per annum as stipulated in the loan agreement, to a floating interest rate at 5.75 percent per annum.

- c) The Company entered into an interest rate swap agreement with a local bank for the period from 31 January 2008 to 31 January 2014 by which the Company agreed to swap the interest rate of Baht 130 million loan from a floating interest rate, THBFIX plus 1.75 percent per annum as stipulated in the loan agreement, to a fixed interest rate at 7.50 percent per annum.

Foreign currency risk

The Company's and its subsidiaries's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2010, the Company and its subsidiaries had significant foreign currency-denominated assets and liabilities as follows:

	Consolidated financial statement				Separate financial statement		
	Thousand RMB	Thousand RM	Thousand USD	Thousand JPY	Thousand RMB	Thousand USD	Thousand JPY
Foreign currency-denominated assets	24,925	10,125	16,898	39,124	4.28	11,202	39,124
Foreign currency-denominated liabilities	(8,754)	-	(575)	-	-	(6)	-
Net foreign currency-denominated assets	<u>16,171</u>	<u>10,125</u>	<u>16,323</u>	<u>39,124</u>	<u>4.28</u>	<u>11,196</u>	<u>39,124</u>
Average exchange rate as at 31 December 2010 (Baht per unit of foreign currency)	<u>4.5582</u>	<u>9.7698</u>	<u>30.1513</u>	<u>0.3705</u>	<u>4.5582</u>	<u>30.1513</u>	<u>0.3705</u>

As at 31 December 2010, the Company and its subsidiaries had entered into the following forward exchange contracts with the commercial banks to hedge exchange rate risk in the future of accounts receivable and accounts payable denominated in foreign currencies.

- a) The Company and its subsidiaries had entered into the forward exchange contracts to buy USD 0.06 million at the forward rate of Baht 30.0950 - 30.1140 per USD 1. The contracts are due between 3 March 2011 and 17 March 2011.
- b) The Company and its subsidiaries had entered into the forward exchange contracts to sell USD 67.056 million at the forward rate of Baht 29.8752 - 33.3251 per USD 1. The contracts are due between 19 January 2011 and 30 June 2011 (the Company only: USD 48.77 million at the forward rate of Baht 29.8752 - 32.2915 per USD 1, due between 28 January 2011 and 30 June 2011).

32.2 Fair value of financial instruments

Since the majority of the Company's and the subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

Fair value of derivatives as at 31 December 2010 is as follows:

	(Unit: Million Baht)	
	Notional amount	Fair value
		Gain (loss)
Derivatives		
Forward exchange contracts	2,049	27.638
Interest rate swap contracts	231	(12.802)

33. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 5.0:1 (2009: 4.0:1) and the Company's was 3.5:1 (2009: 2.9:1).

34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
<u>Assets</u>				
Property, plant and equipment	1,254,716,795	1,256,662,972	279,992,866	280,491,274
Intangible assets	2,056,219	-	498,408	-
Other non-current assets	52,307,198	52,417,240	-	-
<u>Liabilities</u>				
Current portion of long-term loans from banks	337,500,000	522,250,000	337,500,000	522,250,000
Long-term loans from banks - net of current portion	184,750,000	-	184,750,000	-

35. Subsequent events

On 25 February 2011, the meeting of the board of directors' of the Company No. 2/2011 passed a resolution approving the payment of dividend for 2010 to the Company's shareholders at Baht 0.20 per share or a total dividend of Baht 87.23 million.

The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

36. Approval of financial statements

These financial statements were authorised for issue by the board of directors of the Company on 25 February 2011.

9. Report from the Audit Committee

Audit Committee's Report

In the fiscal year 2010, the Audit Committees have performed with total responsibility in compliance with the approval of the Board of Directors. The Audit Committee is composed of 3 directors, who are expertise in field of finance& accounting and organizational management, namely:

Mr. Tiwa	Sappakit	Audit Committee Chairman
Mr. Erwin	Muller	Audit Committee
Mr. Krisn	Saritdeechaikul	Audit Committee

The Audit Committee have taken care of administrative management process, as well as doing and disclosing the financial report, internal audit, internal control, compliance of rules& regulations and other related laws. The Audit Committee has audited, evaluates result and reported to the company's Board of Directors regularly which could be summarized as follows:

1. There were 12 Audit Committee Meetings in the year of 2010.
2. To consider the financial report and to review the financials creditability including in the quarterly report, and annual report in respect of accounting policy, and financial information disclosure, to assure the accordance with the Accounting Standard, the Security and Exchange Commission, the Stock Exchange of Thailand's notification and other related laws, to make benefit to investors or financial report user for making investment decision. The committees already reviewed the quarterly financial report, the annual report of the company and the consolidated financial report in every quarter and also invite the auditor to attend the Shareholder General Meeting every time so that shareholders could ask questions about the financial report.
3. To consider, select and propose the appointment and compensation of the company's auditor to the board of director and to get approval from shareholders in the annual general meeting.
4. To consider the annual audit report of the internal audit department, and at the same time suggest guidelines so that the company's operation would be transparent, fair, correct, follow with the company's rules& regulations, and follow with the way of company's committees, vision, mission, strategy, in order to generate efficiency in the operation and increase economics value for the highest securities of shareholders.
5. To invite the high-level of Management to attend the meeting of the Audit Committee to give the information and answer about the management, and also to invite the auditors to attend one meeting without management of company.



(Mr. Tiwa Sappakit)
Chairman of Auditing Committee
Thai Rubber Latex Corporation (Thailand) Public Company Limited