



Form 56-2

ANNUAL REPORT 2012

Thai Rubber Latex Corporation (Thailand)

Public Company Limited



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Annual Report Ending 31 December 2012

Thai Rubber Latex Corporation (Thailand) Public Company Limited

1. General Information

(1) The company

Name Thai Rubber Latex Corporation (Thailand) Pcl.

Head office: 99/1-3 Moo 13, Bangna-Trad Rd., Km.7, Bangkaew, Bangplee,
Samutprakarn 10540

Head office telephone: (662) 751-7171 (36 lines), 751-7140 up to 75

Head office facsimile: (662) 316-3938

Factory: 29 Moo 2, Banbung-Klang Rd., Km.56-57, Nongyai, Nongyai,
Chonburi 20190

Factory telephone: (038) 168-529-34

Factory facsimile: (038) 168-529-34 ext.105

Type of business: Producer and distributor of latex concentrate, rubber sheets, and
other rubber products

Company registration No.0107536000137

Website: <http://www.thaitex.com>

Registered capital: 749,607,657 common shares, Bath 749,607,657

Paid-up capital: 681,453,819 common shares, Baht 681,453,819

(2) Subsidiaries that the company holds more than 10% share

1. Thai Rubber Latex Group Co., Ltd.

Office: 99/1-3 Moo 13, Bangna-Trad Rd., Km.7, Bangkaew, Bangplee,
Samutprakarn 10540

Telephone: (662) 751-7171 (36 lines), 751-7140 up to 75

Facsimile: (662) 316-3938

Factory: Total 7 Factories have location as follows:

1. 35 Moo 4, Krasom, Takuatung, Phang-nga 82130

Telephone: (076) 496-539, 496-324, (081) 840-2835, (081) 840-8352

Facsimile: (076) 496-325

2. 124 Moo 11, Ban Klongpom, Banpru Hatyai, Songkhla 90250

Telephone: (074) 291-171-5, (081) 738-5645

Facsimile: (074) 471-633

3. 293/2 Moo 1, Surat-Nasan Road, Khunthalay, Muang, Suratthani 84100

Telephone: (081) 719-4313, (089) 729-2631, (080) 523-6668

Facsimile: (077) 355-769

4. 44/5 Moo 8, Krached-Hatyai, Krached, Muang Rayong 21100

Telephone: (038) 634-105, 634-306-7

Facsimile: (038) 634-308

5. 255 Moo 5 Ku River District, Pluakdaeng, Rayong 21140

Telephone: (038) 913-289-92

Facsimile: (038) 913-289-92 ext.103

6. 10/5 Moo 3, Patong, Soi Dao, Chantaburi 22180

Telephone: (039) 385-147-9, (081) 890-9617

Facsimile: (039) 385-147

7. 98 Moo 2, Ban Don Udom, Non Sombun, Bung-kan, Bung-kan 38000

Telephone: (081) 708-2335, (081) 974-6993

Facsimile: (042) 023-291

Type of business: Producer and distributor of latex concentrate, rubber sheets, and other rubber products

Shares holding: 99,999,994 common shares, or 99.99% of 100 million shares

Registered and paid-up capital: Baht 1,000 million and Baht 544 million

Subsidiary of Thai Rubber Latex Group Co., Ltd.

1. Shanghai Runmao International Trading Co., Ltd. or Thai Rubber Latex Group Co., Ltd. (Shanghai)

Office: Shanghai Greentown Room 601 Unit 1, Lane 99 Jinhe Road, Pudong, Shanghai 200127 China

Telephone: (86) 2138762472

Facsimile: (86) 2150454365

Type of business: Trader of natural rubber products

Shares holding: 100% of USD1.01 million investment amount

2. **Woldflex Public Company Limited**

Office: 30 Bangna Complex, Soi Bangna-Trad 25, Bangna-Trad Rd., Km.3,
Bangna, Bangna, Bangkok 10260

Telephone: (662) 744-0888

Facsimile: (662) 744-0233

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

Telephone: (038) 637-558-9

Facsimile: (038) 637-560

Type of business: Producer and distributor of rubber thread

Shares holding: 75,799,454 common shares, or 98.44% of 77 million shares

Registered and paid-up capital: Baht 308 million and Baht 308 million

3. **Thai Rubber Land And Plantation Co., Ltd.**

Office: 121/316 Moo 3, Bando, Muang Chiang Rai, Chiang Rai 57100

Telephone: (053) 767-650

Facsimile: (053) 767-650

Rubber plantation: Located in Nan, Phayao and Chiang Rai province

Type of business: Operator of rubber estate

Shares holding: 29,999,994 common shares, or 99.99% of 30 million shares

Registered and paid-up capital: Baht 300 million and Baht 300 million

Associated Company of Thai Rubber Land And Plantation Co., Ltd.

1. **Wang Somboon Rubber Estate Co., Ltd.**

Office: 99/1-3 Moo 13, Bangna-Trad Road Km.7, Bangkaew, Bangplee,
Samutprakarn 10540

Telephone: (662) 751-7171 (36 lines), 751-7140 up to 75

Facsimile: (662) 751-7015

Rubber plantation: 127 Moo 8, Wang Somboon, Wang Somboon, Sa Kaeo
27250

Telephone: (037) 252-084, (081) 916-5834

Facsimile: (037) 252-084

Type of business: Operator of rubber estate

Shares holding: 2,678,000 common shares, or 48.43% of 5,530,000 shares

Registered and paid-up capital: Baht 55.30 million and Baht 55.30 million

4. **Agrowealth Co., Ltd.**

Office: 30 Bangna Complex, Soi Bangna-Trad 25, Bangna-Trad Rd., Km.3,
Bangna, Bangna, Bangkok 10260

Telephone: (662) 744-0888

Facsimile: (662) 744-0233

Type of business: Broker in the agricultural futures market of Thailand (AFET)

Shares holding: 7,499,992 common shares, or 99.99% of 7,500,000 shares

Registered and paid-up capital: Baht 75 million and Baht 63.75 million

5. **Thai Rubber H P N R Co., Ltd.**

Office: 99/1-3 Moo 13, Bangna-Trad Road Km.7, Bangkaew, Bangplee,
Samutprakarn 10540

Telephone: (662) 751-7171 (36 lines), 751-7140 up to 75, 751-7212

Facsimile: (662) 751-7212

Factory: 126 Moo 8, Phetchkasem Rd., Km.441, Khaochairaj, Patew, Chumporn
86210

Telephone: (077) 651-288

Facsimile: (077) 651-288

Type of business: Producer and distributor of blocked rubber (STR20) and
rubber compound

Shares holding: 24,999,997 common shares, or 99.99% of 25 million shares

Registered and paid-up capital: Baht 250 million and Baht 250 million

6. Latex Systems Co., Ltd.

Office and factory: Ladkabang Industrial Estate Export Processing Zone 1

111 Chalongkrung Rd., Lamphlatew, Ladkabang, Bangkok 10520

Telephone: (662) 326-0886-7

Facsimile: (662) 326-0292

Type of business: Producer and distributor of latex foam mattress

Shares holding: 3,832,368 common shares, or 44.93% of 8,529,101 shares

Registered and paid-up capital: Baht 78.81 million and Baht 78.81 million

(3) Other References

1. Registrar

Name: Thailand Securities Depository Co., Ltd.

Address: The Stock Exchange of Thailand Building, 62 Ratchadaphisek Rd.,
Klongtoey, Bangkok 10110

Telephone: (662) 229-2000

Facsimile: (662) 654-5642

2. Auditing Firm

Name: Ernst & Young Office Limited

Address: 33rd Floor, Lake Rajada Office Complex,
193/136-137 New Rachadapisek Rd., 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

(Unit : Million Baht)

Financial Highlights	2012	2011	2010
Total assets	7,412.19	6,984.83	6,289.28
Current assets	4,117.76	4,180.78	4,292.34
Non-current assets	3,294.43	2,804.05	1,996.94
Current liabilities	5,662.56	4,967.37	4,902.13
Non-current liabilities	306.15	280.53	343.48
Total liabilities	5,968.71	5,247.90	5,245.61
Shareholders' equity	1,443.48	1,736.93	1,043.67
Total revenues	16,576.82	16,385.07	13,089.65
Share of profit from investments in associated company	14.71	10.15	3.19
Cost of goods sold and expenses	16,867.81	16,269.83	12,888.53
Profit (Loss) for the year	(276.28)	125.38	204.31
Profit attributable to equity holders of the Company	(274.72)	124.93	202.43
Earning per share (Baht)	(0.40)	0.23	0.47
Book value per share (Baht)	2.12	3.19	2.39
Issued and fully paid up ordinary shares (Million shares)	681.45	545.17	436.14

Financial Ratios	2012	2011	2010
<u>Liability Ratio</u>			
Current ratio (times)	0.73	0.84	0.88
Cash cycle (days)	77	82	88
<u>Profitability Ratio</u>			
Gross margin	3.68%	5.95%	6.18%
Net profit margin	-1.67%	0.77%	1.56%
ROE	-17.37%	9.02%	20.84%
<u>Efficiency Ratio</u>			
ROA	-3.84%	1.89%	3.75%
<u>Financial Policy Ratio</u>			
Debt to Equity (times)	4.13	3.02	5.03
Interest coverage ratio (times)	-0.14	1.84	2.45
Dividend payout ratio	n/a	88%	36%

3. Nature of Business

(1) Structure and Business Division

The company has been established on 6 December 1985 with an initial registered capital of Baht10 million for production and distribution of concentrated latex and by-products. On 29 July 1991, the company has been registered in the Stock Exchange of Thailand with a continuous investment expansion in the rubber business. In 2012, the group of companies has 5 subsidiaries and 1 associated company.

Since 1998, the company and the affiliates have been gradually developing the product's quality towards ISO certified standard. The company's controlling power and authority has still been under the company's establishers, whose titled as the Board of Directors and Executive Directors. The company has its philosophy in business operation, vision, mission and value as follows:

PHILOSOPHY

THAI RUBBER LATEX CORPORATION (THAILAND) PUBLIC COMPANY LIMITED
HAS LONG BEEN RECOGNISED AS THAILAND'S LEADING PRODUCER OF LATEX CONCENTRATE.
THE COMPANY IS TOTALLY COMMITTED TO MANUFACTURING WORLD-CLASS PRODUCTS TO MEET
THE REQUIREMENTS OF CUSTOMERS IN THE DOMESTIC AS WELL AS OVERSEAS MARKETS.
OUR PRODUCTS ARE CHARACTERISED BY THEIR HIGH QUALITY THAT EASILY MEETS AND
EVEN EXCEEDS THE HIGHEST INTERNATIONAL STANDARDS. WE TAKE IT UPON OURSELVES TO
CONTINUALLY STRIVE TO MAINTAIN OUR ABILITY TO CLOSELY MATCH THE REQUIREMENTS
OF OUR CLIENTS AND TO CONSISTENTLY ENSURE CUSTOMER SATISFACTION.

VISION

WE ARE COMMITTED TO BE THE WORLD LEADER IN LATEX INDUSTRY
BY ACHIEVING AND MAXIMIZING CUSTOMER'S REQUIREMENTS.

MISSION

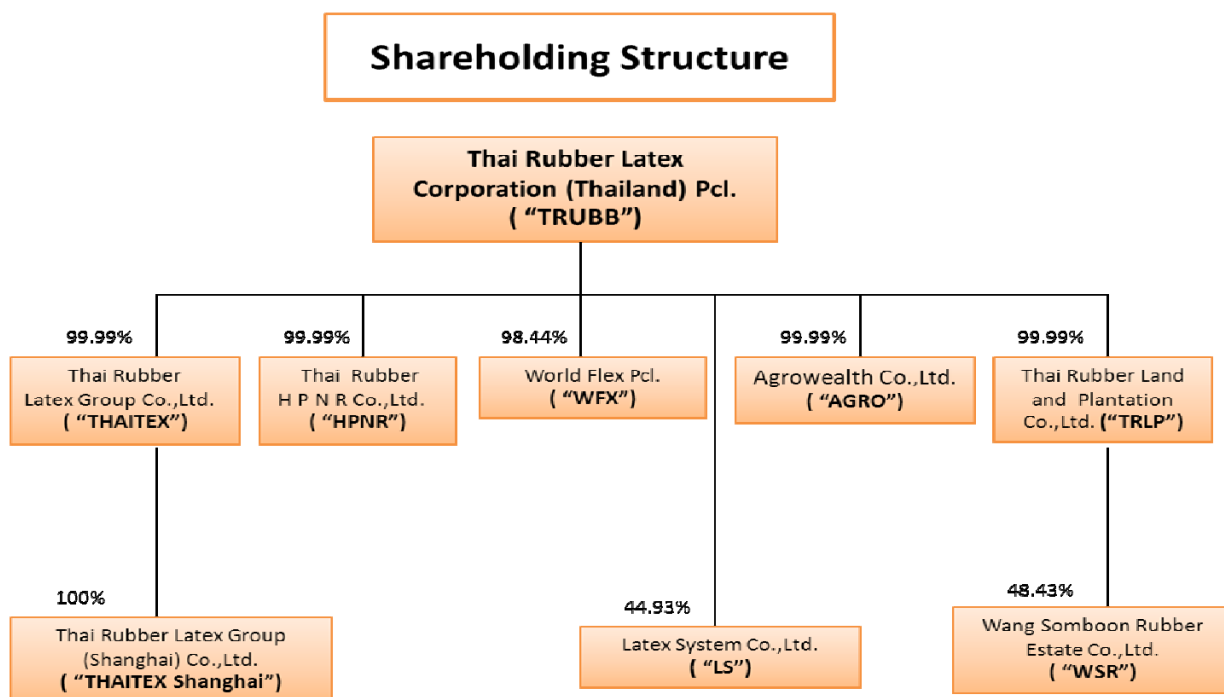
TO BE THE PRODUCER OF LATEX CONCENTRATE FOCUSING ON HIGH QUALITY
THAT EXCEEDS THE HIGHEST INTERNATIONAL STANDARDS AND ENSURES
TO ACHIEVE CUSTOMER'S REQUIREMENTS AND UTMOST SATISFACTION.

THAITEX'S VALUES

T	=	TEAMWORK
H	=	HIGH QUALITY
A	=	ACCOUNTABILITY
I	=	INTEGRITY
T	=	TRANSPARENCY
E	=	EFFICIENCY AND ENVIRONMENT
X	=	EXCELLENCE

The company together with subsidiaries and affiliated company can be classified into 6 groups of business according to the types of businesses operating, which are latex concentrate, rubber thread, rubber estate, broker, blocked rubber and other group. Names of companies in each group and shareholding in each company in 2012 are as follows;

<u>Name</u>	<u>Share Holding</u>
1. <u>Concentrated Latex Group</u>	
1. Thai Rubber Latex Corporation (Thailand) Pcl.	
2. Thai Rubber Latex Group Co., Ltd. (Subsidiary)	99.99%
2. <u>Rubber Thread Group</u>	
1. Worldflex Pcl. (Subsidiary)	98.44%
3. <u>Rubber Estate Group</u>	
1. Thai Rubber Land and Plantation Co., Ltd. (Subsidiary)	99.99%
4. <u>Broker Group</u>	
1. Agrowealth Co., Ltd. (Subsidiary)	99.99%
5. <u>Block Rubber Group</u>	
1. Thai Rubber H P N R Co., Ltd. (Subsidiary)	99.99%
<u>Remark:</u> The subsidiary's factory began to produce since January 2012.	
6. <u>Other Group</u>	
1. Latex Systems Co., Ltd. (Associated Company)	44.93%



Business Operation

The Company is engage mainly in the manufacturing and selling of latex concentrate. Main customers are the general customers, subsidiaries and associated. The subsidiaries and associated company produce rubber thread and latex mattress and pillow that will add value by taking the raw material from latex group into their own product line of finished products and sell to the customers later.

(2) Income Structure

(Unit : Million Baht)

Business \ Year	2012		2011		2010	
	Income	%	Income	%	Income	%
Concentrated Latex	17,715.30	80.77%	20,975.89	90.91%	16,771.44	87.84%
Block Rubber	2,246.01	10.24%	-	-	-	-
Rubber Thread	1,602.87	7.31%	1,808.62	7.84%	2,121.65	11.11%
Other (Latex Mattress and Pillow)	281.65	1.28%	234.28	1.02%	163.23	0.85%
Rubber Estate	82.65	0.38%	46.48	0.20%	30.78	0.16%
Broker	4.07	0.02%	7.50	0.03%	6.64	0.03%
Total Incomes	21,932.56	100.00%	23,072.77	100.00%	19,093.74	100.00%

Note: Total incomes are composed of incomes from subsidiaries and associated, and are before related party transactions.

(3) Major Change in Core Businesses

Concentrated Latex Group:

Industry Outlook and Competition Trend

In response to the sharp decline in global rubber prices towards the end of 2011, the Thai government has reiterated its plan to spend 15 billion baht to support the market by purchasing 200,000 metric tons of rubber at the price of 120 baht for Uss. Sometimes during middle of 2012, the Thai government revised its intervention price and reduced its support price to 100 baht per kg buying through the Rubber Estates Organization (REO). During August 2012, the Thai government further approved the spending of up to 30 billion baht to buy rubber to further support the natural rubber prices. With this additional support, the stockholding can be as high as 300,000 metric tons.

During early of 2012, the stocks held in Qingdao FTZ bonded warehouses, China were at around 220,000 metric tons. This built up of inventories in Qingdao happened when international rubber prices were lower and industry buyers preferred to obtain their supplies directly from the export markets and neglected their buying from the bonded warehouses. These stocks continue to increase since and the last estimated stocks figure during end of 2012 was closed to about 300,000 metric ton.

In October 2012, China government has agreed to add 60,000 metric tons strategic stockpile by the end of the year, with a view towards buying 200,000 metric tons by the end of 2013 for stabilizing the rubber price.

During beginning of the second quarter 2012, the rubber price fell from USD3.80 to USD3.60 per kg for TSR20 grade, mainly due to concerns over the weakening macro-economic outlook, particularly for Europe (this has had a similar impact across most of the commodity markets), despite the seasonal slowdown in supply from Southeast Asia region during wintering period. With most of European countries already in recession, natural rubber imports were down by more than 10%.

In Thailand, rainfall levels in South-East Asia region were below average suggesting that 50% chance El-Nino conditions will develop during second half of 2012. Also boosted by the additional output from the new plantings carried out in the mid of 2000s, Thai natural exports volume (including compound) reached almost 3.10 million metric tons, reflecting annual growth of 11%, although growth in the first quarter 2012 was slower compared to the same quarter in 2011. Despite reduced demand in Europe and the US, natural rubber prices, despite under pressure, have been supported by strong Chinese buying. This growth in China has been partly due to an 8% increase in tyre production, but also increase of stock (both tyres and natural rubber).

The governments of the three ITRC member countries (Thailand, Indonesia and Malaysia) announced that they had collectively agreed to implement two coordinated schemes to support rubber prices, the Agreed Export Tonnage Scheme (AETS) which would hold back 300,000 metric tons of exports over October 2012 to March 2013 (of which 60% would be withheld over October to December 2012), and the Supply Management Scheme (SMS), which would accelerate the replanting of 100,000 hectares in order to reduce supply by a further 150,000 metric tons. The new rubber planting will have output after seven years of growing.

Domestic market remains the company's main market (70% of total sales volume) while China still maintains its number two spot. Furthermore, the Company had also increased its latex sales to other countries like Europe and to other parts of Asia like Pakistan, Bangladesh, Indonesia and Middle East. With the total of eight remaining latex factories and three affiliated latex factories, Thai Rubber Latex Corporation (Thailand) Pcl. and Thai Rubber Latex Group Co., Ltd. have remained as the biggest latex producer in the world with total capacity of 256,000 metric tons per year.

As for the market outlook for 2013, many factors will have to be considered including world economic situation, world demand for natural rubber and stockpile level in Thailand and Qingdao China will play important role on how the rubber prices will go in 2013. The demand in China market has increased continuously. The rubber price trend is in up-trend channel. The company expects increasing sales growth and market share in this year.

In 2013, it is also a new beginning for Thai Rubber Land and Plantation Co., Ltd. (Subsidiary) in its rubber plantation which had invested in Chiang Rai province (about 15,000 rai) several years ago. Some of these plantations are now ready and matured for tapping which means the company will have more raw materials for its own consumption and this will eventually generate more income for the consolidated income statement. All these plantations will continue to mature gradually and tapping activities will be increased in the next few years.

In 2012, as for Thai Rubber Latex Group Co., Ltd. at Shanghai (Subsidiary of Thai Rubber Latex Group Co., Ltd. in Thailand, a rubber trading company in China) has been a very good year with increasing trading volume and bigger profit margin. This good performance will be maintained in 2013 as China remains the world's major buyer for natural rubber and the growth will continue to increase.

The company will continue to produce top quality products for latex and natural rubber, maintain its good services to their buyers, expand its market share and to maintain its top position as one of the major players in the world of rubber industry.

Block Rubber Group:

Industry and Competition Trend

The block rubber STR20 (Standard Thai Rubber 20) is used as a feed for the production of tyre in the automotive industry. In 2012, both domestic and international automobile markets saw strong growth especially in local market with increasing production capacity. In Thailand, the “First Car Buyer” scheme introduced by the government gave a strong boost to the industry. More than 90% of total block rubber product is used as raw material for the production of automobile tyres. However, there is also threat arising from government policy and intervention scheme. The Thai government currently imposes export tax (CESS) on rubber export, making the price of rubber from Thailand more expensive compared to competitors from other countries like Indonesia, Vietnam, and Malaysia.

Thai Rubber H P N R Co., Ltd. (Subsidiary) began its block rubber STR20 commercial production in January 2012. The subsidiary’s factory is located in Chumporn province has got the production capacity of 60,000 metric tons per year. 37% of total sales are being sold directly to tyre manufacturers in the domestic market. 63% of total sales are for export market, and are being sold directly to tyre manufacturers and sales agents. The major export buyers are China, India and Singapore. This factory also produces Compound Rubber grade which is the most sought after grade in China for tyre production.

For 2013, the subsidiary plans to increase its sales of STR20 to market in Korea and Europe and to get the approval as approved supplier for major tyre manufacturers.

Rubber Thread Group:

Industry and Competition Trend

Rubber thread is a downstream business of latex business which are grouped in rubber product to be semi raw material for the garment industry. World Flex Pcl. (Subsidiary) is one of the 5 suppliers in Thailand. The biggest suppliers are located in Thailand and Malaysia. In 2012, the rubber thread demand decreased due to China's economic growth was slowdown, which caused higher competition and decreasing selling price. For using free trade agreement between Thailand-China which have no import tax for products between each other, China market had 2-3 new rubber thread producers in 2011. However, the production and marketing have still faced problem due to the unstable of quality and the fluctuation of market price.

The subsidiary has a factory at Rayong province has got the production capacity of 24,000 metric tons per year. 6% of total sales are being sold directly to manufacturers and sales agents in the domestic market. 94% of total sales are being sold to sales agents in the major export market, China and South America countries.

Although China market has high competition but the subsidiary can increase sales volume. In 2012, sales volume of the subsidiary grew 15% due to improving quality, increasing production volume and recruiting sales staff. Thus, the subsidiary can expand export market to South America countries and Muslim counties.

4. Risk Factor

(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 field latex 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 and subsidiary have eight latex concentrate factories and three alliances' factories 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.

(2) Risk of Price Fluctuation According to the World Market

In each of the past several 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).

(3) Risk from Government's Policy

Natural rubber price is highly volatile and its movement is typically dictated by competitive market mechanism. Fundamental factors such as supply, demand, and global economic conditions affect rubber price. When there is a global economic crisis, rubber price decreases and farmers suffer from the falling price. Therefore, Thai government usually introduces various intervention schemes to support rubber farmers during the crisis. Since 1992, the government has intervened to support falling price and the latest round of intervention was in the year 2012. The Eurozone crisis and deceleration of global economies have led to falling rubber price since December 2011. On 24 January 2012, parliament approved a budget totaled 15 billion baht for an intervention scheme to support rubber price by buying un-smoked rubber sheet from farmers at a fixed price of 120 per kg. However, the scheme did little to boost rubber price as the price kept falling due to concern about weaker growth in major consuming countries. As a result, the government on 28 August 2012 approved a plan to allow the Rubber Estate Organization (R.E.O.) to take loan from the Bank for Agriculture and Agricultural Co-operatives (BAAC) within a budget of 2 billion baht at zero interest rate to further support the scheme. Moreover, on 18 September 2012, the government approved another budget totaled 30 billion baht to be used in the intervention scheme and this budget would be paid out in 6 tranches, each worth 5 billion baht.

The intervention scheme introduced by the Thai government has led to higher domestic raw material price that is significantly higher than global market price. Natural rubber price in Thailand has since deviated from the typical competitive market price. Rubber producers and factories face problem of rising raw material cost for delivering product. This makes it very difficult to maintain gross profit margin in the year 2012.

To make it more complicated, the Thai government along with Indonesia and Malaysia in September 2012 announced a new measure to reduce rubber export down by 10% by imposing export limit. The export curb started on 1 October 2012 and would end on 31 March 2013, a total of 6-month period. The plan is to reduce total rubber export from the 3 countries by 300,000 tons in a hope to push up market price. Nonetheless, this measure affects several players in the whole rubber supply chain, namely rubber farmers, traders, co-operatives, and exporters. The obvious result from the measure is an excess supply in the domestic market and hence more price competition in Thailand. Exporters would have to compete to sell the extra amount of rubber in the domestic market, putting downward pressure on local price. In addition, local market usually trades with longer credit term than export market, producers has faced more funding and liquidity issues in dealing more local trades.

5. Shareholder Structure and Management

(1) Shareholders

As of 12 March 2013, the latest book closing date, list of 10 major shareholders are as follows;

Item	Shareholders	Number of Shares	Percentage of Shareholding
1	Mrs. Tippawan Suthathipkul	87,262,312	12.81%
2	Mr. Prakit Waraprateep	50,000,000	7.34%
3	Mr. Prawit Waraprateep	37,485,427	5.50%
4	Mr. Vorathep Wongsasuthikul	32,266,357	4.73%
5	Mrs. Nualadee Kittayanukool	29,681,073	4.36%
6	Thaisri Insurance Co.,Ltd	18,111,093	2.66%
7	Thai NVDR Co.,Ltd.	12,187,404	1.79%
8	Mr. Wanchai Panwichiean	10,600,000	1.56%
9	Miss Sunee Margboonprasit	10,000,000	1.47%
10	Mrs. Kunsinan Pongnarasorn	9,265,250	1.36%

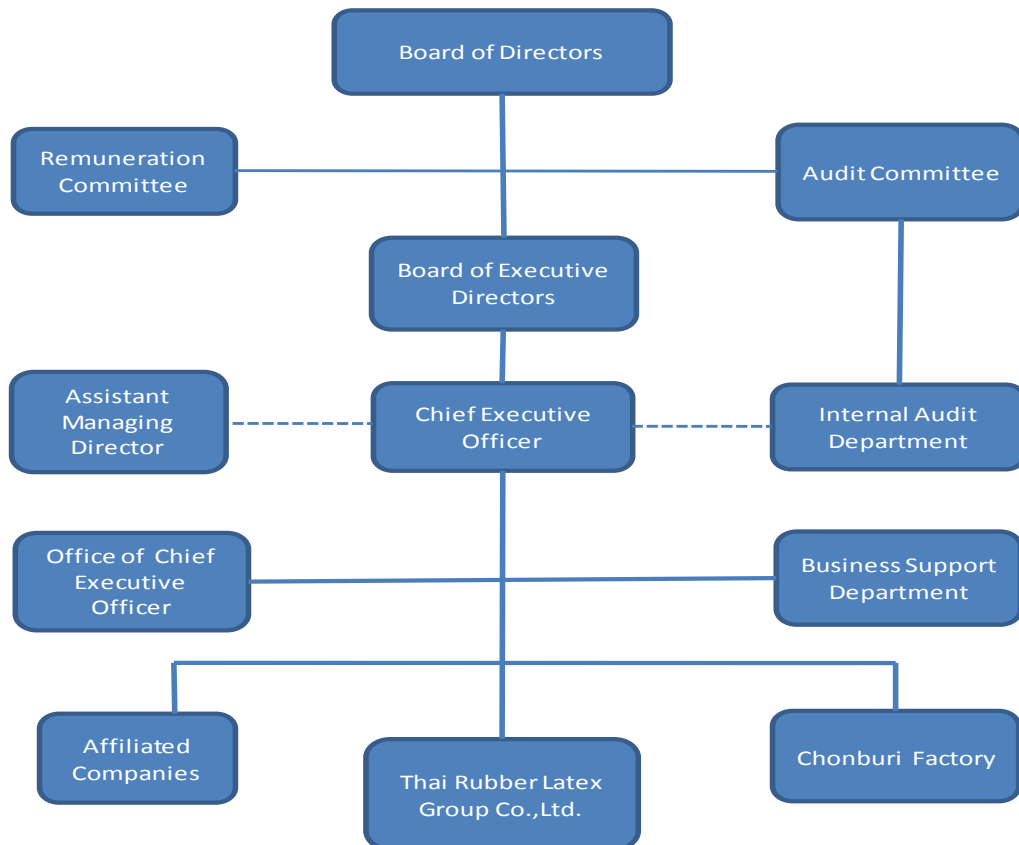
Dividend Policy

The company's dividend policy is depending on the performance of the company, at a rate not less than 1/3 of the annual net profit, after accumulated loss (if any), from the separate financial statement of the company. Subsidiaries and associated companies have dividend policy not to pay more than 100% of net profit.

(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;

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.

Authority of the Board of Directors

1. Manage the company with honest and foresight, and in accordance with the objectives, the 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 Directors' management to be in line with policy except for the matters that needs approval from the shareholders' meeting before proceeding.

Referred to the resolution of the Shareholder Meeting no.1/2012 held on 27 April 2012, the company has been approved to be composed with 11 directors in the Board of Directors with the remuneration of Baht 10.32 million.

The name list of directors and number of meeting attended in 2012

<u>Name-Surname</u>	<u>Title</u>	12 Board of Directors' meetings in 2012	11 Audits committee's meetings in 2012
1.Mr. Vorathep Wongsasuthikul	President and CEO	12	-
2.Mr. Paiboon Waroprateep	Vice President	12	-
3.Mr. Prachnon Temritikulchai	Vice President	12	-
4.Mr. Suchart Charoenpornpanichkul	Director and Risk Management Director	9	-
5.Mr. Tiwa Sappakit	Independent Director and Chairman of Auditing committee	12	11
6.Mr. Erwin Muller	Independent Director, Chairman of Remuneration committee and Auditing Director	11	9
7.Mr. Wanchai Tanittiraporn	Director and Risk Management Director	7	-
8.Mrs. Suchada Sodthibhaphkul	Director and Remuneration Director	12	-
9.Mr. Yanyong Tavarorit	Independent Director and Auditing Director	12	11
10.Mr. Somkad Sueptrakul	Director	12	-
11.Mr. Pakhawat Kovithathanaphong	Independent Director and Chairman of Risk Management Committee	12	-

Remark: 1. Mr. Wanchai Tanittiraporn resigned from the position of director since 22 September 2012.

Currently, the company still does not appoint new director to replace a vacant position.

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

Details of the Director's remuneration for the year 2012 are as follows;

1. Monthly remuneration for executive directors is Baht 70,000 (seventy thousand Baht) each which is the same rate as the year 2011. The total payable amount per month is Baht 280,000 (two hundred and eighty thousand Baht) for 4 persons.

2. Monthly meeting remuneration for president, vice president, and directors is Baht 30,000 (thirty thousand Baht) each, which is the same rate as the year 2011. The total payable amount per month is Baht 330,000 (three hundred thousand Baht) for 11 persons.

3. Monthly meeting remuneration for the Chairman and members of the Audit Committee is proposed for adjustment from Baht 30,000 (thirty thousand Baht) each in 2011 to Baht 40,000 (forty thousand Baht) each for the year 2012. The total payable amount per month is Baht 120,000 (one hundred twenty thousand Baht) for 3 persons (The meeting is held once a month).

4. Monthly meeting remuneration for the Chairman of the Remuneration Committee and members of the Remuneration Committee is Baht 5,000 (five thousand Baht) each, which is the same rate as the year 2011. The total payable amount per month is Baht 10,000 (ten thousand Baht) for 2 persons (The meeting is held once a year).

5. Monthly meeting remuneration for the Chairman of the Risk Management Committee and members of the Risk Management Committee is Baht 30,000 (thirty thousand Baht) each. The total payable amount per month is Baht 120,000 (one hundred twenty thousand Baht) for 4 persons (The meeting is held once a month). The company has set up the Risk Management Committee in 2012; therefore, there was no director's remuneration payment for the Risk Management Committee in 2011.

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 2012, the Board of Executive Directors has been composed of 4 directors, which are Mr. Vorathep Wongsasuthikul, Mr. Paiboon Waraprateep, Mr. Prachnon Temritikulchai and Mr. Suchart Charoenpornpanichkul. The company has issued regulations on duty and authority in order to limit the power of such as well.

Duties and Scope of Responsibility of the Executive Directors

1. Consider the goal, policy, and annual budget, which are prepared by the management level, before to propose to Board of directors for approval. Consider changing budget incurred and present to the Board of director in the next meeting for approval.

2. Oversee the overall performance of each group of subsidiaries and arrange 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. Pursue matters assigned from Board of Directors.

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.

The Annual Ordinary Shareholders' Meeting No. 1/2011 which was held on 22 April 2011, approved the members of Audit Committee for 3 year period of time, which are Mr. Tiwa Sappakit, Mr. Erwin Muller and Mr. Yanyong Tavarorit. With the company's Manager of Internal Control Department has been appointed to be the Secretary thereof.

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.

4. Remuneration Committee

The Board of Directors has appointed the Remuneration Committee by selecting 2 directors of the company, which are Mr. Erwin Muller and Mrs. Suchada Softthibhaphkul to be included and appointing the Secretary of the Board of Director to be the Secretary thereof.

5. Risk Management Committee

The Board of Directors has appointed the Risk Management Committee by selecting 4 directors of the company, which are Mr. Pakhawat Kovithvathanaphong, Mrs. Suchada Softhibhaphkul, Mr. Wanchai Tanittiraporn and Mr. Suchart Charoenpornpanichkul to be included. With the company's Manager of Risk Management Department has been appointed to be the Secretary thereof.

The key tasks of the Risk Management Committee is to set up a framework to control major risks affecting the firm's performance, to provide applicable hedging strategies to the management committee, and to enhance the tools needed to perform risk control.

Duties and Scope of Responsibility of the Risk Management Committee

The Risk Management Committee works independently and reports directly to the Board of Executive Directors. The committee sets exposure limits for raw material, rubber futures, and foreign exchange positions. Additionally, the group devises hedging strategies and recommends them to the management committee for further actions. The two main areas of risk monitored by the committee are rubber price and foreign exchange rate risks.

The company's Management has specified the infrastructure of its administration by using 5 boards of directors as follows;

1. Board of Directors, totaling 11 directors
2. Board of Executive Directors, totaling 4 directors
3. Audit Committee, totaling 3 directors
4. Remuneration Committee, totaling 2 directors
5. Risk Management Committee, totaling 4 directors

In addition, the Board of Directors has appointed 4 Assistant Managing Directors which are Mr. Prawit Waraprateep, Ms. Chalengkwan Wongsasuthikul, Mr. Pattarapol Wongsasuthikul and Mr. Kitti Charoenpornpanichkul from high skilled and experienced managers in order to perform any duties the President and Executives deemed appropriate.

The appointment of these 4 Assistant Managing Directors has lightened the load of works from the Board of Directors 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 Directors 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 Directors to appoint the Assistant Managing Director with any performance as may be deemed appropriate.

(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 /contraction, numbers of directors will increase/decrease accordingly. This change in number of directors is to be approved by shareholders’ meeting.

(4) Director’s Remuneration

1. Monetary Remuneration of Directors

(A) Remuneration of Directors

Total remuneration of 11 directors in 2012 was Baht 10.02 million, dividing into meeting compensation to five boards and committees; directors, executive directors, auditing directors, remunerating directors and risk management directors. The average remuneration per director per year was Baht 0.91 million. The highest remuneration per director per year was Baht 1.56 million. The lowest remuneration per director per year was Baht 0.51 million. The remuneration of directors in 2012 increases 13.60% compared to that of 2011 due to increasing the remuneration of risk management directors.

(B) Remuneration of Management

In 2012, total number of management was 7 persons. Total remuneration was Baht 45.88 million dividing into salary, bonus and traveling expenses. The average remuneration per management per year was Baht 6.55 million. The highest remuneration per management per year was Baht 18.49 million. The lowest remuneration per management per year was Baht 1.66 million. The changing in the remuneration of management from 2012 compared to that of 2011 increased 14.92%.

2. Other Remuneration

None

(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 Directors, 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;

1. The Rights of Shareholders
2. The Equitable Treatment of Shareholders
3. The Role of Stakeholders
4. Disclosure and Transparency
5. The Responsibilities of the Board of Directors

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.

The company convened a 2012 Annual Ordinary Shareholders' Meeting. The meeting was arranged on 27 April 2012 from 9.00 am at No. 53 Dusit Princess Srinakarin Hotel, the Srinakarin 1 room, Srinakarin Road, Nongbon, Prayet, Bangkok. The firm submitted letters calling the meeting together with meeting-based information as per meeting agenda to shareholders on 27 March 2012 for acknowledgement prior to meeting for 31 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.

2. The Equitable Treatment of Shareholders

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

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

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

(c) 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.

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.

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. The Responsibilities of the Board of Directors

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 carried out in accordance with the business plan.

In 2012, the Board of Director has 11 directors, which consist of 4 executive directors, 7 non-executive directors and 4 independent directors which three of them are in the Audit Committee.

Board of Directors' Meeting

The firm shall define annual meeting schedule, factory managers and division managers in head office's meeting on the 4th Tuesday of every month. The Board of Directors' meeting shall be convened on the 3rd Friday of each month. The Audit Committees' meeting shall be convened on the 3rd Wednesday 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.

Remuneration of Directors and Management

(A) Remuneration of Directors

The company 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 the 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 2012.

Relationship with Investors

The Board of Directors 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.

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's annual report and the shareholders' meeting report.

2. Store the interest of the Board of Director's and the management's documents.

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

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

5. Help the Board of Directors' 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 Directors' and the shareholders' meeting resolutions.

7. Communicate the shareholders' matter with the involved department properly.

(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.

(7) Internal Audit

From Board of Directors' 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.

(8) Personal

In 2012, the company (only TRUBB) had total employees 91 persons, 70 persons from production line. Total employees remuneration's was Baht 41.41 million that was composite of salary, overtime wage and bonus. In 2012, the company and subsidiaries had training expenses of Baht 2.36 million, decreasing 23% to that of 2011.

Human Resource Management Policy

The company has issued the following policy on human resource management for the mutual benefits of the company and its employees;

1. Perform under the company's philosophy of business operations, vision, mission and value.
2. Esteem employees as the company's assets who significantly contribute to the company's growth and sustainability.
3. Recruit personnel with ability, capacity and attitude suitable for the company's business operations.
4. Promote the development of employee knowledge, ability and skills as commensurate with the employees' positions, duties and responsibilities as well as the company's needs, and instill conscience and attitude to value "THAITEX" at all times.
5. Build employee satisfaction by performing reasonable and just administration and management of remuneration, benefits and welfare.

6. Promote a good relationship among the employees and between the employees and the company for mutual contentment of both the employees and the company.

Labor Relations Policy

Under human resources management policy, the company has set labor relations policy as follows;

1. Strictly comply with the laws, regulations and requirements set forth by the government and the company.
2. Respect the rights of employees under the laws, regulations and requirements so the company's business operations can be conducted smoothly and for the purpose of social order.
3. Support activities that promote a good relationship among employees and between employees and the company based on an atmosphere of good understanding and compassion.
4. Promote corporate social responsibility on the part of the employees and the company in terms of consistent environmental conservation with participation in the social and religious activities of local communities.

6. Related Party Transaction

(1) Related party transaction with who may have conflict in the year 2012

In the year 2012, the company had business transaction with its subsidiaries, associated, 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) Pcl.

Subsidiaries

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

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

Associated Companies

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

LS = Latex Systems Co., Ltd.

Related Companies

SDR = Soidao Rubber Estate Co., Ltd.

TCR = Thai Chun Rubber Partnership Ltd.

Related Person

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

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

Name and Relationship	Transaction Description	Transaction Value (Million Baht)	Necessity and Reasonability
LS (Group of shareholders who collectively hold 5.50% shares in TRUBB hold 37.40% shares in LS)	TRUBB sold concentrated latex to LS as raw material for producing latex foam mattress.	128.65	- LS bought concentrated latex from TRUBB before to be related company of TRUBB. - TRUBB's selling price to LS is the same as to other customers.
WSB (Group of shareholders who collectively hold 19.94% shares in TRUBB hold 18.21% shares in WSB)	THAITEX bought field latex from WSB's plantation as production raw material.	23.65	- 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.
TCR (Groups of shareholders who collectively hold 13.39% shares in TRUBB hold 60% shares in TCR)	TRUBB sold skim block to TCR as raw material for producing rubber band.	5.57	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.
SDR (Group of Shareholders who collective hold 36.93% shares in TRUBB hold 80.42% shares in SDR)	THAITEX bought field latex from SDR's plantation as production raw material.	1.17	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.
Mr. Prakrit Waraprateep (hold 7.34% shares in TRUBB)	THAITEX bought field latex from Mr. Prakrit's plantation as production raw material.	1.14	Mr. Prakrit's plantation locates in the same province as Thaitex's factory. It is logistically reasonable to purchase from his plantation. And purchased price is the same as that of purchased from other plantation in the same province.
VAP (VAP's Managing Director is a brother of TRUBB's Chief Executive Officer.)	TRUBB bought plastic packaging material from VAP for using with block rubber.	0.04	TRUBB only bought plastic packaging material from VAP since the quantity needed is not large. There is no comparison purchase price from other seller.

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

None

(C) Related Party Service Transactions

Name and Relationship	Transaction Description	Transaction Value (Million Baht)	Necessity and Reasonability
Mr. Prakrit Waraprateep (hold 7.34% 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.	83,500	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 96,000 Baht per year, is lower than the rent of nearby comparable plot of land. Rent duration is 10 years. Contract expires in June 2015.

(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.6, in the annual financial statements report of year 2012, which was audited by the Certified Public Accountant.

(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 22 February 2013.

(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.

(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 2012 will continue in 2013.

7. Management Discussion and Financial Performance

(1) Performance

(A) Overall Performance

In 2012, the performance of Thai Rubber Latex Corporation (Thailand) Pcl. and its subsidiaries amounted to Baht 274.72 million a net loss for equity holders of the Company as opposed to a net profit of Baht 124.93 million during the same period of the previous year.

The stagnation of the global economy in 2012 resulted in a decline in demand for rubber and what should be a downward trend for rubber prices. However, the following factors caused rubber prices to fluctuate during the year:

- 1) The Thai government's policy interfered with rubber prices in January and August of 2012, thereby causing the raw material price to be high and not follow the global market mechanism which resulted in a decrease in gross profit for the Company.
- 2) The issuance of the QE3 measure by the United States and the weakening of the Japanese Yen caused the price of rubber to rise abnormally during the third and fourth quarters of the year, which is the season for field latex tapping and abundant availability of rubber supply when prices should drop.
- 3) The government's issuance of measures to cut rubber product export by 10% starting 1 October 2012 – 31 March 2013 prompted intensified domestic market competition.

In the rubber sales business, it is common for sales to be made in advance. The aforementioned unforeseeable events prompted the 2012 performance to have both losses from advance selling in goods and investment in agricultural futures, even though the Company was able to increase sales volume of all products compared to 2011 by concentrated latex and rubber thread had growth rate of sales volume at 13% and 15% respectively. In addition THAITEK group started to sell STR20 rubber blocks for the first year.

Moreover, the government's policy to increase wages and salary forced the company to adjust wages and salary structure for the entire organization. Thus, the total salary for 2012 was higher than the previous year by Baht 31 million.

Sales and services income of 2012 in comparison to that of 2011 equaled Baht 16,446.08 million, an increase of Baht 151.16 million or 0.93%. Cost of sales and services was Baht

15,841.58 million, an increase by Baht 514.61 million, or 3.36%. The company had gross profit of Baht 605.50 million, a decrease of Baht 363.45 million, or 37.51%.

Total selling and administrative expenses, other expenses, finance costs and income tax expenses equaled Baht 1,027.22 million, an increase by Baht 83.36 million, or 8.8%. These expenses increased for the following reasons;

- 1) Higher sales volume caused higher selling expenses.
- 2) More working capital usage due to sales expansion when the block rubber plant began its operations in early 2012, causing finance cost to rise by Baht 48 million or 24%.
- 3) A 57 million loss from investment in agricultural futures in other expenses

Other income equaled Baht 130.73 million composed of interest receivable, gain from exchange and others. In 2012, gain from exchange equaled Baht 35 million.

For share of profit from investments in associated company, namely, Latex Systems Co., Ltd, in 2012 the company earned Baht 14.71 million from this investment, an increase of Baht 4.56 million, or 15%, due to high profitability in the rubber mattress business.

(B) Performance of Main Businesses

Concentrated Latex Group:

(1) Sales and Services Income – Sales and services income in 2012 amounted to Baht 9,504 million, a decrease of Baht 2,188 million, or 19%, as compared to 2011 due to the 28% drop from the previous year in the sales price of the main product, concentrated latex. However, concentrated latex sales volume in 2012 increased by 13% as compared to 2011, thus indicating that the latex market trend continued to skyrocket, despite the 2012 declining global economic growth rate.

(2) Other Income (Expenses) – Latex group earned other income of Baht 51 million, a decrease of Baht 5 million or 8%. Main items in 2012 were loss from investment in agricultural futures of Baht 31 million, gain from exchange of Baht 7 million and a refund from the Rubber Replanting Aid Fund at Baht 8 million. Main items for 2011 were gain from investment in agricultural futures of Baht 27 million and loss from exchange of Baht 17 million.

(3) Cost of Sales and Services and Total Expenses – Cost of sales and services sales costs, selling and administrative expenses and finance cost amounted to Baht 9,644 million, a decrease of Baht 1,965 million or 17% due to an average decline of 28% in prices of field latex, raw material of producing concentrated latex. Selling and administrative expenses amounted to Baht 455 million, a decrease of 101 million or 18% by a 95 million decrease from administrative expenses. In 2011, the

allowance for inventory devaluation decreased by Baht 54 million. However, the aforementioned allowance did not exist in 2012. In addition, due to a net loss from operating concentrated latex business, the 2012 bonus decreased by Baht 41 million when compared to that of 2011. Finance cost amounted to Baht 175 million, a decrease of Baht 4 million, or 2 %, due to decreases in working capital from the decline of field latex prices from 2011.

(4) Profit (Loss) – Latex group had a net loss of Baht 86 million when compared to a net profit of Baht 133 million in 2011 as a result of rubber price fluctuations, thereby causing losses from both advance selling in goods and investment in agricultural futures.

(5) Earnings Per Share – In 2012, Thai Rubber Latex Group Co., Ltd (Subsidiary in latex group) paid no dividend to its shareholders.

Block Rubber Group:

(1) Sales and Services Income – The year of 2012 was the first year Thai Rubber H P N R Co., Ltd. (Subsidiary) began commercial production, which resulted in sales and services income amounting to Baht 2,246 million, by 37% of total sales or Baht 833 million occurred from domestic sales, while Baht 1,412 million or 63% of total sales was from exports.

(2) Other Income (Expenses) – The subsidiary had other expenses at Baht 5 million due to gain from exchange of Baht 15 million. However, the subsidiary had loss from investment in agricultural futures of Baht 24 million.

(3) Cost of Sales and Services and Total Expenses – Cost of sales and services sales costs, selling and administrative expenses and finance cost were Baht 2,339 million.

(4) Profit (Loss) – A net loss was Baht 98 million, by Baht 55 million of which were loss before finance cost and Baht 43 million represented finance cost.

(5) Earnings Per Share – In 2012, the subsidiary paid no dividend to shareholders.

Rubber Thread Group:

(1) Sales and Services Income – In 2012, sales and service income of World Flex Pcl. (Subsidiary) amounted to Baht 1,603 million, a decrease by Baht 206 million, or 11%, from the previous year due to a 30% decrease in sale prices caused by the decrease in demand in major global user markets, such as China. During the previous year, however, the subsidiary was able to increase its sales volume by 15% due to the expansion to markets other than China.

(2) Other Income (Expenses) – The subsidiary earned other income of Baht 34 million, an increase of Baht 15 million, or 81%, due to increasing gain from exchange of Baht 13 million and revenues from the sale of scrap rubber and chemical raw material sales increased by Baht 2 million.

(3) Cost of Sales and Services and Total Expenses – Cost of sales and services sales costs, selling and administrative expenses and finance cost were Baht 1,736 million, a decrease by Baht 62 million, or 3%, due to a decrease in sales income.

(4) Profit (Loss) – A net loss was of Baht 100 million which changed from net profit of Baht 29 million in 2011.

(5) Earnings Per Share – In 2012, the subsidiary paid no dividend to its shareholders.

(2) Financial Status of Consolidated Financial Statements

(A) Assets – Total assets amounted to Baht 7,412 million, an increase of Baht 427 million, or 6%, from the previous year. Current assets decreased by Baht 63 million while non-current assets increased by Baht 490 million due to investments in fixed assets of the STR 20 block rubber production project, which began commercial production in 2012, and expansion of investments in land of the rubber plantation project.

1. Asset Composition

- Current assets amounted to Baht 4,118 million, a decrease of Baht 63 million, or 2%, due to decreases in key items, namely, trade and other receivables, by Baht 209 million due to dropping in rubber prices. This enabled the company to decrease investments in trade receivables. In addition, the company was also able to shorten average receivables collection days by two days from the previous year to thirty-seven days.

- Non-current assets amounted to Baht 3,294 million, an increase by Baht 490 million, or 17%, mainly from increases in land, buildings and equipment by Baht 232 million, land and land possessory rights held for sales by Baht 121 million, rubber plantation development costs by Baht 81 million and withholding tax deducted at source by Baht 24 million.

2. Asset Quality

- Assets – In 2012, the company and its subsidiaries had seen the existing assets reflecting the actual value with no such indication for being devaluated or non-refundable, and if such a case, the company and the subsidiaries had priory reserved allowance for impairment losses according to

notes to consolidated financial statements no. 14 to 19 to reflect the actual market value of the company's assets quality, which comply to the standard certified accounting principles.

- Trade receivables – Trade receivables - unrelated parties had the structure as follows;

(1) The portion not yet due amounted to 77%, an increase from 59% for the previous year due to policy emphasizing domestic sales which have longer credit terms than foreign sales, but higher profit margins.

(2) The portion overdue for less than 365 days amounted to 17%, a decrease from 35% for the previous year, thus indicating improved debt collection. In addition, both the portion and amount of trade receivables which overdue less than 365 days also decreased.

(3) Allowance for doubtful accounts amounted to Baht 84 million, or 6% of trade receivables - unrelated parties, a decrease of Baht 3 million from 2011 and these were trade receivables pending legal action.

(B) Liquidity

1. Cash Flow – The 2012 consolidated financial statements showed the following changes in cash flow:

- Net cash from (used in) operating activities in 2012 amounted to Baht 119 million, the previous year's figure of Baht 665 million. Net cash from operating activities decreased by Baht 546 million because the profit before income tax expenses of Baht 175 million in 2011 became to loss of Baht 263 million in 2012, thereby causing the aforementioned cash to be reduced by Baht 438 million, and the company invested in inventory for an additional Baht 53 million because the company will increase sales volume targets in 2013.

- Net cash from (used in) investment activities in 2012 amounted to Baht 526 million, the previous year's figure of Baht 585 million. Net cash used in investment activities decreased by Baht 59 million because the purchase of land, building and equipment in 2011 amounted to Baht 543 million. In 2012, however, the purchase of land amounted to lower at Baht 453 million, a decrease by Baht 90 million because the investment in the block rubber project was complete. During the next two or three years, Thai Rubber Land and Plantation Co., Ltd. will focus on harvesting the rubber to reap benefits from its investments.

- Net cash from (used in) financing activities in 2012 amounted to Baht 498 million, the previous year's figure of Baht 10 million, an increase of Baht 488 million, due to the increase

in the use of working capital from block rubber which began production in the first year, the expansion of concentrated latex and rubber thread sales volume and losses from performance in 2012.

2. Significant Liquidity Ratios

- Current Ratio – Current ratio was 0.73 times, a decrease from the previous year, which was 0.84 times. Bank overdrafts and short-term loans from financial institutions increased from Baht 4,337 million to Baht 5,130 million as a result of the rubber plantation and block rubber projects expansion, requiring use of more working capital and incurring long term debts with incremented payments for the principle amounts.

- Quick Ratio – Quick ratio was 0.34 times, a decrease from the previous year, which was 0.41 times, because current liabilities expanded faster than quick assets.

3. Repayment of Short-Term Loans Affecting Liquidity at Year-End 2012

The current portion of long-term loans due in 2013 amounted to Baht 135 million, which was close to depreciation and amortization of over Baht 130 million a year. The trend for rubber prices in 2013 is better than 2012 and the Company expects to have sufficient cash flow for payment of the aforementioned loan.

(C) Capital Expenditure

In 2012, Thai Rubber Latex Corporation (Thailand) Pcl. made no additional investments in its subsidiaries and associated companies because there were no investment plans for investing in new projects or making additional investments in existing projects. The subsidiaries with high investment expenditures are Thai Rubber H P N R Co., Ltd., with an additional investment in fixed assets of Baht 197 million, Thai Rubber Land and Plantation Co., Ltd., making additional investment in fixed assets of Baht 182 million, and World Flex Pcl., with additional investment in fixed assets of Baht 69 million.

(D) Source of Fund

1. Capital Structure Appropriateness – Debt to equity ratio was 4.13 times, increasing from 3.02 times in 2011 because there were the increases of bank overdrafts and short-term loans from financial institutions and long-term loans in 2012 while shareholders' equity decreased.

2. Shareholders' Equity – Shareholders' equity amounted to Baht 1,437 million, a decrease of Baht 292 million, or 17%, incurred by cash and stock dividend payments of Baht 151.42 million in 2012 and a Baht 275 million loss of performance in 2012.

3. Liabilities – Total liabilities amounted to Baht 7,412 million, an increase by Baht 427 million, or 6%, which was used as working capital and as long term investment to expand sales volume of existing products, namely, concentrated latex and rubber thread and open sales of new products, namely, block rubber, as well as expanding rubber tree planting areas.

(3) Audit's Remuneration

(A) Audit Fee

The company and subsidiaries paid total audit fee of Baht 6.36 million.

(B) Non – Audit fee

None

8. Financial Report

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, 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 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 22 February 2013

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

Statement of financial position

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	358,069,732	269,194,006	102,413,865	46,612,404
Trade and other receivables	6, 8	1,570,973,788	1,780,396,497	1,068,339,194	1,450,439,274
Short-term loans to related parties	6	-	-	1,003,112,616	683,073,141
Short-term loans to unrelated parties		31,788,890	15,054,776	30,323,333	13,280,706
Inventories	9	2,056,160,677	1,955,695,967	331,864,833	421,730,179
Advance payments for goods		73,369,593	134,514,268	43,923,117	72,984,317
Other current assets		27,400,012	25,925,818	5,269,734	9,552,839
Total current assets		4,117,762,692	4,180,781,332	2,585,246,692	2,697,672,860
Non-current assets					
Restricted bank deposit	10	2,070,000	-	-	-
Investments in associates	11	94,017,486	81,451,620	37,570,345	37,570,345
Investments in subsidiaries	12	-	-	1,574,982,356	1,574,982,356
Other long-term investments	13	-	-	-	-
Investment properties	14	85,653,430	84,447,845	85,653,430	84,447,845
Property, plant and equipment	15	2,178,196,648	1,945,742,783	187,139,990	194,854,842
Land and land possessory rights held for sale	16	121,191,159	-	-	-
Intangible assets	17	3,387,324	4,821,436	1,318,139	1,821,673
Land possessory rights	18	149,994,881	140,916,481	6,270,000	6,270,000
Rubber plantation development costs	19	403,544,072	322,915,974	-	-
Withholding tax deducted at source	20	163,806,401	139,541,863	161,228,150	138,316,119
Deposit for purchase of land		58,150,320	43,489,098	-	-
Other non-current assets		34,413,855	40,726,252	4,302,394	1,842,367
Total non-current assets		3,294,425,576	2,804,053,352	2,058,464,804	2,040,105,547
Total assets		7,412,188,268	6,984,834,684	4,643,711,496	4,737,778,407

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

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

Statement of financial position

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	358,069,732	269,194,006	102,413,865	46,612,404
Trade and other receivables	6, 8	1,570,973,788	1,780,396,497	1,068,339,194	1,450,439,274
Short-term loans to related parties	6	-	-	1,003,112,616	683,073,141
Short-term loans to unrelated parties		31,788,890	15,054,776	30,323,333	13,280,706
Inventories	9	2,056,160,677	1,955,695,967	331,864,833	421,730,179
Advance payments for goods		73,369,593	134,514,268	43,923,117	72,984,317
Other current assets		27,400,012	25,925,818	5,269,734	9,552,839
Total current assets		4,117,762,692	4,180,781,332	2,585,246,692	2,697,672,860
Non-current assets					
Restricted bank deposit	10	2,070,000	-	-	-
Investments in associates	11	94,017,486	81,451,620	37,570,345	37,570,345
Investments in subsidiaries	12	-	-	1,574,982,356	1,574,982,356
Other long-term investments	13	-	-	-	-
Investment properties	14	85,653,430	84,447,845	85,653,430	84,447,845
Property, plant and equipment	15	2,178,196,648	1,945,742,783	187,139,990	194,854,842
Land and land possessory rights held for sale	16	121,191,159	-	-	-
Intangible assets	17	3,387,324	4,821,436	1,318,139	1,821,673
Land possessory rights	18	149,994,881	140,916,481	6,270,000	6,270,000
Rubber plantation development costs	19	403,544,072	322,915,974	-	-
Withholding tax deducted at source	20	163,806,401	139,541,863	161,228,150	138,316,119
Deposit for purchase of land		58,150,320	43,489,098	-	-
Other non-current assets		34,413,855	40,726,252	4,302,394	1,842,367
Total non-current assets		3,294,425,576	2,804,053,352	2,058,464,804	2,040,105,547
Total assets		7,412,188,268	6,984,834,684	4,643,711,496	4,737,778,407

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

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

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	21	5,129,547,928	4,337,086,041	1,889,774,186	1,737,960,172
Trade and other payables	6, 22	225,120,289	255,093,137	1,301,486,020	1,372,335,095
Current portion of long-term loans from banks	23	135,050,000	167,420,000	35,750,000	111,500,000
Current portion of finance leases and					
hire-purchase payable	24	5,988,418	3,752,714	3,476,453	3,476,453
Accrued expenses		104,177,391	123,905,564	15,785,819	15,601,481
Corporate income tax payable		1,041,472	28,966,189	-	-
Other current liabilities		61,634,908	51,149,228	6,194,419	22,824,390
Total current liabilities		5,662,560,406	4,967,372,873	3,252,466,897	3,263,697,591
Non-current liabilities					
Long-term loans from banks - net of current portion	23	258,100,000	245,010,000	-	35,750,000
Finance leases and hire-purchase payable - net of					
current portion	24	11,086,402	5,427,402	1,738,158	5,214,611
Provision for long-term employee benefits	25	36,870,896	30,008,142	5,254,950	4,114,230
Other non-current liabilities		92,000	82,000	-	-
Total non-current liabilities		306,149,298	280,527,544	6,993,108	45,078,841
Total liabilities		5,968,709,704	5,247,900,417	3,259,460,005	3,308,776,432

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

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

Statement of financial position (continued)


As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
749,607,657 ordinary shares of Baht 1 each					
(31 December 2011: 599,686,442 ordinary shares					
of Baht 1 each)					
		749,607,657	599,686,442	749,607,657	599,686,442
Issued and fully paid up					
681,453,819 ordinary shares of Baht 1 each					
(31 December 2011: 545,169,489 ordinary shares					
of Baht 1 each)					
		681,453,819	545,169,489	681,453,819	545,169,489
Share premium		342,113,518	342,113,518	342,113,518	342,113,518
Retained earnings					
Appropriated - statutory reserve	27	116,488,251	104,146,266	58,650,000	50,000,000
Unappropriated		(293,672,133)	114,364,235	189,394,122	374,528,494
Other components of shareholders' equity		590,833,676	623,322,898	112,640,032	117,190,474
Equity attributable to owners of the Company		1,437,217,131	1,729,116,406	1,384,251,491	1,429,001,975
Non-controlling interests of subsidiaries		6,261,433	7,817,861	-	-
Total shareholders' equity		1,443,478,564	1,736,934,267	1,384,251,491	1,429,001,975
Total liabilities and shareholders' equity		7,412,188,268	6,984,834,684	4,643,711,496	4,737,778,407

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

Directors


นายวรงค์ วงศาสุทธิกุล
กรรมการผู้จัดการ


นายไพบูลย์ วรประทีป
กรรมการบริหาร


นายเปี่ยมคุณ เต็มคุณสุทธิกุล
กรรมการบริหาร



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

Income statement

For the year ended 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Revenues					
Sales and service income	33	16,446,082,004	16,294,923,204	7,527,593,845	9,767,767,050
Other income	30.1	130,735,129	90,143,499	70,171,203	195,373,973
Total revenues		16,576,817,133	16,385,066,703	7,597,765,048	9,963,141,023
Expenses					
Cost of sales and services		15,840,579,809	15,325,968,737	7,284,306,282	9,441,802,312
Selling expenses		455,780,023	352,541,853	166,488,654	193,044,785
Administrative expenses		255,781,093	277,993,532	61,939,114	53,660,120
Other expenses	30.2	58,580,785	67,019,158	31,415,660	17,839,036
Total expenses		16,610,721,710	16,023,523,280	7,544,149,710	9,706,346,253
Profit (loss) before share of profit from investments					
in associates, finance cost and income tax expenses		(33,904,577)	361,543,423	53,615,338	256,794,770
Share of profit from investments in associated compar	11.2	14,708,266	10,147,639	-	-
Profit (loss) before finance cost and income tax expenses					
Finance cost		(244,251,154)	(196,239,292)	(83,222,320)	(83,242,086)
Profit (loss) before income tax expenses		(263,447,465)	175,451,770	(29,606,982)	173,552,684
Income tax expenses	32	(12,833,452)	(50,068,254)	-	(1,491,677)
Profit (loss) for the year		(276,280,917)	125,383,516	(29,606,982)	172,061,007
Profit (loss) attributable to:					
Equity holders of the Company		(274,724,489)	124,930,978	(29,606,982)	172,061,007
Non-controlling interests of the subsidiaries		(1,556,428)	452,538		
		(276,280,917)	125,383,516		
Earnings per share					
34					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		-0.43	0.26	-0.05	0.36
Weighted average number of ordinary shares (shares)		636,398,071	481,242,768	636,398,071	481,242,768
Diluted earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		-0.43	0.26	-0.05	0.36
Weighted average number of ordinary shares (shares)		640,879,320	481,242,768	640,879,320	481,242,768

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

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

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit (loss) for the year		<u>(276,280,917)</u>	<u>125,383,516</u>	<u>(29,606,982)</u>	<u>172,061,007</u>
Other comprehensive income (loss):					
Gain on revaluation of assets	15	-	315,321,485	-	33,321,699
Exchange differences on translation of financial statements in foreign currency		(2,031,284)	6,544,477	-	-
Share of other comprehensive income from associated companies		-	6,817,985	-	-
Other comprehensive income (loss) for the year		<u>(2,031,284)</u>	<u>328,683,947</u>	<u>-</u>	<u>33,321,699</u>
Total comprehensive income (loss) for the year		<u><u>(278,312,201)</u></u>	<u><u>454,067,463</u></u>	<u><u>(29,606,982)</u></u>	<u><u>205,382,706</u></u>
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(276,755,773)	452,453,665	<u>(29,606,982)</u>	<u>205,382,706</u>
Non-controlling interests of the subsidiaries		<u>(1,556,428)</u>	<u>1,613,798</u>		
		<u><u>(278,312,201)</u></u>	<u><u>454,067,463</u></u>		

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 year ended 31 December 2012**

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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of 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	
			<u>2012</u> Percent	<u>2011</u> 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
World Flex Public Company Limited	Production and distribution of rubber thread	Thailand	98.4	98.4
Thai Rubber Land and Plantation Co., Ltd.	To operate the rubber planting project	Thailand	100.0	100.0
Agrowealth Co., Ltd.	Agricultural future trading	Thailand	100.0	100.0
Thai Rubber H P N R Co., Ltd.	Production and distribution of a stick and compound latex	Thailand	100.0	100.0
<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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- 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 end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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 standard.

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. The effect of the adoption to the financial statements of the Company and its subsidiary are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Statement of financial position		
Increase in unappropriated retained earnings as at		
1 January 2012	88	26
Decrease in other components of shareholders'		
equity as at 1 January 2012	(124)	(23)
Increase in unappropriated retained earnings as at		
31 December 2012	141	25
Decrease in other components of shareholders'		
equity as at 31 December 2012	(104)	(23)

Income statement

For 2012

Increase (decrease) in profit for the year	54	(0.8)
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In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements:	1 January 2014
Disclosures	
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement	1 January 2014
contains a Lease	
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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 stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income and will be recorded in profit or loss 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 impairment loss (if any).

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

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

4.7 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 end of reporting period.

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

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

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

Depreciation attributed to the original cost portion is included in determining income.

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

4.8 Intangible assets

Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (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 profit or loss.

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

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

4.9 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.

4.10 Land possessory rights

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

4.11 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.

4.12 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.

4.13 Long-term lease agreements

Leases of property, plant and 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 profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

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

4.14 Foreign currencies

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 end of reporting period, 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.

4.15 Impairment of assets

At the end of each reporting period, the Company performs 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.

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

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

4.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Post-employment benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat this severance payment obligation as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2010, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses.

4.17 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.

4.18 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.

4.19 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. 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

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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 from these estimates. Significant 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.

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 of the management.

Investment property

The Company presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the market approach. The valuation involves certain assumptions and estimates.

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 residual values of the Company's and the subsidiaries plant and equipment and to review estimate useful lives and residual 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.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. 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: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	674	771	At market price
Sales of raw materials	-	-	8	11	At market price
Interest income	-	-	11	10	At interest rate of 4.58 - 7.50 percent per annum (2011: 4.00 - 7.50 percent per annum)
Dividend income	-	-	-	120	At the declared rate
Office rental and service income	-	-	3	4	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.
Revenue from loan guarantees	-	-	3	-	At 0.05 percent per annum of the remaining loans.
Machine rental income	-	-	1	1	At contract price of Baht 5,000 per machine per month
Purchases of goods	-	-	4,273	5,736	At market price less operating expenses at the determining rate (Baht 2.0 - 7.0 per kilogram) (2011: At market price less operating expenses Baht 2.0 - 7.0 per kilogram)
Interest expenses	-	-	4	-	At interest rate of 4.86 - 5.19 percent per annum

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with associates</u>					
Sales of goods	129	133	129	133	At market price
Purchases of raw materials	24	30	-	-	At market price
<u>Transactions with related companies / related persons</u>					
Sales of goods	97	99	97	86	At market price
Office rental and service income	1	1	1	1	Baht 200 and Baht 60 per month per square metre for rental and service respectively, based on actual area used
Machine rental income	1	1	1	1	At contract price of Baht 100,000 per month
Purchases of raw materials	2	4	-	-	At market price

The balances of the accounts as at 31 December 2012 and 2011 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	58,622	240,179
Associated companies	32,197	28,978	32,192	28,976
Related companies (related by common shareholders)	19,060	19,507	18,895	15,816
Total trade and other receivables - related parties	51,257	48,485	109,709	284,971

(Unit: Thousand Baht)

	Consolidated financial		Separate financial statements	
	statements			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other accounts payable -</u>				
<u>related parties (Note 22)</u>				
Subsidiaries	-	-	1,267,453	1,336,312
Associated companies	356	503	2	-
Related companies (related by common shareholders)	56	30	-	-
Total trade and other accounts payable - related parties	<u>412</u>	<u>533</u>	<u>1,267,455</u>	<u>1,336,312</u>

Loans to related parties and loan from related party

As at 31 December 2012 and 2011, the balances of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Related by	Separate financial statements		
		Balance as at	During the year	
		31 December		
		2011	Increase	Decrease
				Balance as at 31 December 2012
<u>Short-term loans to related parties</u>				
Thai Rubber Land and Plantation Co., Ltd	Subsidiary	683,073	431,540	111,500
Thai Rubber H P N R Co., Ltd.	Subsidiary	-	45,000	45,000
Total		<u>683,073</u>	<u>476,540</u>	<u>156,500</u>
<u>Short-term loans from related party</u>				
Thai Rubber Latex Group Co., Ltd.	Subsidiary	-	970,000	970,000
Total		<u>-</u>	<u>970,000</u>	<u>970,000</u>

Directors and management's benefits

During the years ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	34.7	60.6	10.8	13.9
Post-employment benefits	1.3	-	-	-
Total	<u>36.0</u>	<u>60.6</u>	<u>10.8</u>	<u>13.9</u>

Guarantee obligations with related parties

As at 31 December 2012, a total of Baht 1,803 million and USD 2 million (2011: Baht 2,031 million and USD 27 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 6,239 million and USD 15 million (2011: Baht 5,972 million and USD 30 million) (As described in Note 39.3 to the financial statements).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	1,358	1,744	593	722
Bank deposits	356,712	267,450	101,821	45,890
Total	<u>358,070</u>	<u>269,194</u>	<u>102,414</u>	<u>46,612</u>

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.10 and 1.10 percent per annum (2011: between 0.10 and 0.75 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	34,122	36,655	62,313	130,079
Past due				
Up to 3 months	15,350	9,279	35,140	8,363
3 - 6 months	-	2,338	-	14,152
6 - 9 months	-	199	-	-
9 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total trade receivables - related parties	<u>49,472</u>	<u>48,471</u>	<u>97,453</u>	<u>152,594</u>

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,169,051	1,004,912	792,819	622,901
Past due				
Up to 3 months	229,874	567,015	122,170	450,371
3 - 6 months	19,011	28,417	17,708	27,372
6 - 9 months	1,579	330	1,579	330
9 - 12 months	224	220	224	220
Over 12 months	89,032	89,863	85,070	86,314
Total trade receivables - unrelated parties	1,508,771	1,690,757	1,019,570	1,187,508
Less: Allowance for doubtful debts	(83,691)	(87,039)	(80,226)	(83,738)
Trade accounts receivable - unrelated parties, net	1,425,080	1,603,718	939,344	1,103,770
Total trade receivable - net	1,474,552	1,652,189	1,036,797	1,256,364
<u>Other receivables</u>				
Interest receivable - related parties	-	-	4,117	3,075
Interest receivable - unrelated parties	369	376	213	123
Dividend receivable - related parties	-	-	-	119,500
Other receivable - unrelated parties	65,051	110,816	18,869	61,207
Vat refundable	26,430	14,625	204	368
Advances - related parties	1,770	14	4,757	9,746
Accrued income - unrelated parties	2,787	2,376	-	-
Accrued income - related party	15	-	3,382	56
Total other receivables	96,422	128,207	31,542	194,075
Total trade and other receivables - net	1,570,974	1,780,396	1,068,339	1,450,439

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventory-net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished Goods	1,591,395	1,472,162	(9,478)	(57,362)	1,581,917	1,414,800
Work in process	24,063	7,453	-	-	24,063	7,453
Raw materials	423,039	510,598	-	-	423,039	510,598
Packing materials	3,110	6,569	-	-	3,110	6,569
Supplies	24,032	16,276	-	-	24,032	16,276
Total	<u>2,065,639</u>	<u>2,013,058</u>	<u>(9,478)</u>	<u>(57,362)</u>	<u>2,056,161</u>	<u>1,955,696</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventory-net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished Goods	325,396	429,778	-	(11,850)	325,396	417,928
Work in process	-	-	-	-	-	-
Raw materials	5,978	2,537	-	-	5,978	2,537
Packing materials	97	893	-	-	97	893
Supplies	394	372	-	-	394	372
Total	<u>331,865</u>	<u>433,580</u>	<u>-</u>	<u>(11,850)</u>	<u>331,865</u>	<u>421,730</u>

10. Restricted bank deposit

These represent bank deposit that a subsidiary company pledged with the bank to secure issuing letter of guarantee to Rubber Estate Organization.

11. Investments in associates

11.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amount based on equity method		Dividend received during the year	
			<u>2012</u> (Percent)	<u>2011</u> (Percent)	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Wang Somboon Rubber Estate Co., Ltd. (held by Thai Rubber Land and Plantation Co., Ltd.	Planting of rubber	Thai	48.4	48.4	30,101	30,101	34,835	34,437	2,143	2,276
Rosner-Mautby Meditrade (Thailand) Ltd.	Production of latex examination gloves	Thai	31.5	31.5	37,849	37,849	-	-	-	-
Latex Systems Co., Ltd.	Production of and distribution of foam latex mattress and pillow	Thai	44.9	44.9	37,570	37,570	59,182	47,015	-	-
Total					<u>105,520</u>	<u>105,520</u>	<u>94,017</u>	<u>81,452</u>	<u>2,143</u>	<u>2,276</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amount based on cost method - net	
			<u>2012</u> (Percent)	<u>2011</u> (Percent)	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Rosner-Mautby Meditrade (Thailand) Ltd.	Production of latex examination gloves	Thai	31.5	31.5	37,849	37,849	(37,849)	(37,849)	-	-
Latex Systems Co., Ltd.	Production of and distribution of foam latex mattress and pillow	Thai	44.9	44.9	37,570	37,570	-	-	37,570	37,570
Total					<u>75,419</u>	<u>75,419</u>	<u>(37,849)</u>	<u>(37,849)</u>	<u>37,570</u>	<u>37,570</u>

11.2 Share of income/loss and dividend received

During the years, the Company recognised its share of net profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associates during the year		Dividend received during the year	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Wang Somboon Rubber Estate Co., Ltd.	2,541	3,087	2,142	2,276
Latex Systems Co., Ltd.	12,167	7,061	-	-
Total	<u>14,708</u>	<u>10,148</u>	<u>2,142</u>	<u>2,276</u>

11.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

Company's name	(Unit: Million Baht)									
	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Profit for the year ended 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Wang Somboon Rubber Estate Co., Ltd.	55.30	55.30	74.89	75.11	2.95	4.00	32.26	33.91	5.25	6.37
Latex systems Co., Ltd.	78.81	78.81	240.95	162.49	111.31	59.93	283.04	238.35	27.08	15.71

- 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 2012 and 2011.

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.

11.4 Investments in associates, which are Wang Somboon Rubber Estate 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 2012 and 2011, which were audited by their auditors.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			(Percent)	(Percent)								
Thai Rubber Latex Group Co., Ltd.	544,000	544,000	100.0	100.0	544,000	544,000	-	-	544,000	544,000	-	81,600
World Flex Public Company Limited	308,000	308,000	98.4	98.4	443,600	443,600	-	-	443,600	443,600	-	37,900
Thai Rubber Land and Plantation Co., Ltd.	300,000	300,000	100.0	100.0	300,000	300,000	-	-	300,000	300,000	-	-
Agrowealth Co., Ltd.	63,750	63,750	100.0	100.0	49,850	49,850	(12,468)	(12,468)	37,382	37,382	-	-
Thai Rubber H P N R Co., Ltd.	250,000	250,000	100.0	100.0	250,000	250,000	-	-	250,000	250,000	-	-
Total					1,587,450	1,587,450	(12,468)	(12,468)	1,574,982	1,574,982	-	119,500

13. Other long-term investments

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

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	2012		2011		2012		2011	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<u>Available-for-sale securities</u>								
Listed securities	1,249	-	1,249	-	1,249	-	1,249	-
Less: Allowance for impairment	(1,249)		(1,249)		(1,249)		(1,249)	
Available-for-sale securities - net	-		-		-		-	
<u>Other investments</u>								
Ordinary shares								
Siam Steel Container Co., Ltd.	2,000		2,000		1,000		1,000	
Dr. Boo Co., Ltd.	5,100		5,100		5,100		5,100	
Universal Steel Drum Co., Ltd.	3,000		3,000		3,000		3,000	
Total	10,100		10,100		9,100		9,100	
Less: Allowance for impairment	(10,100)		(10,100)		(9,100)		(9,100)	
Total other investment - net	-		-		-		-	
Other long-term investments - net	-		-		-		-	

14. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements		
	Office for		
	Land	rent	Total
Transferred from property, plant and equipment (net book value)	45,429	42,518	87,947
<u>Less</u> Net profit (loss) from a fair value adjustment	(18,172)	14,673	(3,499)
Net book value as at 31 December 2011	27,257	57,191	84,448
<u>Less</u> Net profit (loss) from a fair value adjustment	3,029	(1,824)	1,205
Net book value as at 31 December 2012	30,286	55,367	85,653

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land and office building has been determined based on market approach.

The Company has pledged investment properties amounting to approximately Baht 74.4 million (2011: Baht 73.4 million) as collateral against credit facilities received from financial institutions.

15. Property, plant and equipment

(Unit: Thousand 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 2010	445,179	848,771	845,280	321,338	81,653	99,947	230,674	2,872,842
Transfer to investment properties	(67,734)	(71,101)	-	-	-	-	-	(138,835)
Acquisitions	186,637	1,289	2,836	20,274	15,822	-	324,349	551,207
Revaluation	186,071	105,812	23,438	-	-	-	-	315,321
Disposals	-	(10,438)	(8,448)	(16,351)	(2,012)	-	(7,461)	(44,710)
Transfer in (out)	20,616	51,049	61,407	17,501	-	10,119	(160,692)	-
31 December 2011	770,769	925,382	924,513	342,762	95,463	110,066	386,870	3,555,825
Acquisitions	175,860	1	3,145	31,459	21,178	26	243,114	474,783
Disposals	-	-	(6,604)	(5,118)	(13,695)	-	(1,720)	(27,137)
Transfer in (out)	(96,257)	156,638	117,012	51,990	52	9,621	(343,433)	(104,377)
31 December 2012	850,372	1,082,021	1,038,066	421,093	102,998	119,713	284,831	3,899,094
Accumulated depreciation:								
31 December 2010	-	463,929	569,761	274,252	54,697	72,559	-	1,435,198
Transfer to investment properties	-	(26,232)	-	-	-	-	-	(26,232)
Depreciation for the year	-	47,033	54,261	20,688	9,488	5,193	-	136,663
Depreciation - disposals	-	(4,783)	(7,663)	(16,224)	(1,613)	-	-	(30,283)
31 December 2011	-	479,947	616,359	278,716	62,572	77,752	-	1,515,346
Depreciation for the year	-	30,891	50,221	32,016	10,498	5,170	-	128,796
Depreciation - disposals	-	-	(5,119)	(5,001)	(12,969)	-	-	(23,089)
31 December 2012	-	510,838	661,461	305,731	60,101	82,922	-	1,621,053
Allowance for impairments loss:								
31 December 2011	47,640	41,687	438	464	-	-	4,507	94,736
Increase during the year	-	4,978	130	-	-	-	-	5,108
31 December 2012	47,640	46,665	568	464	-	-	4,507	99,844
Net book value:								
31 December 2011	723,129	403,748	307,716	63,582	32,891	32,314	382,363	1,945,743
31 December 2012	802,732	524,518	376,037	114,898	42,897	36,791	280,324	2,178,197
Depreciation for the year								
2011 (Baht 112.7 million included in manufacturing cost, and the balance included in selling and administrative expenses)								136,663
2012 (Baht 114.6 million included in manufacturing cost, and the balance included in selling and administrative expenses)								128,796

(Unit: Thousand Baht)

	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 2010	146,978	188,828	102,691	58,643	25,169	18,431	7,050	547,790
Transfer to investment properties	(67,734)	(71,101)	-	-	-	-	-	(138,835)
Acquisitions	-	827	-	1,219	11,588	-	689	14,323
Revaluation	14,661	9,167	9,493	-	-	-	-	33,321
Disposals	-	-	(482)	(405)	(260)	-	(2,646)	(3,793)
Transfer in (out)	-	-	-	470	-	3,146	(3,616)	-
31 December 2011	93,905	127,721	111,702	59,927	36,497	21,577	1,477	452,806
Acquisitions	-	-	-	3,165	-	-	3,274	6,439
Disposals	-	-	-	(2,055)	(10,747)	-	(1,720)	(14,522)
Transfer in (out)	-	-	-	-	-	-	-	-
31 December 2012	93,905	127,721	111,702	61,037	25,750	21,577	3,031	444,723
Accumulated depreciation:								
31 December 2010	-	90,177	79,066	51,546	24,363	13,848	-	259,000
Transfer to investment properties	-	(26,232)	-	-	-	-	-	(26,232)
Depreciation for the year	-	5,610	5,115	2,447	1,673	1,032	-	15,877
Depreciation - disposals	-	-	(218)	(343)	(260)	-	-	(821)
31 December 2011	-	69,555	83,963	53,650	25,776	14,880	-	247,824
Depreciation for the year	-	2,680	3,855	2,377	2,472	1,032	-	12,416
Depreciation - disposals	-	-	-	(2,037)	(10,747)	-	-	(12,784)
31 December 2012	-	72,235	87,818	53,990	17,501	15,912	-	247,456
Allowance for impairment loss								
31 December 2011	9,814	313	-	-	-	-	-	10,127
31 December 2012	9,814	313	-	-	-	-	-	10,127
Net book value:								
31 December 2011	84,091	57,853	27,739	6,277	10,721	6,697	1,477	194,855
31 December 2012	84,091	55,173	23,884	7,047	8,249	5,665	3,031	187,140
Depreciation for the year								
2011 (Baht 5.1 million included in manufacturing cost, and the balance included in selling and administrative expenses)								15,877
2012 (Baht 4.4 million included in manufacturing cost, and the balance included in selling and administrative expenses)								12,416

The Company and its subsidiary companies arranged for the independent professional valuers to appraise the value of certain assets in 2011 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.

Had the land, building and machinery been carried in the financial statements based on historical cost, their net book values as of 31 December 2012 and 2011 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and land improvement	554,210	474,607	29,859	29,859
Building and building improvement	377,047	240,852	23,684	24,765
Machinery	289,122	201,239	7,092	7,996

As at 31 December 2012, the Company and its subsidiaries have vehicles acquired under hire-purchase and financial lease agreements, with net book value amounting to Baht 21.5 million (2011: Baht 11.1 million) (The Company only: Baht 8.0 million, 2011: Baht 10.3 million).

As at 31 December 2012, 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 271.7 million (2011: 244.2 million) (the Company only: Baht 73.1 million, 2011: 72.4 million).

The Company and its subsidiaries have pledged their assets with the net book value of approximately Baht 1,992.1 million (2011: 1,128.8 million) as collateral to secure their bank overdrafts, trust receipts, short-term and long-term loans (the Company only: Baht 377.6 million, 2011: 237.9 million).

16. Land and land possessory rights held for sale

A reconciliation of the net book value of assets classified as held for sale for the year 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land possessory		Total
	Land	rights	
Net book value at beginning of year	-	-	-
Acquisition of assets	11,884	4,930	16,814
Transfers in	104,377	-	104,377
Net book value at end of year	116,261	4,930	121,191

During 2011 and 2012, a subsidiary purchased land and land possessory rights for rubber plantation. However, after assessment by the management of the subsidiary company found that the land was not appropriate for rubber plantation investment, they decided to sell it. The subsidiary is currently looking for a buyer and expects the process of selling the land to take more than 1 year. The subsidiary has therefore continued to classify the land and land possessory rights as non-current assets in the statement of financial position. In addition, the management of the subsidiary company has assessed impairment of the assets and believes allowance for impairment of assets is not required since the land was bought during 2011 and 2012 and the prices were close to current fair values, and such assets are saleable in the future at prices not less than their carrying values.

17. Intangible assets

Intangible assets which are computer software are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
31 December 2010	10,521	6,147
Additions	227	-
31 December 2011	10,748	6,147
Additions	8	-
Disposals	(1)	-
31 December 2012	10,755	6,147
Accumulated amortisation		
31 December 2010	4,621	3,822
Amortisation during the year	1,306	503
31 December 2011	5,927	4,325
Amortisation during the year	1,442	504
Amortisation - disposals	(1)	-
31 December 2012	7,368	4,829
Net book value		
31 December 2011	4,821	1,822
31 December 2012	3,387	1,318
Amortisation for the year		
2011	1,306	503
2012	1,442	504

18. Land possessory rights

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
31 December 2011	140,916	6,270
Increase	9,079	-
31 December 2012	149,995	6,270
Allowance for impairment loss		
31 December 2011	-	-
31 December 2012	-	-
Net book value		
31 December 2011	140,916	6,270
31 December 2012	149,995	6,270

These represent possessory rights of the Company and a subsidiary on approximately 12,879 rai of land (2011: 12,439 rai) (the Company only: 49 rai, 2011: 49 rai). The Company and its subsidiary are currently in the process of acquiring legal documentation of ownership.

19. Rubber plantation development costs

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2012	2011
Rubber plantation development costs	322,916	248,609
Increase	85,128	80,888
Decrease	(4,500)	(6,581)
Net book value	403,544	322,916

20. Withholding tax deducted at source

The Company and its subsidiaries regard withholding tax deducted at source as an assets since they have right to claim for refund of them. However, the net realisable value of tax is subjected to the exercise of the claim right by the Company and its subsidiaries and to the Company and its subsidiaries' tax audit by the Revenue Officials.

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2012 and 2011 consist of:

	Interest rate (percent per annum)	Consolidated financial		Separate financial statements	
		statements			
		2012	2011	2012	2011
Bank overdrafts	MOR	4,575	6,117	501	2,024
Short-term loans from financial institutions	MLR-2, 3.85 - 5.30	5,124,973	4,330,969	1,889,273	1,735,936
Total bank overdrafts and short-term loans from financial institutions		5,129,548	4,337,086	1,889,774	1,737,960

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.

22. Trade and other payables

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Trade payables - related parties	356	286	1,264,250	1,334,306
Trade payables - unrelated parties	221,693	251,828	32,891	34,512
Advance received from related parties	33	247	1,977	1,998
Accrued expenses to related parties	23	-	944	8
Accrued interest expenses to related parties	-	-	284	-
Accrued interest expenses to unrelated parties	3,015	2,732	1,140	1,511
Total trade and other payables	225,120	255,093	1,301,486	1,372,335

23. Long-term loans

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

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
		<u>2012</u>	<u>2011</u>
		<u>2012</u>	<u>2011</u>
23.1 Long-term loans of the Company			
a)	Long-term loan of Baht 120 million (total credit facility of Baht 250 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 November 2012.	-	66,000
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 January 2013.	35,750	81,250
Total long-term loans of the Company		35,750	147,250
23.2 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.	120,000	150,000
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.	-	15,180

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Thai Rubber H P N R Limited				
a) Long-term loan of Baht 100 million subject to interest at Minimum Loan Rate minus 3% per annum and repayable in 47 installments for 2.1 million per installment, commencing July 2012.	87,400	100,000	-	-
b) Long-term loan of Baht 150 million subject to interest at Minimum Loan Rate minus 3% per annum and repayable in 47 installments for 3.1 million per installment, commencing February 2013.	150,000	-	-	-
Total long-term loans of the subsidiaries	357,400	265,180	-	-
Total long-term loans	393,150	412,430	35,750	147,250
Less: Current portion	(135,050)	(167,420)	(35,750)	(111,500)
Total long-term loans - net of current portion	258,100	245,010	-	35,750

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 banks, including maintaining certain financial ratios. As at 31 December 2012 and 2011, the Company and a subsidiary could not maintain such ratio as required under the loan agreements. However during 2012 and 2011, the Company and a subsidiary obtained a waiver letter from the bank for the condition to maintain a certain financial ratio for the financial statements for the year ended 2012 and 2011. The Company classified the debt in accordance with the payment terms in the agreements.

24. Finance leases and hire-purchase payable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finance leases and hire-purchase payable	19,435	9,994	5,695	9,491
Less: Deferred interest expenses	(2,360)	(814)	(480)	(800)
Total	17,075	9,180	5,215	8,691
Less: Portion due within one year	(5,988)	(3,753)	(3,476)	(3,476)
Finance leases and hire-purchase payable - net of current portion	<u>11,087</u>	<u>5,427</u>	<u>1,739</u>	<u>5,215</u>

The Company and 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 2012, future minimum lease payments required under the finance lease and hire-purchase agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2012		
	Consolidated financial statements		
	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>Total</u>
Future minimum lease payments	6,880	12,555	19,435
Deferred interest expenses	(892)	(1,468)	(2,360)
Present value of future minimum lease payments	<u>5,988</u>	<u>11,087</u>	<u>17,075</u>

(Unit: Thousand Baht)

	As at 31 December 2012		
	Separate financial statements		
	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>Total</u>
Future minimum lease payments	3,796	1,899	5,695
Deferred interest expenses	(320)	(160)	(480)
Present value of future minimum lease payments	<u>3,476</u>	<u>1,739</u>	<u>5,215</u>

(Unit: Thousand Baht)

As at 31 December 2011			
Consolidated financial statements			
	Less than 1 year	1 - 3 years	Total
Future minimum lease payments	4,084	5,910	9,994
Deferred interest expenses	(331)	(483)	(814)
Present value of future minimum lease payments	3,753	5,427	9,180

(Unit: Thousand Baht)

As at 31 December 2011			
Separate financial statements			
	Less than 1 year	1 - 3 years	Total
Future minimum lease payments	3,796	5,695	9,491
Deferred interest expenses	(320)	(480)	(800)
Present value of future minimum lease payments	3,476	5,215	8,691

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

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	30,008	26,670	4,114	3,687
Current service cost	3,233	2,719	391	354
Interest cost	1,325	1,066	164	147
Benefits paid during the year	(2,083)	(447)	(94)	(74)
Actuarial loss	4,388	-	680	-
Defined benefit obligation at end of year	36,871	30,008	5,255	4,114

Long-term employee benefit expenses included in the profit or loss was as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	3,233	2,719	391	354
Interest cost	1,325	1,066	164	147
Actuarial loss recognised during the year	4,388	-	680	-
Total expense recognized in profit or loss	8,946	3,785	1,235	501
Line items under which such expenses are included in profit or loss				
Cost of sales	4,745	1,359	187	342
Selling and administrative expenses	4,201	2,426	1,048	159

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.4 - 4.3	4.0	3.4	4.00
Future salary increase rate				
(depending on age)	3.0 - 6.0	2.0 - 6.0	3.0 - 6.0	3.0 - 6.0
Staff turnover rate	0.0 - 43.0	0.0 - 49.0	0.0 - 30.0	0.0 - 37.0

Amounts of defined benefit obligation for the current and previous three periods are as follows:

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	36,871	5,255	4,145	1,225
Year 2011	30,008	4,114	-	-
Year 2010	26,670	3,687	-	-
Year 2009	25,147	3,289	-	-

26. Share capital

26.1 On 20 June 2011, the extraordinary general meeting of the Company's shareholders no. 1/2011 passed the following resolutions.

26.1.1 Approved the reduction in the Company's registered capital from Baht 436,209,696 (436,209,696 ordinary shares of Baht 1 each) to Baht 436,135,595 (436,135,595 ordinary shares of Baht 1 each) by decreasing its un-issued ordinary shares of 74,101 shares with a par value of Baht 1 each. The Company registered the capital reduction with the Ministry of Commerce on 21 June 2011.

26.1.2 Approved the increase of the Company's registered capital from Baht 436,135,595 (436,135,595 ordinary shares of Baht 1 each) to Baht 599,686,442 (599,686,422 ordinary shares of Baht 1 each) through the increase in capital of 163,550,847 additional ordinary shares with a par value of Baht 1 each to support share allotment to existing shareholders and warrants of ordinary shares as described in Note 26.1.3 and Note 28. The Company registered the increase in its share registered capital with the Ministry of Commerce on 22 June 2011.

26.1.3 Approved the issuance and offering of 109,033,898 additional ordinary shares with a par value of Baht 1 each to the existing shareholders of the Company according to the shareholding proportion at the subscription ratio of 4 existing ordinary shares to 1 newly issued ordinary share at the offering price of Baht 3 each (fractions of shares are discarded). The existing shareholders who subscribe for the rights to offered shares and are allotted additional shares are entitled to receiving free Warrant No. 1 at the ratio of 2 newly issued ordinary shares to 1 unit of warrant.

On 2 August 2011, the Company received payment for 109,033,894 additionally issued ordinary shares at Baht 3 per share, or a total of Baht 327.1 million. As a result, the value of the Company's registered, issued and fully paid up share capital increased from Baht 436.1 million to Baht 545.2 million and its share premium increased from and Baht 124 million to Baht 342 million. The Company registered the increase in its paid up share capital with the Ministry of Commerce on 3 August 2011.

26.2 On 27 April 2012, the Annual General Meeting of the Company's shareholders No. 1/2012 approved the following resolutions:

26.2.1 To decrease the Company's registered share capital from Baht 599,686,442 (599,686,442 ordinary shares of Baht 1 each) to Baht 599,686,126 (599,686,126 ordinary shares of Baht 1 each) by canceling 316 shares of unissued capital and ordinary shares reserved for the exercise of warrants with a par value of Baht 1 per share. The Company registered the decrease in share capital with Ministry of Commerce on 30 April 2012.

26.2.2 To increase the Company's registered share capital from Baht 599,686,126 (599,686,126 ordinary shares of Baht 1 each) to Baht 749,607,657 (749,607,657 ordinary shares of Baht 1 each) by issuing 149,921,531 new ordinary shares with a par value of Baht 1 per share, to be reserved for a stock dividend and the rights adjustment of the Company's warrants (TRUBB-W1). The details of allotment are as follows:

- a) Allotment of 136,629,372 ordinary shares of Baht 1 each to be reserved for the stock dividend.
- b) Allotment of 13,292,159 ordinary shares of Baht 1 each to be reserved for the rights adjustment of the warrants (TRUBB-W1), as discussed in Note 28.

The Company registered the increase in share capital with the Ministry of Commerce on 1 May 2012.

Following the distribution of the above stock dividend payment, the Company registered the increase in its issued and fully paid up share capital to Baht 681,453,819 (681,453,819 ordinary shares of Baht 1 each) with the Ministry of Commerce on 23 May 2012.

27. 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.

On 27 April 2012, the Annual General Shareholder's meeting of the Company No. 1/2555 passed a resolution to appropriate Baht 8.65 million as statutory reserve.

28. Warrants

On 20 June 2011, the Extraordinary General Shareholder's Meeting of the Company No. 1/2554 passed a resolution to issue 54,516,949 warrants ("Warrant No. 1" or "TRUBB-W1"), for allocation free-of-charge to the existing shareholders who subscribed to the rights offering and were allocated ordinary shares, at a rate of 1 warrant for every 2 newly issued ordinary shares. The warrants can be exercised at a price of Baht 4 per share, with an exercise ratio of 1 warrant to 1 new ordinary share. They have a term of 3 years from the date of issue and exercise dates are on the last business day of each June and December, beginning on the last business day of December 2011, with a final exercise date on 7 August 2014.

On 19 August 2011, the Securities and Exchange Commission and the Stock Exchange of Thailand approved the receipt of securities and warrant to purchase new ordinary share no. 1 ("Warrant No.1" or "TRUBB-W1") to enable the offering of 54,516,637 ordinary shares. Share trading commenced on 23 August 2011.

Since the Annual General Meeting of the Company's shareholders No. 1/2012, held on 27 April 2012, approved a stock dividend payment as discussed in Note 38.2, the Company is to adjust the rights of the warrants of the Company (TRUBB-W1), to be in accordance with the Warrant Covenants of Rights and Duties of the Issuer and Holders of Warrants of the Company.

The Company announced the adjustment of the exercise price and exercise ratio of TRUBB-W1, effective on 8 May 2012 as follows:

	Previous	Present
Exercise price (Baht/share)	4.00	3.20
Exercise ratio (Share(s) per 1 unit of warrant)	1.00	1.25

As at 31 December 2012, none of the above warrants have been exercised.

29. Revaluation surplus

This represents surplus arising from revaluation of property, plant and machines. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the plant and machines.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance - beginning of year	614,215	345,223	117,190	89,557
Add: Increase from revaluation	-	314,160	-	33,321
Less: Amortisation	(29,702)	(44,859)	(4,550)	(5,379)
Less: Cumulative effect on changes in accounting policy for recording investment properties	-	(309)	-	(309)
Balance - end of year	<u>584,513</u>	<u>614,215</u>	<u>112,640</u>	<u>117,190</u>

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

30. Other income/other expenses

30.1 Details of other income for the years ended 31 December 2012 and 2011 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Interest income	39,011	25,107	47,656	33,759
Gain on exchange	35,179	-	5,289	-
Gain from investment in agricultural futures	-	25,607	-	26,610
Dividend income (Note 11,12)	2,142	2,276	2,142	121,776
Others	54,403	37,153	15,084	13,229
Total	<u>130,735</u>	<u>90,143</u>	<u>70,171</u>	<u>195,374</u>

30.2 Details of other expenses for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Loss from investment in agricultural futures	56,717	-	31,416	-
Loss from impairment of assets	-	54,431	-	2,613
Loss on exchange	-	12,588	-	15,226
Others	1,864	-	-	-
Total	<u>58,581</u>	<u>67,019</u>	<u>31,416</u>	<u>17,839</u>

31. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Raw materials and consumables used	8,891,977	8,050,527	512,705	736,799
Purchases of finished goods	6,405,767	6,257,043	6,644,540	8,527,033
Changes in inventories of finished goods and work in process	(138,932)	456,678	104,382	133,802
Salary and wages and other employee benefits	359,540	299,375	29,588	24,692
Depreciation	119,895	136,663	11,868	15,877
Amortisation expenses	11,753	1,306	1,052	503
Doubtful accounts	328	3,266	-	961
Loss on exchange	-	12,588	-	15,226
Rental expenses from operating lease agreements	2,787	2,526	859	1,052
Loss from investment in agricultural futures	56,717	-	31,416	-
Loss for impairment of assets	-	54,431	-	2,613

32. Income tax

Corporate income tax for the years 2012 and 2011 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.

33. 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 2012 and 2011 segregated between promoted operations and non-promoted operations are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales and service income						
Domestic	884	82	5,739	6,236	6,623	6,318
Export	2,163	558	7,660	9,419	9,823	9,977
Total	<u>3,047</u>	<u>640</u>	<u>13,399</u>	<u>15,655</u>	<u>16,446</u>	<u>16,295</u>

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales						
Domestic sales	-	-	5,457	6,227	5,457	6,227
Export sales	-	-	2,071	3,541	2,071	3,541
Total	<u>-</u>	<u>-</u>	<u>7,528</u>	<u>9,768</u>	<u>7,528</u>	<u>9,768</u>

34. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

Consolidated financial statement						
Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share		
<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the parent	(274,724)	124,931	636,398	481,243	<u>(0.43)</u>	<u>0.26</u>
Effect of dilutive potential ordinary shares						
Warrants 67,808,796 units (2011: 54,516,947 units)	-	-	4,481	-		
Diluted earnings (loss) per share						
profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(274,724)</u>	<u>124,931</u>	<u>640,879</u>	<u>481,243</u>	<u>(0.43)</u>	<u>0.26</u>
Separate financial statement						
Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share		
<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the parent	(29,607)	172,061	636,398	481,243	<u>(0.05)</u>	<u>0.36</u>
Effect of dilutive potential ordinary shares						
Warrants 67,808,796 units (2011: 54,516,947 units)	-	-	4,481	-		
Diluted earnings (loss) per share						
profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(29,607)</u>	<u>172,061</u>	<u>640,879</u>	<u>481,243</u>	<u>(0.05)</u>	<u>0.36</u>

35. Segment information

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 2012 and 2011 are summarised below.

(Unit: Million Baht)

	Concentrated and prevulcanized latex		Latex products		Others		Total		Eliminated transactions		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales and service income												
Subsidiaries	5,173	6,510	-	-	-	-	5,173	6,510	(5,173)	(6,510)	-	-
Other companies	14,788	14,466	1,654	1,809	4	20	16,446	16,295	-	-	16,446	16,295
Total revenues	19,961	20,976	1,654	1,809	4	20	21,619	22,805	(5,173)	(6,510)	16,446	16,295
Segment operating profit (loss)	650	879	(51)	79	3	6	602	964	3	5	605	969
Unallocated income and expenses:												
Other income											131	90
Selling expenses											(456)	(353)
Administrative expenses											(255)	(278)
Other expenses											(59)	(67)
Share of profit from investment in associates											15	10
Financial cost											(244)	(196)
Income tax expenses											(13)	(50)
Non-controlling interests of the subsidiaries											2	-
Profit (loss) for the year											(274)	125

(Unit: Million Baht)

Consolidated statements of financial position as at 31 December

	Concentrated and prevulcanized latex		Latex products		Others		Total		Eliminated transactions		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment - net	1,124	601	597	957	476	405	2,197	1,963	(19)	(17)	2,178	1,946
Unallocated assets											5,234	5,039
Total assets											7,412	6,985

Transfer prices between business segments are as set out in Note 6 to the financial statements.

36. 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.

37. Provident fund

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 2012, the Company and its subsidiaries contributed Baht 5.8 million and the Company contributed Baht 0.6 million (2011: Baht 4.2 million and Baht 0.3 million, respectively) to the funds.

38. Dividend paid

38.1 On 22 April 2011, the Annual General Meeting of the Company's shareholders No. 1/2011 approved a dividend payment for the year 2010 of Baht 0.20 per share, or a total of Baht 87.23 million. The dividend payment was made as at 19 May 2011.

38.2 On 27 April 2012, the Annual General Meeting of the Company's shareholders No. 1/2012 approved the following resolutions. To approved a dividend payment for the year 2011 of Baht 0.27777778 per share, in the forms of both a cash dividend and a stock dividend totaling not more than Baht 151,435,971, as follows:

- a) Cash dividend of Baht 0.02777778 per share to cover payment of withholding tax on the stock dividend.
- b) Stock dividend at a rate of 1 stock dividend for every 4 existing ordinary shares, for not more than 136,292,372 shares of Baht 1 per share, or equivalent to dividend payment of Baht 0.25 per share. In case where there is a fraction of shares less than 4 shares, the Company will instead pay a cash dividend of Baht 0.25 per share.

The dividend payment (both cash dividend amounting to Baht 15,143,502 and stock dividend amounting to Baht 136,284,330) was made as at 23 May 2012.

39. Commitments and contingent liabilities

39.1 Commitments

As at 31 December 2012, the Company and its subsidiaries had the following outstanding commitments:

- Commitments in respect of uncalled portion of investments in subsidiaries of Baht 467.3 million (2011: Baht 467.3 million).
- The Company had outstanding commitments of approximately Baht 0.09 million (2011: Baht 0.6 million) in respect of the rental of space for storage of latex.
- Four subsidiaries had outstanding commitments of approximately Baht 24.8 million (2011: 30.9 million), in respect of construction and installation contract of machinery and tools.
- Three subsidiaries had outstanding commitments of approximately Baht 0.6 million (2011: 1.0 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.
- Two subsidiaries entered into consulting agreements, from which the subsidiaries will receive consulting services in respect of their business operations, and shall pay consulting fee at Baht 494,670 per month (2011: Baht 706,670 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 three local companies to purchase latex, at quantity and price specified in the agreements.
- 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 2010, 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 6.4 million (2011: Baht 5.1 million).

39.2 Bank guarantees

As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 12.1 million (2011: Baht 16.0 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 0.5 million to guarantee payments due to creditors and Bath 11.6 million to guarantee electricity usage, among others (2011: Baht 4.4 million to guarantee payments due to creditors and Bath 11.6 million to guarantee electricity usage, among others), the Company only: Baht 2.5 million (2011: Baht 4.5 million) Baht 0.3 million to guarantee payments due to creditors and Bath 2.2 million to guarantee electricity usage, among others (2011: Baht 2.3 million to guarantee payments due to creditors and Bath 2.2 million to guarantee electricity usage, among others).

39.3 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.	
	31 December 2012		31 December 2011		31 December 2012		31 December 2011		31 December 2012	31 December 2011
	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.	-	-	-	-	1,767	2	1,884	27	36	147
Thai Rubber Latex Group Co., Ltd.	3,692	-	3,546	5	-	-	-	-	-	-
World Flex Public Co., Ltd.	908	15	924	25	-	-	-	-	-	-
Thai Rubber HPNR Co., Ltd.	1,609	-	1,472	-	-	-	-	-	-	-
Latex Systems Co., Ltd.	30	-	30	-	-	-	-	-	-	-
Total	6,239	15	5,972	30	1,767	2	1,884	27	36	147

40. Financial instruments

40.1 Financial risk management

The Company's and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term 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 statement of financial position.

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 classified by type of interest rate are summarised in the table below.

As at 31 December 2012					
	Fixed interest	Floating	Non-interest		
	rates 1-5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)				(percent per annum)
Financial assets					
Cash and cash equivalents	-	342	18	360	0.1 - 1.1
Trade accounts receivable	-	-	1,571	1,571	-
Short-term loans and advances	-	32	-	32	4.58 - 4.75
Restricted bank deposit	-	2	-	2	0.75
	-	376	1,589	1,965	
Financial liabilities					
Bank overdrafts and short-term loans from					MOR, 3.85 -
financial institutions	-	5,130	-	5,130	5.30
Trade accounts payable	-	-	225	225	-
Long-term loans	-	393	-	393	MLR - 2
Finance lease and hire-purchase payable	18	-	-	18	5.81 - 6.48
	18	5,523	225	5,766	
As at 31 December 2011					
	Fixed interest	Floating	Non-interest		
	rates 1-5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)				(percent per annum)
Financial assets					
Cash and cash equivalents	-	252	17	269	0.10 - 0.75
Trade accounts receivable	-	-	1,780	1,780	-
Short-term loans and advances	-	15	-	15	MOR+1, MOR+3
	-	267	1,797	2,064	
Financial liabilities					
Bank overdrafts and short-term loans from	-	4,337	-	4,337	4.20 - 5.33, MOR
financial institutions					
Trade accounts payable	-	-	255	255	-
Long-term loans	15	397	-	412	6.00, MLR - 2, MLR-3
Finance lease and hire-purchase payable	9	-	-	9	3.05, 5.81
	24	4,734	255	5,013	

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 23 to the financial statements. The details of the interest rate swap agreements outstanding as at 31 December 2012 and 2011 are as follows:

- a) 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.
- b) 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.

The Company and its subsidiaries had significant foreign currency-denominated assets and liabilities as follows:

	As at 31 December 2012									
	Consolidated financial statement							Separate financial statement		
	Thousand RMB	Thousand RM	Thousand USD	Thousand JPY	Thousand Euro	Thousand PKR	Thousand CHF	Thousand RMB	Thousand USD	Thousand JPY
Foreign currency-denominated assets	33,689	12,838	14,537	37,439	41	22	-	96	4,944	37,324
Foreign currency-denominated liabilities	(7,629)	-	(532)	-	-	-	(73)	-	(137)	-
Net foreign currency-denominated assets	<u>26,060</u>	<u>12,838</u>	<u>14,005</u>	<u>37,439</u>	<u>41</u>	<u>22</u>	<u>(73)</u>	<u>96</u>	<u>4,807</u>	<u>37,324</u>
Average exchange rate as at 31 December 2012 (Baht per unit of foreign currency)	4.9164	10.0076	30.6316	0.3545	40.5563	0.3143	33.5577	4.9164	30.6316	0.3545

As at 31 December 2011							
	Consolidated financial statement				Separate financial statement		
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	RMB	RM	USD	JPY	RMB	USD	JPY
Foreign currency-denominated assets	49,246	10,846	15,375	149,119	120	12,230	140,133
Foreign currency-denominated liabilities	(18,583)	-	(732)	-	-	(273)	-
Net foreign currency-denominated assets	<u>30,663</u>	<u>10,846</u>	<u>14,643</u>	<u>149,119</u>	<u>120</u>	<u>11,957</u>	<u>140,133</u>
Average exchange rate as at 31 December 2011 (Baht per unit of foreign currency)	<u>5.0328</u>	<u>9.9942</u>	<u>31.6912</u>	<u>0.4084</u>	<u>5.0328</u>	<u>31.6912</u>	<u>0.4084</u>

As at 31 December 2012, 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 0.24 million at the forward rate of Baht 30.64592 per USD 1. The contracts are due on 22 January 2013 (2011: buy USD 0.7 million at the forward rate of Baht 31.04193 - 31.14351 per USD 1. The contracts are due between 12 April 2012 and 6 June 2012).
- b) The Company and its subsidiaries had entered into the forward exchange contracts to sell USD 54.63 million at the forward rate of Baht 30.5882 - 32.2241 per USD 1. The contracts are due between 8 January 2013 and 19 June 2013 (the Company only: USD 12.75 million at the forward rate of Baht 30.58818 - 31.14985 per USD 1, due between 14 February 2013 and 18 June 2013) (2011: sell USD 19.8 million at the forward rate of Baht 30.23500 - 31.45688 per USD 1. The contracts are due between 13 January 2012 and 25 June 2012 (the Company only: USD 11.1 million at the forward rate of Baht 30.23500 - 30.27952 per USD 1, due between 15 February 2012 and 29 February 2012)).
- c) The Company and its subsidiaries had entered into forward exchange contracts to buy EUR 0.20 million at the forward rate of Baht 39.6180 per EUR 1. The contracts are due on 27 February 2013.

40.2 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 statements of financial position.

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 2012 is as follows:

	(Unit: Million Baht)	
	Notional amount	Fair value
		Gain (Loss)
Derivatives		
Forward exchange contracts	1,702	23
Interest rate swap contracts	67	(1)

Fair value of derivatives as at 31 December 2011 is as follows:

	(Unit: Million Baht)	
	Notional amount	Fair value
		(Loss)
Derivatives		
Forward exchange contracts	625	(23)
Interest rate swap contracts	186	(5)

41. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support the Company's business operation and also provide shareholders with added value in shareholding.

As at 31 December 2012, the Group's debt-to-equity ratio was 4.1:1 (2011: 3.0:1) and the Company's was 2.4:1 (2011: 2.3:1).

42. Approval of financial statements

These financial statements were authorised for issue by the board of directors of the Company on 22 February 2013.

9. Report from the Audit Committee

Audit Committee's Report

In the fiscal year 2012, 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. Yanyong	Tavarorit	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 11 Audit Committee Meetings in the year of 2012.
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 the Audit Committee

Thai Rubber Latex Corporation (Thailand) Public Company Limited