

บริษัท ไทยรับเบอร์ลาเท็กซ์คอร์ปอเรชั่น (ประเทศไทย) จำกัด (มหาชน)  
THAI RUBBER LATEX CORPORATION (THAILAND) PUBLIC COMPANY LIMITED



# ANNUAL REPORT 2018



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# The Board of Director and Management's History





## Mr. Vorathep Wongsasuthikul

Chairman

Chairman of the Remuneration Committee

Risk Management Committee

Age 70 Years

Appointment Date: 21 April 2017

Share holding: 6.32%

### Education

- Master of Economics, Ramkhamhaeng University
- Bachelor of Economics, Ramkhamhaeng University

### Training / Seminar

- Program-level executives. Science Institute of Capital Markets (5th generation)
- Guidelines to set up and proceed the audit committee effectively Institute of Business Managing of Thailand
- To increase the abilities of audit committee President of Internal audit committee of Thailand
- Progression to apply Balanced Scorecard and how to solve the problem practically
- Thailand Productivity Institute
- Certificate of Completion (Directors Certification Program) Thai Institute of Directors
- Advanced Certificate Course in Public Economics Management for Executives # 9 King Prajadhipok's Institute
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives
- King Prajadhipok's Institute

### Work Experience

- 2018 - present Executive Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2008 - present Chairman  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2005 - present Director  
Latex Systems PCL.
- 1995 - present Chairman  
World Flex PCL.
- 1994 - present Executive Director  
Wang Somboon Rubber Estate Co., Ltd.
- 1998 - 2017 Chief Executive Officer  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1989 - 2011 Managing Director  
Thai Rubber Latex Group Co., Ltd.
- 1986 - 2007 Managing Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1972 - 1979 Sales manager  
Karn Yang Ngae Past., Ltd.

### Director / Executive Manager in other business

- None -

### Family relations between executives

Father, Mr. Pattarapol Wongsasuthikul

Father, Miss Chalangkwan Wongsasuthikul



### Mr. Paiboon Waraprateep

Vice Chairman

Executive Director

Risk Management Committee

Age 80 Years

Appointment Date: 20 April 2018

Share holding: 1.48%

#### Education

- International Finance & Investment Management Program Tsinghua University, Beijing, China

#### Training / Seminar

- Guidelines to set up and proceed the audit committee effectively Institute of Business Managing of Thailand
- To increase the abilities of audit committee President of Internal audit committee of Thailand
- Progression to apply Balanced Scorecard and how to solve the problem practically Thailand Productivity Institute
- Certificate of Completion (Directors Certification Program) Thai Institute of Directors

#### Work Experience

- 2008 - present Vice Chairman  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1995 - present Director  
World Flex PCL.
- 1989 - present Managing Director  
Wang Somboon Rubber Estate Co., Ltd.
- 1986 - present Executive Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1994 - 2011 Executive Director  
Thai Rubber Latex Group Co., Ltd.
- 1983 Managing Director  
Wangyang Co., Ltd.
- 1972 Manager  
Thai Chuan Rubber Part., Ltd., Partnership
- 1967 - 1972 Sales manager  
Karn Yang Ngae Past., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

Father, Mr. Prawit Waraprateep

Father, Mr. Prakit Waraprateep



### Mr. Prachnon Temritikulchai

Vice Chairman

Risk Management Committee

Age 73 Years

Appointment Date: 20 April 2018

Share holding: 0.82%

#### Education

- Ph.D. (Industrial Business Administration) Faculty of Administration and Management King Mongkut's Institute of Technology North Bangkok
- Master of Science in Technical Education in Industrial Business King Mongkut's Institute of Technology North Bangkok
- Bachelor of Industrial Technology Industrial Management King Mongkut's Institute of Technology North Bangkok

#### Training / Seminar

- Progression to apply Balanced Scorecard and how to solve the problem practically Thailand Productivity Institute
- Certificate of Completion (Directors Certification Program) Thai Institute of Directors

#### Work Experience

- 2008 - present Vice Chairman  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2016 - present President of the Alumni Association  
North Bangkok Faculty of Business Administration
- 1995 - present Director  
World Flex PCL.
- 1986 - present Executive Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1994 - 2011 Executive Director  
Thai Rubber Latex Group Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -



### Mrs. Suchada Sodthibhapkul

Independent Director

Chairman of the Risk Management Committee

Age 65 Years

Appointment Date: 20 April 2018

Share holding: -

#### Education

- MBA. Chulalongkorn University.

#### Training / Seminar

- Director Certification Program # 38/2003 from Thai Institute of Directors Association (IOD)
- Capital Market Academy Leadership Program # 2/2006

#### Work Experience

- 2016 - present Chairman of the Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2010 - present Independent Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2014 - present Executive Director  
KGI Securities (Thailand) PLC.
- 2555 - 2016 Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2008 - 2010 Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2008 - 2016 Remuneration Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2001 - 2014 Managing Director  
KGI Securities (Thailand) PLC.

- 1997 - 2001 Assistant Managing Director KGI Securities (Thailand) PLC.
- 2010 - 1997 Assistant Managing Director  
KGI Securities (Thailand) PLC.
- 2001 - 2017 Director  
Thai Bond Market Association

#### Director / Executive Manager in other business

- 2014 – present Executive Director  
KGI Securities (Thailand) PLC.
- 2001 – present Director  
Thai Bond Market Association

#### Family relations between executives

- None -



### Mr. Suchart Charoenpornpanichkul

Director

Risk Management Committee

Age 54 Years

Appointment Date: 26 February 2016

Share holding: -

#### Education

- Master of Business Administration major, Assumption University
- Bachelor of Marketing major, Assumption University

#### Training / Seminar

- None -

#### Work Experience

- 2012 - 2018 Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1999 - 2017 Executive Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1999 - 2011 Disbursement Control Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1996 - 2012 Managing Director  
Top Ten Furniture Co., Ltd.
- 1994 - 1995 Investment Officer  
Nithiphat Finance and Securities Co., Ltd.
- 2010 - 1993 Office of the Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1996 - 2012 Managing Director  
Top Ten Furniture Co., Ltd.
- 1988 - 1989 Marketing office  
Toshiba (Thailand) Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -





### Mr. Yanyong Tawarorit

Independent Director

Chairman of the Audit Committee

Age 80 Years

Appointment Date: 21 April 2017

Share holding: -

#### Education

- Bachelor in Faculty of Commerce, Major in Accounting, Thammasat University
- Bachelor in Faculty of Law, Thammasat University

#### Training / Seminar

- To study on national securities, Internal securities director section
- Seminar on high level developing of executive manager, the 3rd generation, NIDA
- Evaluation on annual report, Office of the Auditor General of Thailand
- To observe the safety, 73th generation (Regional), National Intelligence Agency
- Planning and Structural (senior level) 7th generation, NIDA
- Financial Audit Management Intosai Development Initiative and Supervision Bangkok, Thailand.
- Accountant Meeting, Association of Accountant & CPA
- High level governor, 31st generation, Institute of Administration Development
- Techniques to become the auditor, Office of the Auditor General of Thailand
- Strategies on Thai auditing, Office of the Auditor General of Thailand
- Knowledge for taking the high level auditing examination, Office of the Auditor General of Thailand
- Technology and computer administration (executive manager), NECTEC

#### Work Experience

- 2015 - present Chairman of the Audit Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2010 - present Independent Director Thai Rubber Latex Corporation (Thailand) PCL.
- 2011 - 2015 Audit Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2014 - 2013 Director Thai Rubber Latex Corporation (Thailand) PCL.
- 2011 - 2015 Audit Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2003 - 2008 Director World Flex PCL.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -



### Mr.Chayut Sueptrakul

Independent Director

Risk Management Committee

Audit Committee

Age 66 Years

Appointment Date: 21 April 2017

Share holding: -

#### Education

- Bachelor of Laws Ramkhamhaeng university
- Master of Development Administration (MPA) in the public administration Graduate Institute for Development of NIDA

#### Training / Seminar

- Directors Accreditation Program by Thai Institute of Directors Association (DAP77/2009) Directors Certification Program by Thai Institute of Directors Association (DCP115/2009)
- Democratic Politics and Governance for High-Level Administrators, King Prajadhipok's institute KPI (Class 10)
- The 2nd Training Course on Administrative Justice for Executives
- Urban Green Development Institute Bangkok, (Class 2)
- Advanced certificate in Public Administration , NIDA

#### Work Experience

- 2016 - present Risk Management Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2015 - present Audit Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2015 - present Independent Director Thai Rubber Latex Corporation (Thailand) PCL.
- 2002 - present Consultants the laws Areeya Property Co., Ltd.
- 2010 - 2015 Vice Chairman and Chairman of the Audit Committee Electronics Industry PCL
- 2008 - 2016 Director Thai Rubber Latex Corporation (Thailand) PCL.
- 2009 - 2017 Chairman of the Investment Committee and Director Country Group Holdings PCL
- 2008 - 2016 Director Country Group Securities PCL

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -



### Mr. Pakhawat Kovithvathanaphong

Independent Director

Audit Committee

Remuneration Committee

Age 70 Years

Appointment Date: 26 February 2016

Share holding: -

#### Education

- M.B.A. Wharton School, University of Pennsylvania, USA
- B.A. in Economics (First Class Honors), Thammasat University

#### Training / Seminar

- National Defense College Class 344
- Director Certificate Program (DCP) 58/2005
- Capital Market Academy Class 5
- Public Director Institute (PDI 15)

#### Work Experience

- 2011 - 2018 Independent Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2016 - 2018 Audit Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2558 - 2016 Remuneration Committee  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2555 - 2016 Chairman of the Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) PCL.

#### Director / Executive Manager in other business

- 2015 - 2016 Remuneration Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2012 - 2016 Chairman of the Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) PCL.

#### Family relations between executives

- None -



### Mr. Rachai Wattanakasaem

Independent Director

Audit Committee

Age 72 Years

Appointment Date: 21 April 2017

Share holding: -

#### Education

- Honors Degree MBA Industrial Management II class, Pacific States marketing University, California, USA

#### Training / Seminar

- Director Certification Program : Program for Professional Director (DCP) , IOD
- Role of the Compensation Committee (RCC) , IOD

#### Work Experience

- 2009 - present Independent Director Chairman of the Nomination and Remuneration Committee and Audit Committee Quality Houses PCL.
- 2016 - present Consultants Yip In Tsoi Co., Ltd.
- 2016 - present Director and Chairman of Audit Committee Land and House Securities PCL
- 2015 - 2016 Risk Management Committee Thai Rubber Latex Corporation (Thailand) PCL.
- 2013 - 2014 Consultants Thai Rubber Latex Corporation (Thailand) PCL.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -





### Mr. Surabhon Kwunchaithunya

Independent Director

Audit Committee

Age 67 Years

Appointment Date: 1 กันยายน 2018

Share holding: -

#### Education

- Master of Business Administration (MBA) By the University of Washington U.S.A.
- Bachelor of Engineering Industrial Engineering By the University of Washington U.S.A.
- Bachelor of Engineering, Electrical Engineering University of Washington U.S.A

#### Training / Seminar

- None -

#### Work Experience

- 2011 - present Director/ Executive Director  
Chairman of the Nomination and Remuneration Committee Director of good corporate governance.  
Fund management Securities MFC  
Asset Management PCL
- 2014 - present Vice Chairman  
Country Group Holdings PLC.
- 2003 - present Chairman of the Audit Committee  
Tycoons worldwide group (Thailand) PCL.
- 2016 - present Chairman  
Country Group Securities PLC.
- 2012 - present Director  
Thai Trade and Industry Association

- 2016 - 2018 Director  
Tycoons worldwide group (Thailand) PCL.
- 2006 - 2015 Director and Vice Chairman  
Country Group Securities PLC.
- 2010 - 2012 Director/Vice Chairman of Risk  
Management Committee Disciplinary Subcommittee  
The Stock Exchange of Thailand  
Chairman of Audit Committee  
Prinsiri PLC
- 1997 - 2002 Managing Director  
Secondary Mortgage Corporation,  
financial institution Under the  
Ministry of Finance

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -



### Mr. Pattarapol Wongsasuthikul

Director

Chief Executive Officer

Age 45 Years

Appointment Date: 13 December 2017

Share holding: 0.62%

#### Education

- Master of Business Administration, Assumption University, Bangkok
- Bachelor of Business Administration (Major in marketing), Bangkok University Bangkok
- High School Kasem Phittaya School, Bangkok

#### Training / Seminar

- Smart Exporter 3 at Department of Export Promotion
- Executive Development Program 3 (EDP #3) Thai registered company
- Balanced Scorecard Direction to the successful implementation \*
- Leadership Development for Organizational Excellence
- Leadership Management
- Role and responsibility and principle of direction of the Manager
- Awakening the Giant within for Effective work
- TQM Cross-Functional Alignment and coordination
- Teamwork development and building organizational relationship by Walk
- Impact of being Asian Economic Community (AEC)
- Safety officer for executive level
- Goal setting techniques to performance assessment
- Organizational culture & job description
- Cost-reduction management for everyone involved
- Cost of quality

#### Work Experience

- 2018 - present Chief Executive Officer  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2017 - present Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2008 - present Executive Director  
World Flex PCL.
- 2007 - present Executive Director  
Thai Rubber Land and Plantation Co., Ltd.
- 2006 - present Executive Director  
Latex Systems PCL.
- 2012 - 2017 Managing Director  
Thai Rubber Latex Group Co., Ltd.
- 2010 - 2016 Executive Director  
Thai Rubber H P N R Co., Ltd.
- 2005 - 2017 Assistant Managing Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2003 - 2015 Executive Director  
Agrowealth Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

Son, Mr. Vorathep Wongsasuthikul



### Miss Chalongkwan Wongsasuthikul

Company's Secretary

Director

Managing Director Resource Planning and Management

Age 47 Years

Appointment Date: 13 December 2017

Share holding: 0.48%

#### Education

- Master of Business Administration University of Central Oklahoma, U.S.A
- Master of Organization Management & Development Assumption University Bangkok
- Bachelor of Economics major in International Economics Chulalongkorn University Bangkok

#### Training / Seminar

- Director Certification Program รุ่น 229/2016 - Thai Institutes of Directors Association (IOD)
- Company Secretary Program Thai institute of Directors Association (IOD)
- Attending short-term training provided by Thai Rubber Latex Public Company Limited
- Joining student internship program (SIP'21) of Bangkok Bank LTD.
- Public Relation of Economic Faculty in Chulalongkorn University Festival 1993
- Leadership Management
- Subcommittee of rubber business department -Thai Rubber Association
- Balanced Scorecard Direction to the successful implementation
- Leadership Development for Organizational Excellence
- Organizational culture & job description
- Role and responsibility and principle of direction of the Manager
- Roles and duties of the Board of Directors
- Awakening the Giant within for Effective work
- Teamwork development and building organizational relationship by Walk Rally

- TQM Cross-Functional Alignment and coordination Cost-reduction management for everyone involved
- Cost of quality Business analysis and decision making

#### Work Experience

- 2017 - present Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2007 - present Executive Director  
Thai Rubber Land and Plantation Co., Ltd.
- 2008 - present Executive Director  
World Flex PCL.
- 2014 - present Managing Director Resource Planning and Management  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2003 - 2017 Assistant Managing Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2010 - 2016 Executive Director  
Thai Rubber H P N R Co., Ltd.
- 2012 - 2017 Executive Director  
Thai Rubber Latex Group Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

Daughter, Mr. Vorathep Wongsasuthikul



### Mr.Prawit Waraprateep

Director

Managing Director Compliance & Internal Control

Age 47 Years

Appointment Date: 13 December 2017

Share holding: 5.00%

#### Education

- Master of Science in Finance, Chulalongkorn University Thailand
- Master of Business Administration Eastern Michigan University U.S.A
- Bachelor of Architecture King Mongkut's Institute of Technology Ladkrabang Thailand

#### Training / Seminar

- Balanced Scorecard – Direction to the successful implementation
- Leadership Development for Organizational Excellence
- Leadership Management
- Roles and duties of the Board of Directors
- Goal setting techniques to performance assessment
- Teamwork development and building organizational relationship by Walk
- Impact of being Asian Economic Community (AEC)
- Business analysis and decision making
- Cost-reduction management for everyone involved

#### Work Experience

- 2018 - present Managing Director Compliance & Internal Control  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2017 - present Director  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2008 - present Executive Director  
World Flex PCL.
- 2006 – present Director  
Latex Systems PCL.
- 2005 – 2017 Managing Director Account and Finance  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2012 - 2017 Executive Director  
Thai Rubber Latex Group Co., Ltd.
- 2003 - 2015 Executive Director  
Agrowealth Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

Son, Mr.Pai boon Waraprateep





### Mr.Vanchai Sriherunrasmee

President of Operations

Age 59 Years

Appointment Date: 1 March 2018

Share holding: -

#### Education

- M.B.A., Finance, Long Island University Brooklyn, New York.
- M.S (Higher Diploma in Auditing), C.P.A.Thammasat University
- B.B.A., Accounting, Thammasat University

#### Training / Seminar

- Program-level executives. Science Institute of Capital Markets version 5.
- Certificate of Completion (Directors Certification Program) Thai Institute of Directors

#### Work Experience

- 2014 - present President of Operations  
Thai Rubber Latex Corporation  
(Thailand) PCL.
- 2014 - present Director  
Thai Rubber Latex Group Co., Ltd.
- 2014 - present Director  
Thai Rubber H P N R Co., Ltd.
- 2014 – present Director  
Latex Systems PCL.
- 2014 – 2015 Director  
Thai Rubber Land and Plantation  
Co., Ltd.
- 2014 - 2015 Director  
Agrowealth Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -



### Mr. Suvasitthi Dewan

Managing Director of Marketing & Sales

Age 70 Years

Appointment Date: 1 March 2018

Share holding: -

#### Education

- M.A. in Administration Science (Business) University of The Punjab Lahore Pakistan

#### Training / Seminar

- Walk Rally for Team Development
- Management to Reduce Costs Everyone Involved
- Cost of Quality
- TQM Cross-Functional Alignment
- Analysis and Decision Making in Business
- Role & Responsibility of Manager
- Awakening the Giant within for Effective work
- Roles and Duties of the Board of Directors
- Leadership Management
- Leadership Development
- Balanced Scorecard

#### Work Experience

- 2018 - present Managing Director of Marketing & Sale  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2014 - 2017 Chief Marketing Officer  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2010 - 2014 Marketing and sales consultant  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2005 - 2010 Assistant Managing Director  
Thai Rubber Latex Corporation (Thailand) PCL.

- 2002 - 2005 Director of Office of Marketing and Sales  
Thai Rubber Latex Corporation (Thailand) PCL.
- 2000 - 2002 Sale Manager  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1999 - 2000 Deputy Sales and Marketing Manager  
Thai Rubber Latex Corporation (Thailand) PCL.
- 1992 - 1999 Director Marketing  
Southern parawood Co., Ltd.
- 1987 - 1992 Director Marketing  
Thai thavee rubber Co., Ltd.
- 1987 - 1987 Manager  
Phuket union thai minerals Co., Ltd.
- 1976 - 1978 Assistant Manager  
Siam Pewter Co., Ltd.

#### Director / Executive Manager in other business

- None -

#### Family relations between executives

- None -

## Part 1

### Company's Business

#### 1. Policy and overall business operations.

##### 1.1 The philosophy of business operations, vision, mission, values and strategy

Thai Rubber Latex Corporation (Thailand) PCL “The company” has been incorporated on December 6, 1985 with business operations as the manufacturer and distributor of concentrated latex and latex products. On March 8, 1993 the company has been listed as registered company at the Stock Exchange of Thailand. TRUBB Securities is the trading name of the group, a group called THAITEX. THAITEX has expanded its ongoing investments in businesses related to rubber.

##### PHILOSOPHY

Thai Rubber Latex Corporation (Thailand) Public Company Limited has long been recognized 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 characterized 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                 |

### STRATEGY

1. To find cheaper raw material sources with adequate supply and less competition in order to achieve lower product cost and better profitability.
2. To increase efficiency in back-office system, improve and make IT system up-to-date, reduce inefficient manpower and resize to a smaller and tidier organization.
3. To increase sales volume by clearly identifying the market segmentation.
4. To develop varieties of innovative products through intensive R & D to distinguish ourselves from other competitors, to satisfy customers' requirements and to avoid price war.
5. To stop production of our factories, those are not breaking-even.

### **1.2 Key Changes and Developments**

The controlling authority of the company remains in the hands of the company's founders, who currently hold positions on the company's Board of Directors and Board of Executives.

The Board of Directors has appointed a new generation of executives to learn about the work and share the workload of the Board of Executives. The Board of Directors currently has three additional members. Furthermore, the company has appointed other new executives as managing directors in the company's subsidiaries to increase flexibility and work effectiveness.

Over the past two years, significant changes have been made in business operations from 2017 to 2018 as follows:

- Increased management effectiveness in Latex and pre-vulcanized Group : As the end of 2017, the company accepted the complete entire business transfer of Thai Rubber Latex Group (THAITEX) (a subsidiary with 99.99 percent of shares held by TRUBB) because both companies are in the same business. The primary aim was to enhance management and internal control effectiveness by facilitating the analysis of latex concentrate group information and cutting management costs. Nevertheless, the capital increase during the process of the entire business transfer was aimed at tax benefits, and the newly issued ordinary share was not offered to the market. After THAITEX completes its liquidation, the company will decrease capital to the value preceding the capital increase.
- Building the concentrated latex factory in Chiang Rai Province: In order to increase the production value of rubber plantations in the company's group, a latex concentrate factory was constructed near the company's rubber plantations. This will allow fresh field latex from the group's own plantations to be supplied over a short period of time and distance to the factory with less use



of chemicals in latex. This can lead to the production of a special grade of latex concentrate to be sold at a higher price. Furthermore, fresh field latex transportation costs can be saved. In the past, it was necessary to deliver the latex to the company's factory in the eastern region. The factory in Chiang Rai Province will start operating in the fourth quarter of 2018.

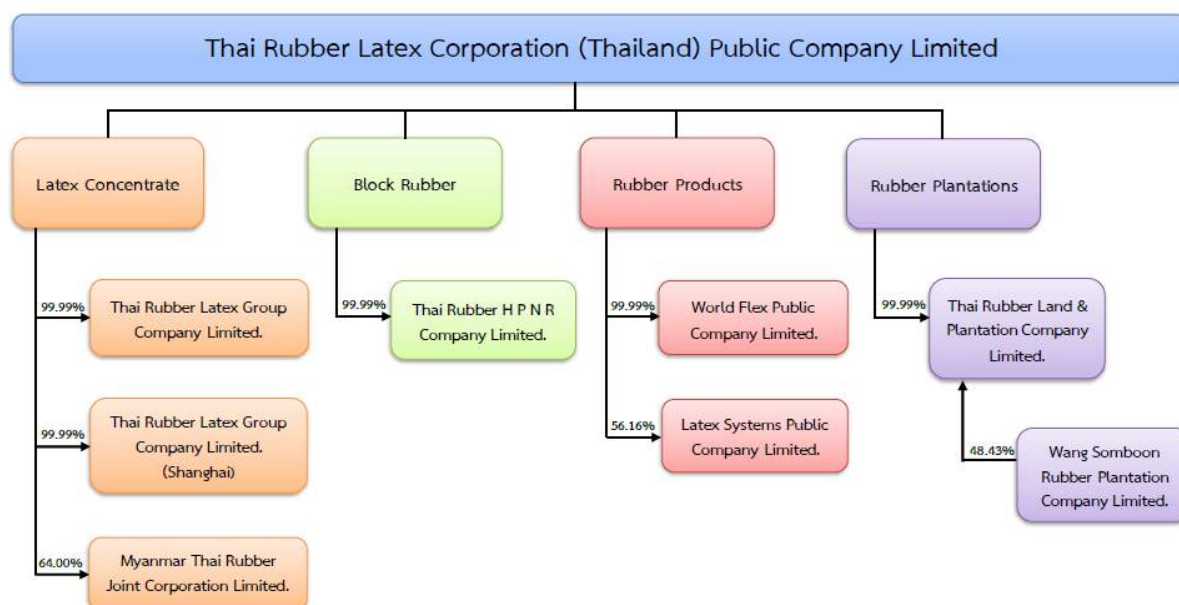
- Latex tapping commenced in rubber plantations in the northern region: Thai Rubber Land and Plantation Company Limited, a subsidiary, has been planting rubber trees in the northern region since 2006. These rubber trees are currently producing field latex, and maturing trees are soon to generate returns. In 2013, the rubber trees were test-tapped for the first time. And have tapped the rubber continuously.
- Increased production in the Company's subsidiaries: In 2017, Latex Systems Company Limited increased production capacity. Furthermore, a plan is ongoing for factory expansion and new factory construction in the future because natural rubber pillows and mattresses are generating good and high returns on investments. Since World Flex Company Limited has been generating improved revenue in the rubber thread business, so its parent company has been reaping the benefits. Plans are in place for increasing production capacity based on increased product demand, and 2018 will see the opening of the third and fourth factories in the same region.
- Sales and rental of unprofitable assets: The Company sold unprofitable assets such as the office building on Bang Na-Trat Km. 1 Road and the Ban Klang Krung Project in 2017. Furthermore, the company is preparing to sell unused land in the future as a means of cutting financial costs.

The list of companies in the company's group and the share structure for 2018 is as follows:

| <u>Company Name and Group</u>                                                                                                                                                                      | <u>Share Holding</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>1. <u>Latex concentrate Group</u></b>                                                                                                                                                           |                      |
| 1. Thai Rubber Latex Corporation (Thailand) Public Company Limited                                                                                                                                 | 99.99%               |
| 2. Thai Rubber Latex Group Company Limited (subsidiary)*                                                                                                                                           | 99.99%               |
| 3. Thai Rubber Latex Group (Shanghai) Company Limited<br>(Subsidiary as of 29/12/2017)                                                                                                             | 99.99%               |
| 4. Myanmar Thai Rubber Joint Corporation Limited (subsidiary)                                                                                                                                      | 64.00%               |
| <b>2. <u>Block Rubber Group</u></b>                                                                                                                                                                |                      |
| 1. Thai Rubber HPNR Company Limited (subsidiary)                                                                                                                                                   | 99.99%               |
| <b>3. <u>Rubber Product Group</u></b>                                                                                                                                                              |                      |
| 1. World Flex Public Company Limited (subsidiary)                                                                                                                                                  | 99.99%               |
| 2. Latex Systems Public Company Limited (subsidiary)                                                                                                                                               | 56.16%               |
| <b>4. <u>Rubber Plantation Group</u></b>                                                                                                                                                           |                      |
| 1. Thai Rubber Land and Plantation Company Limited (subsidiary)<br>(Thai Rubber Land and Plantation Company Limited has one joint company, namely, Wang Sombun Rubber Plantation Company Limited.) | 99.99%               |

\*Registered completion of liquidation on December 4, 2018

## Shareholding Structure



## 2. Business Characteristics

## Revenue Structure

| Business Group                                           | 2018    |         | 2017    |         | 2016    |         |
|----------------------------------------------------------|---------|---------|---------|---------|---------|---------|
|                                                          | Revenue | %       | Revenue | %       | Revenue | %       |
| 1. Latex concentrate                                     | 5,939   | 67.30%  | 10,002  | 77.25%  | 7,925   | 75.92%  |
| 2. Rubber Products                                       | 2,657   | 30.11%  | 2,482   | 19.17%  | 1,833   | 17.56%  |
| 3. Block Rubber                                          | -       | 0.00%   | -       | 0.00%   | 342     | 3.28%   |
| 4. Rubber Plantations                                    | 48      | 0.54%   | 56      | 0.43%   | 121     | 1.16%   |
| 5. Other Revenue                                         | 181     | 2.05%   | 408     | 3.15%   | 218     | 2.09%   |
| Total Revenue before Deduction of Connected Transactions | 8,825   | 100.00% | 12,948  | 100.00% | 10,439  | 100.00% |
| Deduction: Connected Transactions                        | (1,249) |         | (3,480) |         | (2,586) |         |
| Total Revenue after Deduction of Connected Transactions  | 7,576   |         | 9,468   |         | 7,853   |         |

Latex concentrate Group

## 2.1 Products and Services

The operation of Thai Rubber Latex Corporation (Thailand) PCL is manufacturing of concentrated latex, which is produced from fresh latex by separating liquid rubber and non-rubber contents by mechanical centrifugation. Concentrated Latex is liquid natural rubber with 60% dry rubber content that can be preserved for a long period of time. With physical

and chemical properties suitable to be used as main raw material for manufacturing Medical gloves, Household gloves, Condoms, Rubber thread, Glue, Balloons, Baby Tits, Foam and Mattress etc. The product that can substitute Natural Rubber latex is Synthetic latex. Synthetic latex cannot substitute natural rubber latex to produce some products such as surgical gloves and condoms.

Thai Rubber Latex Group Co., Ltd. (Shanghai) has been registered in China, operating for trading of all kinds of rubber products in China. The company is mainly trading TSR#20 (Block Rubber) and Concentrated latex.

Thai Rubber Latex Corporation (Thailand) Public Company Limited has received the Certificate of ISO 9001: 2015, ISO 14001: 2004 and IEC 17025 (Standard Lab), the first company in the industry of concentrated latex in Thailand to receive Certificate of Standard Laboratory in testing latex.

## 2.2 Marketing and Competition

### (1) Policy and Marketing

#### 1. Important competitive strategies

- Receiving forward orders not exceeding 3 months:

The cost can be estimated close to the actual cost and selling price to be set competitively at a profitable level, which helps us to make a good production plan.

- Setting selling price at a profitable level and being competitive:

Our factories are located in all major rubber producing areas, which would give our company to control production and raw material cost efficiently and being the leader in price setting.

- Our products are sold on a regular basis with punctual delivery Schedule: Being the world's largest rubber latex producer, we can arrange to deliver our products to customers throughout the year as per scheduled plan.

- Product quality assurance:

We will produce our concentrated latex as per customer's specification, if not, we will adjust the product quality to meet customer's requirement.

- After sales service:

We deliver our products and provide services to our customers with honesty and good consistent care.

#### 2. Customer group

Most customers have been dealing with us for a long time with good mutual business relationship since our products and services are delivered to the customers with honesty and sincerity, we provide our help and assistance to solve problems when needed



as well as flexibility in terms of deficit or exceeding quantity of the products with our R&D and technical services.

### 3. Target customers

Our target customers are those producers of finished rubber products, who use concentrated latex as raw material for production e.g. rubber gloves, rubber thread, latex nipples, condom, mattress, pillow, balloon and glue, etc.

### 4. Distribution Channels

Our local & export proportional market segmentation is 60% and 40% respectively with export market in China, Malaysia, South Korea, Pakistan, India, Europe etc. As the distribution channel and proportional distribution are arranged 80% directly to the rubber consuming companies and 20% to the importers, our latex group should have no risk since our sales are made to each specific customer in proportion not exceeding 30% of sales revenue.

## (2) Industry Competition and Trends

As a matter of fact in the year 2018 the global natural rubber market prices remained under pressure throughout the rest of the year, even though we have had intermittent continuous heavy rain fall in most of rubber growing areas of Thailand and supply was not ample throughout the year. Actually lower market price trend continued from the year before i.e. 2017, when natural rubber prices fell more than 30% comparing to early first quarter of 2017. Since the beginning of year 2018 natural rubber prices insistently and consistently remain on the lower side.

The implementation of AETS by ITRC countries (Thailand, Indonesia and Malaysia) to withdraw total of 350,000 tons of natural rubber by withholding exports from January to March 2018 (Thailand 234,810 tons, Indonesia 95,190 tons and Malaysia 20,000 tons) failed to increase the rubber prices to comfortable levels, instead rubber prices continued to remain at depressed levels.

The reason for the depressed rubber prices was obviously the slowdown of global demand for natural rubber, particularly from China due to strict measures to improve pollution and environmental situations implemented by the Chinese authorities since 2017. In addition to that the continued pressure of trade war between US and China further contributed to weak demand and prices. China is the biggest consumer of natural rubber, consuming more than 30% of global natural rubber production. Demand from other major world economies like Europe, the U.S., Japan and Korea was also not encouraging, except India. India's natural rubber consumption far exceeded its own natural rubber production substantially over the past few years.

According to IRSG, the global natural rubber production in the year 2018 is estimated to be around 13.7 million tons, an increase of about 2.4% YOY, while the global

natural rubber consumption is estimated at 13.9 million tons, which is an increase of 5.2% YOY (the actual figures are yet to be known.).

Although we think that prices have already bottomed out and expect prices to stay at comparatively higher levels but even then we expect year 2019 is going to be a very challenging year. We expect the global economy to remain extremely uncertain due to the potentially volatile prevailing political and economic conditions globally. We also expect the ongoing trade war between USA and China, which are the No.1 and No.2 economies of the world, will always haunt the global economy unless these two economic giants can come to some sort of compromise acceptable to both parties.

However we strongly believe that with our marketing network and our extended customer base and customer loyalty, the company has solid advantage over our competitors. In addition to these, our company reputation and product quality reliability will also be advantageous for us. Therefore we are quite confident that year 2019 will also be another good year for the company.

### **2.3 Factory and production facility**

Presently, the Group has a factory to manufacture concentrated latex in Thailand, including 6 factories located in the southern 3 factories consisting of factories in Hat Yai District, Songkhla, Surat Thani and Phang Nga in the eastern 2 factories consisting of in Chonburi, Rayong and a new factory in Chiang Rai Which started production in the fourth quarter of 2018. The company also has a concentrated latex production plant in Myanmar under the name MYANMAR. Thai Rubber Joint Corporation currently has a production capacity of 10,000 tons per year.

## **Rubber Products Group**

### **Rubber Thread**

#### **2.1 Products and Services**

World Flex Public Company Limited, a “subsidiary”, mainly manufacturers’ elastic rubber thread using concentrated latex as the primary raw material. The majority of products are used in the textile industry. Customers purchase elastic rubber thread as a raw material for use in textile production in combination with polyester fiber to produce elastic bands for ready-to-wear apparel such as women’s underwear, elastic waistbands, sock bands, etc. Synthetic rubber can be used as a substitute for natural rubber. If synthetic rubber prices drop to a certain level, customers will turn to using synthetic rubber instead of natural rubber. In 2018, as synthetic elastic rubber thread production increased, the price of synthetic rubber is likely to decline and lead to more users switching over to synthetic

rubber. Nevertheless, customers who use the aforementioned products are still separated since the usage of both products remains different.

## 2.2 Marketing and Competition

### (1) Policy and Marketing

#### 1. Important competitive strategies

- Successfully meeting the needs of minor and major customers.
- Building confidence in customers by delivering products on schedule.
- Providing post-sale services with regular local representatives assigned to monitor the market.
- Making regular visits to customers to boost confidence.
- Ensuring the quality of products until they are delivered to consumers.
- Offering products covering every need ranging from small to large numbers.

#### 2. Distribution Channels

Domestic distribution sales for five percent of all sales and involves both direct and agent sales, while international distribution sales for up to 95 percent of total sales through local agents in key markets, such as China, South Asian countries, Middle East, Europe and South America.

### (2) Industry Competition and Trends

The elastic rubber thread industry directly involves concentrated latex. It is classified as a natural rubber product industry. These items are semi-processed products for the textile industry. There are five top manufacturers in this industry nationwide. Most competitors are domestic, while others are found in Malaysia and China. In 2018, the demand for elastic rubber thread stabilized due to China's restructuring. Nonetheless, every factory in China has been required to make environmentally friendly improvements in response to the Chinese government's intention to reduce pollution. Thus, many textile factories in China have been shut down, and some have considered establishing factories outside China instead. Despite heavy competition and fluctuating demands since 2018, the company has been able to increase sales by 13 percent compared to last year. This was due to continuous quality improvement, increased production and increased marketing, whereupon other markets aside from China were pioneered such as South America, European nations and Muslim countries. These markets are more valuable than China.

## 2.3 Product Procurement

### (1) Procurement

A subsidiary has a factory in Rayong with a full production capacity of 24,000 tons per year. An important production policy is to manufacture products based on customer needs by using domestically available raw materials. The main raw materials for latex concentrate are purchased domestically, partly from related companies and partly from domestic traders. Chemical purchases are largely made from importers. The elastic rubber thread group is at risk for dependence on a major supplier, namely, the THAITEX group, since over 30 percent of total purchases are made from the aforementioned supplier. However, doing so also guarantees that raw materials are available for year-round production.

### (2) Environmental Impacts

The production process requires an effective water treatment system. The company recognizes this need and permanently uses water treatment systems for every stage of production. Furthermore, processes are set in place for the recycling of certain chemicals in production with the aim of reducing chemical usage in addition to improving water treatment effectiveness, reducing water pollution and cutting public utility expenses. Over the past three years, there were no environmental issues.

## Latex Mattresses

### 2.1 Products and Services

Latex Systems Public Company Limited. The Company was incorporated on June 11, 2003. To operate the business of producing and selling mattresses made from natural latex, with the first factory located in Lat Krabang Industrial Estate Bangkok. Discontinued production in November 2018

In 2013, the Factory 2 (production line 2) at Bang Pakong Chachoengsao. Has started producing natural latex mattresses.

In 2017, the Factory 2 (production line 3) at Bang Pakong Chachoengsao. Has started producing natural latex mattresses.

In November 2018, the company received the purchase of a rubber pillow factory from Thai Natural Foam Co., Ltd., located at Kong Din Subdistrict, Klaeng District, Rayong Province. Natural latex pillow products. Currently, the company has 2 factories in Bang Pakong District, Chachoengsao Province and In Klaeng District, Rayong Province.

Business operations of the company can be divided into 2 main groups, namely

1) Business of producing and selling products made from natural latex Non-branded

2) The business of producing and selling products made from natural latex under the Company's brand

The main products of the company were divided into 3 groups:

- 1) Natural latex mattress
- 2) Natural latex pillow
- 3) Other products produced from natural latex, such as neck pillow, back cushion, seat cushion, Bolster and baby bedding products, etc.

## 2.2 Marketing and Competition

### (1) Policy and Marketing

The company focuses on the production of mattresses, pillows and other products that are produced from 100% natural latex without any mixture of synthetic rubber and filler substances since Thailand is reputed to be the world's best natural latex production source. Therefore, the raw materials used in the production of natural latex pillows and mattresses are in the standard. And reliable In addition, the company places importance on quality and the environment by being certified by the company. Marks and awards such as the quality management system ISO 9001: 2015, the TIS mark, which has manufacturers of bedding products made from a few 100% natural rubber in Thailand that has been certified as such, the color industry mark. Green Level 2 and international quality standards such as the LGA Product and Eco Institute Label from the German accreditation institute. Making customers confident that they will receive quality products that are durable, friendly to the environment at a fair price and the Thailand Top SME Award 2018 in the manufacturing industry from agricultural products In addition, the company also emphasizes on creating added value for products through research and development by developing innovative products under the company's own brands.

### (2) Distribution Channels

- The company has both domestic and international distribution channels.

For the domestic market, the company sells products through the main distribution channels, namely Wholesaler group Mattress factory operator group Dealers and retail customers, etc.

In the international market The Company sells products through partners including Wholesaler group (importer) and local distributor in foreign countries (Trader)

### (3) Industry Competition and Trends

- Competition

In the country, the company has 3-4 main competitors, which are manufacturers. The main competitor countries are manufacturers, as well as companies such as Sri Lanka, India, Vietnam and Malaysia.



### 2.3 Industry conditions

From Thailand being the number one rubber producer in the world Therefore is an important source of raw materials for the production of pillows and latex mattresses and related products In addition, the quality of rubber from Thailand Is highly recognized around the world Products made from natural latex In particular, latex pillows and mattresses produced from Thailand are known and have high demand in the world market as well. The company is considered one of the leaders in the production and distribution of mattresses, pillows, and other products produced from natural latex. To customers Both at home and abroad By all products of the company Is a product of natural latex Which has important advantages in dispersing pressure, restoring ventilation And product life longer than 10 years, as well as without dust mites Various pathogens Which is consistent with the current social conditions and values of consumers that people turn to pay more attention to maintaining health Especially in today's world that has entered the aging society The demand for mattress products made from natural raw materials is therefore constantly expanding and entering the market gap of products, mattresses and pillows, which are manufactured from other types of raw materials such as spring mattresses, memory foam mattresses. And sponge mattress etc. However, genuine latex pillow and mattress products will have a higher selling price Compared to other bedding produced from other raw materials therefore suitable for consumers with moderate income levels or higher.

At present, the main customers of rubber mattresses exported from Thailand are China and South Korea. Which has a large population and has a number of tourists coming into Thailand Over the past several years, there has been a demand for high-quality products. Therefore, the market for rubber bedding products in China And South Korea Considered a market that is important to the company Due to the population of China and South Korea, which is considered End Customer, it is believed that the bedding produced from natural latex is good for health. And like the softness of the product more than that, as Thailand is the number one exporter of rubber in the world. Resulting in the Chinese and South Korean population Have confidence in the quality and standard of the latex mattress products that are produced from the factory in Thailand which is standardized Also has a positive impact on the rubber mattress industry in Thailand. Because Chinese tourists prefer to buy mattresses, pillows and other bedding products. That is produced from natural rubber latex for use as souvenirs or personal items.

From the situation and trend of the rubber mattress industry which is mainly driven by customers in China and South Korea. Resulting in changes in various factors such as higher population Economic growth Income per capita Population structure ratio As well as the expansion of the real estate industry of target customers And the growth of the

number of Chinese tourists in Thailand Therefore is an important factor affecting the growth of the company in the future.

## 2.4 Product Procurement

### (1) Raw material procurement

Latex is considered the main raw material for the production of mattresses. Pillows and other products from natural latex Due to latex Considered agricultural commodities Therefore, the price of concentrated latex is subject to fluctuations in demand and supply of natural rubber prices both domestic and international. In the past 3 years, the average price of latex (FOB) in Bangkok Fluctuations in the range of 25 - 60 baht per kg.

From the company's business policy That gives importance to product quality And focus on quality control of raw materials From the procurement process By purchasing raw material policy of the company Focus on quality, price and delivery time.

The company procures the main raw materials, which are concentrated latex from many leading latex producers in the country, in order to obtain good quality natural latex. Meet the requirements of the company. At a reasonable price As for other raw materials that are different types of chemicals, the company purchases from local distributors.

### (2) Environmental impact

The company has focused on quality operations. To get the best products for consumers Coupled with the preservation of the environment The Company gives importance and measures to prevent and control the impact of the Company's business operations. By supervising the community and persistently inquiring about the substance of the local people suffering from the effects. The past operations of the company did not have an impact on the environment.

In addition, the company regularly monitors and controls the quality of the environment and produces environmental quality inspection reports. Which is conducted by external auditors every year. To deliver to the Department of Industrial Works

## Rubber Plantation Group

### 2.1 Products and Services

Thai Rubber Land and Plantation Company Limited, "Subsidiary Company", operates a rubber plantation business. In Chiang Rai, Phayao, Nan provinces, starting from 2005 to the present, with a total area of 12,020 rai consisting of

1. Chiang Rai Province, area of 7,293 rai, planted from 2007 to 2015, started to open tapping from 2015 onwards

2. Nan province, area 2,556 rai, planted from 2005 to 2015, started to open tapping from 2015 onwards

3. Phayao Province, area 1,219 rai, planted since 2008 to 2015, started to open tapping from 2015 onwards

4. Chainat Province, area 952 rai, planted from 2013 to 2014, started to open tapping from 2019 onwards

## 2.2 Marketing and Competition

### (1) Policy and Marketing

In 2018, the subsidiary company will bring the production of field latex from the rubber plantation to the factory of the parent company, Thai Rubber Latex Corporation (Thailand) Public Company Limited in Chiang Rai province. For use in the production of premium grade latex which the parent company and affiliated companies can control the quality of the raw materials to have quality. Because it is the raw material from the rubber plantation of the same affiliated company.

### (2) Industry Competition and Trends

In the year 2018, the rubber plantation in the north was in the new rubber plantation area. And began to gradually yield more to the market But in most of the north, it is still popular, producing a cup of rubber Which considered that the subsidiary will not have a business competitor Because the subsidiary company produces fresh latex and delivers all the products obtained from the rubber plantation of the subsidiary to Thai Rubber Latex Corporation (Thailand) Public Company Limited and the future trend. The owner of the rubber plantation turned to cut the rubber latex instead of producing a cup of rubber. In order to increase revenue for the owners of rubber plantations and in accordance with the provincial policy regarding the preservation of the environment and air pollution from the cup rubber It also increases productivity for affiliates in order to increase the value of fresh latex and profit for the Group.

## 3. Risk Factors

### 3.1 Risk in quantity and price of rubber raw materials

Quantity of raw materials– Natural rubber is an agricultural product obtained from rubber plantations. However, the amount of rubber released on the market is dependent on many factors such as the following:

(1) Rubber Plantation Production: Rubber trees have periods for production and disruption of production (as rubber trees shed leaves). On average, this process lasts from March until May. This period might be shorter or longer, depending on the climate conditions of each region, which can facilitate new leaf growth and allow rubber trees to

grow sufficiently healthy for tapping. Accordingly, the aforementioned situation can prevent rubber raw materials from being released on the market and lead to periods without production or diminished production due to decreased production capacity.

(2) Climate conditions: For example, if a significant drought occurs on a rubber plantation, production drops. On the other hand, heavy rains can result in smaller harvests. In addition, natural phenomena such as El Nino and El Nina have caused excessive droughts and precipitation over the past several years. These conditions affect the volume of latex that can be tapped. And in years where off-season tropical storms occur such as the Doksuri Typhoon, which caused heavy precipitation and flashfloods in the southern provinces such as Surat Thani, Phangnga and Hat Yai, natural rubber-producing countries such as Thailand can experience a decline in natural rubber production.

(3) Shortage of labor in rubber tapping: While rubber prices are low, farmers and rubber plantation owners are more inclined to stop tapping rubber and change their occupations to provide better income. Continued decline in rubber prices can lead to a shortage of rubber tappers, which can in turn lead to production shortages.

Rubber Prices – Since natural rubber is a consumer product, prices might fluctuate due to a number of factors as follows:

(1) Demand and supply of natural rubber: This is because the demand for natural rubber is mostly in the manufacturing of tires for cars and other vehicles. Although there are many other natural rubber-derived products, tires continue to be the main product. Therefore, the demand for car tires significantly affects the rubber demand. On the other hand, the supply of rubber is largely dependent on the cultivation area of rubber trees that can be tapped.

(2) Competition with alternative products: Alternative products include various types of synthetic rubber. With high production of synthetic 35 rubbers, competition might ensue in products switching over to use synthetic rubber instead of natural rubber.

(3) Oil prices: Natural rubber prices are subject to both direct and indirect impacts because oil prices provide the main component in the capital structure of synthetic rubber production. Hence, periods of low oil prices can lead to lower prices for synthetic rubber, an alternative to natural rubber. On the other hand, oil price crisis also cause a drop in consumer product investment.

(4) Guidance of rubber price in the Agricultural Future Market: Natural rubber is traded in much agricultural future market, such as Thailand, Japan and China. In these markets, many groups of traders are engaged, namely, rubber sellers who want to prevent risks and various investors. Accordingly, the volume of future contracts each year (as

counted in volume of rubber) is several times greater than the actual production of rubber. As a result, the price of rubber in the future market impacts the trading of natural rubber.

### **3.2 Risks from Currency Exchange Rates**

Because the company's group exports the rubber to international customers, revenue is received in foreign currencies. However, most costs and expenses occur domestically. Hence, all foreign currencies are converted into the Thai baht currency. Due to Fluctuations in the Thai baht, revenue might increase or decrease if risk preventive measures are not set in place.

### **3.3 Risks from Government Policies**

Because Thailand is the world's largest manufacturer of natural rubber, and because natural rubber generates main income for the nation in which many farmers are involved, the government is inclined to subsidize prices if the government views that farmers would suffer from lower income. This has been apparent in previous government projects, such as those from 2012 to 2014, with impact on private sector businesses through cost increases and potential failure to compete with exporters from other nations. In other words, if competitive situations are not facilitative, global prices might not increase with the prices set through intervention by any given nation. Furthermore, when news arrives that the Government intends to release its rubber stock; the prices of rubber in the market will drop due to the pressure to sell. In addition, rubber quantity control occurs through reduction of Rubber cultivation areas by development fund projects in promotion of reduced rubber cultivation. This offers financial assistance to farmers who reduce rubber cultivation or who Switch over from rubber to other crops that are suitable to their areas.

### **3.4 Risks from the international trade war in China and the United States**

During the year 2018, the United States has enforced measures to import taxes from abroad. The increase in US tax increases caused concern from many countries affected by this policy. China is one of the most affected countries. China has responded to such import tax measures. By importing taxes as well from the measures of these two countries, causing the global economy to slow down. Although this trade war will not directly affect the industry, But affects the amount of natural rubber use in the world And oil prices Which the trade war of the two countries continues until both countries are resolved.

## 4. Business Assets

### 4.1 Fixed Assets

The company and subsidiaries comprehensively operate business in the manufacturing, distribution and export of natural rubber. The fixed assets used in production consist of land, structures, factories and machinery. The fixed assets owned by the company are as follows:

#### (1) Assets Used in Manufacturing and Distribution

| Business Assets                                                                                                                        | Owner Account                                             | Value<br>(million baht) | Obligations                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------|-------------------------------------------------------------------------|
| 1. Land, Structures and Land Development                                                                                               | Owned by Group Company.                                   | 1,544                   | Mortgage with financial institutions                                    |
| 2. Structures and Building Development                                                                                                 |                                                           |                         |                                                                         |
| 2.1 Two office buildings Located in the provinces of Samut Prakan and Chiang Rai.                                                      | Owned by Group Company.                                   | 900                     | The two office buildings are under mortgage with financial institutions |
| 2.2 Five concentrated latex manufacturing factories located in the provinces of Chon Buri, Rayong, Surat Thani, Songkhla and Phangnga. | Owned by Group Company.                                   |                         | Mortgage with financial institutions                                    |
| 2.3 One elastic rubber thread factory located in Rayong Province.                                                                      | World Flex PCL.                                           |                         | Mortgage with financial institutions                                    |
| 2.4 One natural rubber mattress and pillow manufacturing factory located in Chachoengsao Province.                                     | Latex Systems PCL.                                        |                         | Partially mortgaged with financial institutions                         |
| 2.5 Three rubber plantation facilities located in the provinces of Chiang Rai, Nan, Phayao.                                            | Thai Rubber & Plantation Co., Ltd.                        |                         | Mortgage with financial institutes.                                     |
| 3. Machinery                                                                                                                           |                                                           |                         |                                                                         |
| 3.1 Machinery in concentrated latex production.                                                                                        | Owned by Group Company & under financial lease contracts. | 603                     | Largely under mortgage with financial institutes.                       |
| 3.2 Machinery in elastic rubber thread production.                                                                                     | World Flex PCL.                                           |                         | Largely under mortgage with financial institutes.                       |
| 3.3 Machinery in natural rubber mattress and pillow Production.                                                                        | Latex Systems PCL.                                        |                         | Partial mortgage with financial institutes.                             |
| 3.4 Machinery used in rubber plantations.                                                                                              | Thai Rubber & Plantation Co., Ltd                         |                         | Not under mortgage with financial institutes.                           |



As of 31 December 2018, the company's group had a total net book value of 3,042.4 million baht in land, structures and machinery that are collateral for financial institute loans.

**Remarks:** Book value means appraised asset value less accrued price depreciation.

. (2) Real Estate for Investment composed of the following:

On land and factory buildings for rent, Is a one-story factory building With 2-storey office, boiler building located on 75 rai, 2 ngan and 86.0 square wa of land that are owned by the company with a total book value of 120.59 million baht. A related company is currently renting from the company at a rate of 1.02 million baht (with a contract term of 14 years from 3 January 2017 to 31 January 2031). The aforementioned real estate has mortgage obligations with financial institutions.

Land for rent consisting of 2,050 rai, 48 square wa belongs to a subsidiary, namely, World Flex PCL. With a value of 337.88 million baht, the real estate is rented out to unconnected people for sugarcane cultivation from 1 December 2014 to 31 March 2018 with rental fees charged at 6 million baht. This real estate has partial mortgage obligations with financial institutes.

Land and factory buildings consisting of eight buildings and other structures on 36 rai, 2 ngan and 48 square wa belong to a subsidiary, Thai Rubber HPNR Co., Ltd. with a total book value of 102.6 million baht. Currently, an unconnected company is renting this asset at the rate of 6 million baht per year (with a contract term of five years beginning from 15 January 2014). This real estate has no mortgage obligations with financial institutions.

As of 31 December 2018, the aforementioned investments in real estate amounted to 558 million baht in total book value (as appraised by an independent appraiser on 12 December 2018, 26 December 2018 and 20 December 2018 for sales prices).

(3) Intangible Assets

Significant intangible assets of the company and subsidiaries in business consist of computer software, which, as of 31 December 2018, have a book value of 4 million baht.

#### **4.2 Investment Policy in Subsidiaries and Associate Companies**

The company has a policy to invest in businesses that manufacture products for sale because of its nature as the group's main businesses. In doing so, investments are made in sufficient proportions to allow the company to participate in the management and policy specification of these businesses.

#### **4.3 Information about Asset Appraisals**

(1) The company's group has a policy to record fixed assets in terms of land, structures, factories and machinery at fair value since 2007. In addition, fair values are reevaluated every 5 years. Most recently, the company's group appraised fair values in 2016

(however, investment real estate is evaluated annually), and the next appraisal will take place in 2021.

Thus, as of 31 December 2018, the book values of land, structures, factories and machinery belonging to the company's group were recorded with disclosed fair values.

## (2) Asset Appraisers of the Company's Group

In 2017 and 2018, the appraisers were Agency for Real Estate Affairs Company Limited and First Star Consultant Company Limited. These are listed as approved companies in the capital market and accepted as specialists by the Office of the Securities and Exchange Commission.

(3) The purpose of the asset appraisals of the company's group is to ensure that fixed assets in the categories of land, structures, factories and machinery are presented at genuine fair values.

## 5. Legal Disputes

As of 31 December 2018, the company and subsidiaries had no legal cases or disputes with values exceeding five percent of shareholder equity.

## 6. General and Other Significant Information

### 6.1 General Information

#### (1) Company

|             |                                                                                                                                                       |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:       | <b>Thai Rubber Latex Corporation (Thailand) Public Company Limited.</b>                                                                               |
| Head office | 99/1-3, Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540 |
| Tel.        | +66 2033-2333 (89 line), +66 2033-2300 to 89                                                                                                          |
| Fax.        | +66 2033-2390-99                                                                                                                                      |
| Factory     | 29, Village No. 2, Bang Bung-Klaeng Km. 56-57 Road, Nong Yai Sub-district, Nong Yai District, Chon Buri Province, 20190                               |
| Tel.        | +66 3816 8529-34                                                                                                                                      |
| Fax.        | +66 3816 8529-34 ext. 105                                                                                                                             |
| Factory     | 35, Village No. 4, Krasom Sub-district, Takua Thung District, Phangnga Province 82130                                                                 |
| Tel.        | +66 7649 6539, +66 7649 6324                                                                                                                          |
| Fax.        | +66 7649 6325                                                                                                                                         |
| Factory     | 198, Village No. 7, Chom Sawan Sub-district, Mae Chan District, Chiang Rai Province 57110                                                             |
| Tel.        | +66 5316 0720, +66 5316 0730                                                                                                                          |

|                    |                                                                                                       |
|--------------------|-------------------------------------------------------------------------------------------------------|
| Fax.               | +66 5316 0720, +66 5316 0730                                                                          |
| Factory            | 124, Village No. 11, Ban Pru Sub-district, Hat Yai District, Songkhla Province 90250                  |
| Tel.               | +66 7429 1171-4 , +66 7429 1178                                                                       |
| Fax.               | +66 7429 1175                                                                                         |
| Factory            | 293/2, Village No. 1, Khun Thale Sub-district, Mueang District, Surat Thani Province 84100            |
| Tel.               | +66 7735 5339                                                                                         |
| Fax.               | +66 7735 5769                                                                                         |
| Factory            | 44/5, Village No. 8, Kached-Hat Yai Road, Kached Sub-district, Mueang District, Rayong Province 21110 |
| Tel.               | +66 3863 4105 , +66 3863 4306-7                                                                       |
| Fax.               | +66 3863 4308                                                                                         |
| Factory            | 19/52, Village No. 7, Bang Chalong Sub-district, Bang Phli District, Samut Prakan Province            |
| Tel.               | +66 740-6386                                                                                          |
| Factory            | 680, Village No. 2, Nong Yai Sub-district, Nong Yai, Chon Buri Province (factory-renting offered)     |
| Business Type:     | Manufacturing and distribution of concentrated latex and skim block                                   |
| Business Reg. No.  | 0107536000137                                                                                         |
| Website            | <a href="http://www.thaitex.com">http://www.thaitex.com</a>                                           |
| Authorized Capital | 1,881,479,688 ordinary shares and 1,881,479,688 baht Authorized Capital                               |
| Paid-up Capital    | 1,881,479,688 ordinary shares and 1,881,479,688 baht Paid-up Capital                                  |

**(2) Juristic person in which the company holds 10% or more**

**1. Thai Rubber Latex Group Company Limited.**

|                    |                                                                                                                                                       |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office             | 99/1-3, Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540 |
| Tel.               | +66 2033-2333 (89 line), +66 2033-2300 to 89                                                                                                          |
| Fax.               | +66 2033-2390-99                                                                                                                                      |
| Business Type      | Production and distribution of latex concentrate, sheet rubber and latex by products                                                                  |
| Share Ratio        | 99,999,994 shares or 99.99 percent out of a total of 100 million ordinary shares                                                                      |
| Authorized Capital | 1,000 million baht                                                                                                                                    |
| Paid-up Capital    | 544 million baht– Business terminated on December 29, 2017 due to complete business transfer to Thai Rubber Latex Corporation (Thailand) Public       |

Company Limited. Completion of liquidation on December 4, 2018

**Subsidiaries of Thai Rubber Latex Corporation (Thailand) Public Company Limited**

**Shanghai Runmao International Trading Co., Ltd., or**

Thai Rubber Latex Group Company Limited. (Shanghai)

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

Tel. +86 2138762472 Fax. +86 2150454365  
 Business Type Purchase and sale of natural rubber products  
 Share Ratio 100 percent or 1,010,000 US dollars  
 Paid-up Capital 1,010,000 US dollars

**2. World Flex Public Company Limited.**

Office 59/1, Village No. 5, Government Highway No. 3191 Road, Nam Khu Sub-district, Pluak Daeng District, Rayong Province, 21140  
 Tel +66 3863 7559 Fax +66 3863 7560  
 Factory 99/1-3, Village No. 13, Kraitsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540  
 +66 2033-2333 (89 line), +66 2033-2300 to 89  
 +66 2033-2398  
 Business Type Manufacturing and sale of elastic rubber threads  
 Share Ratio 76,999,684 shares or 99.99 percent of 77 million ordinary shares  
 Authorized Capital 308 million baht  
 Paid-up Capital 308 million baht

**3. Thai Rubber Land and Plantation Company Limited.**

Office 121/316, Village No. 3, Ban Du Sub-district, Mueang Chiang Rai District, Chiang Rai Province, 57100  
 Tel. +66 53793-456 Fax. +66 053793-462  
 Rubber Plantations In the provinces of Nan, Phayao, Chiang Rai and Chai Nat  
 Business Type Rubber plantation  
 Share Ratio 79,999,994 shares or 99.99 percent of 80 million ordinary shares  
 Authorized Capital 800 million baht  
 Paid-up Capital 800 million baht

**Joint Company of Thai Rubber Land and Plantation Company Limited.  
 Wang Somboon Rubber Plantation Company Limited**

Office 99/1-3 , Village No. 13, Kraitsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540  
 Tel +66 2033-2333 (89 line), +66 2033-2300 to 89 Fax. +66 2033-2398

|                    |                                                                                           |
|--------------------|-------------------------------------------------------------------------------------------|
| Rubber Plantation  | 127, Village No. 8, Wang Sombun Sub-district, Wang Sombun District, SaKao Province, 27250 |
| Tel.               | +66 81916-5834                                                                            |
| Business Type      | Rubber plantation                                                                         |
| Share Ratio        | 2.678 million shares or 48.43 percent of 5.530 million ordinary shares                    |
| Authorized Capital | 55.30 million baht                                                                        |
| Paid-up Capital    | 55.30 million baht                                                                        |

#### 4. Thai Rubber HPNR Company Limited

|                    |                                                                                                                                                        |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office             | 99/1-3 , Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540 |
| Tel.               | +66 2033-2333 (89 line), +66 2033-2300 to 89                                                                                                           |
| Fax.               | +66 2033-2399                                                                                                                                          |
| Business Type:     | Bar and compound rubber production                                                                                                                     |
| Share Ratio        | 49,999,997 shares or 99.99 percent of 50 million ordinary shares                                                                                       |
| Authorized Capital | 500 million baht                                                                                                                                       |
| Paid-up Capital    | 500 million baht                                                                                                                                       |

#### 5. Latex Systems Public Company Limited

|                    |                                                                                                |
|--------------------|------------------------------------------------------------------------------------------------|
| Office & Factory   | 79/2, Village No. 1, Hom Sin Sub-district,, Bang Pakong District, Chachoengsao Province, 24180 |
| Tel.               | +66 2326-0886-7 Fax. +66 2326-0292                                                             |
| Business Type      | Manufacturing and distribution of natural rubber mattresses and pillows                        |
| Share Ratio        | 178,368,960 shares or 56.16 percent of 317,567,712 ordinary shares                             |
| Authorized Capital | 225 million baht                                                                               |
| Paid-up Capital    | 158,783,856 million baht                                                                       |

#### 6. Myanmar Thai Rubber Joint Corporation Limited

|                    |                                                                                                                     |
|--------------------|---------------------------------------------------------------------------------------------------------------------|
| Office             | No. 96 (C), Lanthit Road, Nanthagone Quarter, Insein Township, Yangon, Myanmar.                                     |
| Office Tel.        | 951-700942, Fax: 951-644733                                                                                         |
| Rubber Plantation  | 62/1, Kyae Kyay Taing Pyin Field, Kyae Village Track, Palaw Township, Myeik District, Thanintharyi Region, Myanmar. |
| Rubber Plantation  | 959-49902048                                                                                                        |
| Tel.               |                                                                                                                     |
| Business Type      | Rubber plantation                                                                                                   |
| Share Ratio        | 64 percent or 68.91 million baht                                                                                    |
| Authorized Capital | 107.67 million baht                                                                                                 |
| Paid-up Capital    | 107.67 million baht                                                                                                 |

**(3) Other Referenced People****1. Securities Registrar**

Name Thailand Securities Depository Company Limited  
Office The Stock Exchange of Thailand Building, No. 93, Ratchadapisek Road,  
DinDaeng Sub-district, Din Daeng District, Bangkok Metropolis, 10400  
Tel +66 2009-9385 Fax. +66 2009-9476

**2. Auditors**

Name KPMG Phoomchai Audit Company Limited  
Office 48<sup>th</sup> Floor, Empire Tower, No. 1, South Sathorn Road, Bangkok Metropolis  
10120  
+66 2677-2000 Fax +66 2677-2222

Auditors' Names 1. Mr. Vairoj Jindamaneepitak Licensed Auditor No. 3565 and/or  
2. Mr. Bunyarit Thanormcharoen Licensed Auditor No. 7900 and/or  
3. Mr. Yoottapong Soontalinka Licensed Auditor No. 10604

**6.2 Other information**

- None -



## Part 2

### Management and corporate governance

#### 7. Stock and Shareholder Information

##### 7.1 Number of Authorized Capital and Paid-up Capital

The Company has a total of 681.48 million baht with 681.48 million baht of Authorized Capital, divided into 681,479,688 ordinary shares at 1 baht par value.

##### 7.2 Shareholders

List of Major Shareholders as of book closing date (September 28, 2018)

- Top 10 Shareholders

| Name                                   | Shares Hold        | Share Ratio (%)* |
|----------------------------------------|--------------------|------------------|
| 1. Mr. Vorathep Wongsasuthikul's Group | 153,433,941        | 22.51%           |
| 2. Mr. Paiboon Waraprateep's Group     | 108,837,432        | 15.97%           |
| 3. Mr. Prachnon Temritikulchai's Group | 35,336,179         | 5.19%            |
| 4. Mr. Kiet Srichomkwan                | 15,000,000         | 2.20%            |
| 5. Thai NVDR Company Limited           | 11,892,539         | 1.75%            |
| 6. Mr. Kansinan Pongnaruesorn          | 9,600,000          | 1.41%            |
| 7. Mr. Nan Kittayanuttakul             | 7,439,700          | 1.09%            |
| 8. Mr. Wichapon Sincharoenkul's Group  | 7,108,000          | 1.04%            |
| 9. Mr. Rudee Khankaew                  | 5,000,000          | 0.73%            |
| 10. Mr. Nurak Mahattanaanon            | 5,000,000          | 0.73%            |
| <b>Total</b>                           | <b>347,428,073</b> | <b>50.98%</b>    |

- Major Shareholders with Important Roles in Setting Management Policies

| Name                                   | Shares Hold        | Share Ratio (%) |
|----------------------------------------|--------------------|-----------------|
| 1. Mr. Vorathep Wongsasuthikul's Group | 153,433,941        | 22.51%          |
| 2. Mr. Paiboon Waraprateep's Group     | 108,837,432        | 15.97%          |
| 3. Mr. Prachnon Temritikulchai's Group | 35,336,179         | 5.19%           |
| <b>Total</b>                           | <b>294,641,752</b> | <b>43.67%</b>   |

##### 7.3 Dividend Payment Policy

The company has a policy to pay dividends by no less than one-third of annual net profit after deduction of accrued losses (if any) according to business-specific financial statements. As for subsidiaries, a policy is in place for dividends to be paid by no more than 100 percent of net profit.

## 8. Management Structure

### 8.1 Board of Directors

The names of members of the Board of Directors are as follows:

#### Names of Members of the Board of Directors

| Director Name                                     | Board of Directors | Audit Committee | Risk Management Committee | Remuneration Committee |
|---------------------------------------------------|--------------------|-----------------|---------------------------|------------------------|
| 1. Mr. Vorathep Wongsasuthikul <sup>*1</sup>      | Chairman           |                 | Director                  | Chairman               |
| 2. Mr. Paiboon Waraprateep <sup>*1</sup>          | Director           |                 | Director                  |                        |
| 3. Mr. Prachnon Temritikulchai <sup>*1</sup>      | Director           |                 | Director                  |                        |
| 4. Mr. Suchart Charoenpornpanichkul <sup>*2</sup> | Director           |                 | Director                  |                        |
| 5. Mrs. Suchada Sodthibhaphkul <sup>*3</sup>      | Director           | Director        | Chairman                  |                        |
| 6. Mr. Yanyong Tawarorit                          | Director           | Chairman        |                           |                        |
| 7. Mr. Chayut Sueptrakul <sup>*4</sup>            | Director           | Director        | Director                  |                        |
| 8. Mr. Pakhawat Kovithvathanaphong <sup>*5</sup>  | Director           | Director        |                           | Director               |
| 9. Mr. Rachai Wattanakasaem <sup>*6</sup>         | Director           | Director        |                           |                        |
| 10. Mr. Surabhon Kwunchaithunya <sup>*7</sup>     | Director           | Director        |                           |                        |
| 11. Mr. Pattarapol Wongsasuthikul <sup>*8</sup>   | Director           |                 |                           |                        |
| 12. Miss Chalangkwan Wongsasuthikul               | Director           |                 |                           |                        |
| 13. Mr. Prawit Waraprateep                        | Director           |                 |                           |                        |

#### Remarks:

1. Appoint Mr. Vorathep Wongsasuthikul , Mr. Paiboon Waraprateep , Mr. Prachnon Temritikulchai as member of the Risk Management Committee since May 1, 2018.
2. Mr. Suchart Charoenpornpanichkul expire from term the Board of Directors since April 20, 2018.
3. Appoint Mrs. Suchada Sodthibhaphkul as member of the Audit Committee between June 1 – August 31, 2018
4. Appoint Mr. Chayut Sueptrakul as member of the Audit Committee since May 1 , 2018
5. Mr. Pakhawat Kovithvathanaphong resignation of the Board of Directors and Remuneration Committee since April 20 , 2018
6. Mr. Rachai Wattanakasaem resignation of the Board of Directors since May 31 , 2018
7. Appoint Mr. Surabhon Kwunchaithunya as Board of Directors and member of the Audit Committee since September 1, 2018.
8. Appoint Mr. Pattarapol Wongsasuthikul as Chief Executive Officer since Mar 1, 2018

| Director Name                                     | Position                                                                                                                            | 2018 Board of Directors' Meeting No. in Attendance/No. of Meetings | 2018 Audit Committee Meeting No. in Attendance/No. of Meetings | 2018 Risk Management Committee Meeting No. in Attendance/No. of Meetings |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|
| 1. Mr. Vorathep Wongsasuthikul                    | - Chairman<br>- Executive Director<br>- Chairman of the Remuneration Director<br>- Member of the Risk Management Committee          | 6/6                                                                | -                                                              | 3/4                                                                      |
| 2. Mr. Paiboon Waraprateep                        | - Vice Chairman<br>- Executive Director<br>- Member of the Risk Management Committee                                                | 6/6                                                                | -                                                              | 3/4                                                                      |
| 3. Mr. Prachnon Temritikulchai                    | - Vice Chairman<br>- Executive Director<br>- Member of the Risk Management Committee                                                | 6/6                                                                | -                                                              | 3/4                                                                      |
| 4. Mr. Suchart Charoenpornpanichkul <sup>*1</sup> | - Director<br>- Member of the Risk Management Committee                                                                             | 3/6                                                                | -                                                              | 1/4                                                                      |
| 5. Mrs. Suchada Sodthibhaphkul                    | - Independent Director<br>- Chairman of the Risk Management Committee<br>- Member of the Audit Committee<br>(1 June–31 August 2018) | 6/6                                                                | 1/7                                                            | 4/4                                                                      |
| 6. Mr. Yanyong Tawarorit                          | - Independent Director<br>- Chairman of the Audit Committee                                                                         | 6/6                                                                | 7/7                                                            | -                                                                        |
| 7. Mr. Chayut Sueptrakul                          | - Independent Director<br>- Member of the Risk Management Committee<br>- Member of the Audit Committee                              | 6/6                                                                | 3/7                                                            | 4/4                                                                      |

| Director Name                       | Position                                                                             | 2018 Board of Directors' Meeting No. in Attendance/No. of Meetings | 2018 Audit Committee Meeting No. in Attendance/No. of Meetings | 2018 Risk Management Committee Meeting No. in Attendance/No. of Meetings |
|-------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|
| 8. Mr. Pakhawat Kovithvathanaphong  | - Independent Director<br>- Member of the Audit Committee<br>- Remuneration Director | 3/6                                                                | 4/7                                                            | -                                                                        |
| 9. Mr. Rachai Wattanakasaem         | - Independent Director<br>- Member of the Audit Committee                            | 3/6                                                                | 5/7                                                            | -                                                                        |
| 10. Mr. Surabhon Kwunchaithunya     | - Independent Director<br>- Member of the Audit Committee                            | 0/6                                                                | 1/7                                                            | -                                                                        |
| 11. Mr. Pattarapol Wongsasuthikul   | - Chief Executive Officer                                                            | 5/6                                                                | -                                                              | -                                                                        |
| 12. Miss Chalengkwan Wongsasuthikul | - Director                                                                           | 6/6                                                                | -                                                              | -                                                                        |
| 13. Mr. Prawit Waraprateep          | - Director                                                                           | 6/6                                                                | -                                                              | -                                                                        |

Remarks:

1. Mr. Suchart Charoenpornpanichkul expires from term the Board of Directors since April 20, 2018.

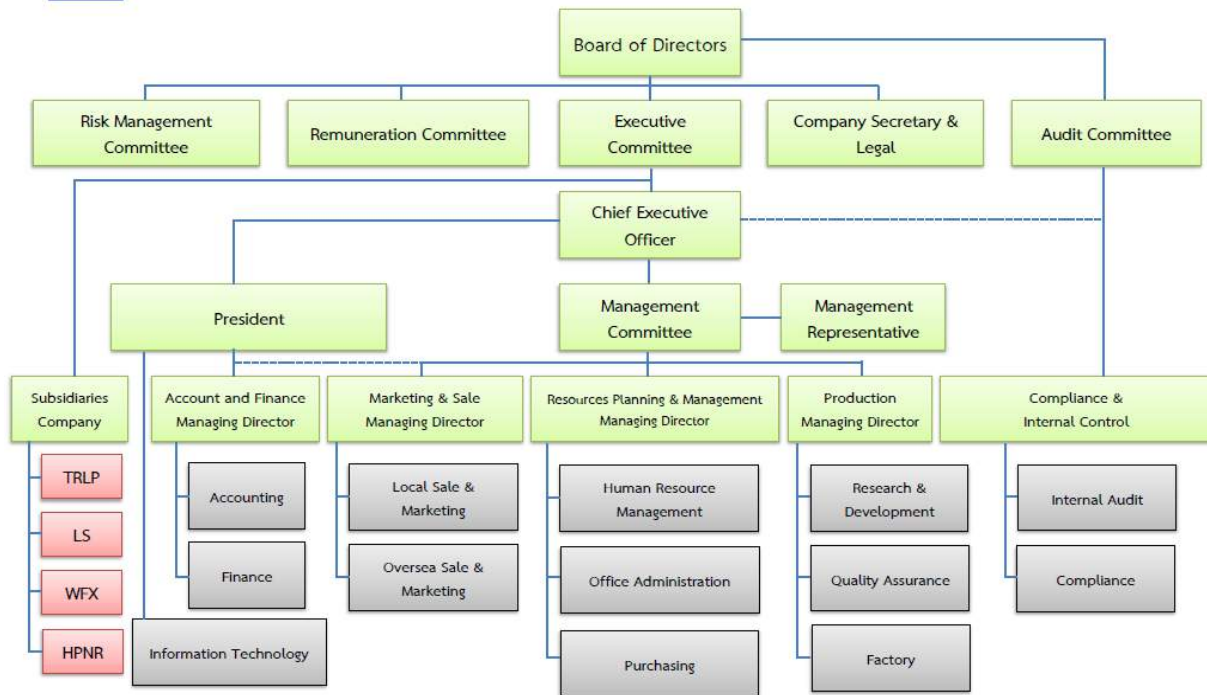
**8.2 Executives**

As of December 31, 2018, the company had the following nine executives:

| Executive Name                      | Position                                                      |
|-------------------------------------|---------------------------------------------------------------|
| 1. Mr. Vorathep Wongsasuthikul      | Chairman                                                      |
| 2. Mr. Paiboon Waraprateep          | Vice Chairman                                                 |
| 3. Mr. Prachnon Temritikulchai      | Vice Chairman                                                 |
| 4. Mr. Suchart Charoenpornpanichkul | Director / Member of the Risk Management Committee            |
| 5. Mr. Pattarapol Wongsasuthikul    | Director / Chief Executive Officer                            |
| 6. Mr. Vanchai Sriherunrusmee       | Chief Executive Officer of Operations                         |
| 7. Mr. Suvasitthi Dewan             | Managing Director of Marketing & Sales                        |
| 8. Miss Chalengkwan Wongsasuthikul  | Director / Managing Director Resource Planning and Management |
| 9. Mr. Prawit Waraprateep           | Director / Managing Director Compliance & Internal Control    |



Organization Structure Thai Rubber Latex Corporation (Thailand) Public Company Limited



### 8.3 Company Secretary

The company has Miss Chalengkwan Wongsasuthikul, the Director and Managing Director Resource Planning and Management, as the company's secretary.

## 8.4 Remuneration for Directors and Executives

### (1) Monetary Remuneration

- Remuneration for directors is composed of salaries and meeting attendance fees as approved by the annual general meeting of shareholders of 2018, which equals a budget of 8,000,000 baht per year. In 2018, the actual remuneration paid to directors was 5,577,200 baht.

| Name                                | Position                                                                         | Director's Remuneration in 2018 |
|-------------------------------------|----------------------------------------------------------------------------------|---------------------------------|
| 1. Mr. Vorathep Wongsasuthikul      | Chairman and Chairman of the Remuneration Director                               | 669,625                         |
| 2. Mr. Paiboon Waraprateep          | Vice Chairman and Executive Director                                             | 511,125                         |
| 3. Mr. Prachnon Temritikulchai      | Vice Chairman and Executive Director                                             | 1,206,750                       |
| 4. Mr. Suchart Charoenpornpanichkul | Director and Member of the Risk Management Committee                             | 120,000                         |
| 5. Mrs. Suchada Sodthibhaphkul      | Independent Director and Chairman of the Risk Management Committee               | 377,000                         |
| 6. Mr. Yanyong Tawarorit            | Independent Director and Chairman of the Audit Committee                         | 436,000                         |
| 7. Mr. Chayut Sueptrakul            | Independent Director and Member of the Risk Management Committee                 | 395,000                         |
| 8. Mr. Pakhawat Kovithvathanaphong  | Independent Director and Member of the Audit Committee and Remuneration Director | 180,000                         |
| 9. Mr. Rachai Wattanakasaem         | Independent Director and Member of the Audit Committee                           | 205,000                         |
| 10. Mr. Surabhon Kwunchaithunya     | Independent Director and Member of the Audit Committee                           | 95,000                          |
| 11. Mr. Pattarapol Wongsasuthikul*  | Chief Executive Officer                                                          | 490,000                         |
| 12. Miss Chalengkwan Wongsasuthikul | Director / Managing Director Resource Planning and Management                    | 473,000                         |
| 13. Mr. Prawit Waraprateep          | Director / Managing Director Compliance & Internal Control                       | 418,450                         |
| <b>Total</b>                        |                                                                                  | <b>5,577,200</b>                |

#### Remarks:

\* Appoint Mr. Pattarapol Wongsasuthikul as Chief Executive Officer since Mar 1, 2018  
 - Remuneration for executives are composed of salaries, bonuses and transportation fees. In 2018, the total amount of remuneration for executives for the company and subsidiaries amounted to 41 million baht.



## (2) Other Remuneration

- Other directors' remuneration

-None-

- Other executives' remuneration includes the provident fund. The company established a provident fund in which the company provides 3 and 5 percent reimbursements based on employee work age (as stipulated by the company's regulations) of the employees' salaries. In 2018, the company and subsidiaries paid provident reimbursements to four executives for a total of 945,996 baht.

## 8.5 Personnel

The company has a total of 130 employees and executives. The main line of work is the factory department with 740 employees. Total remunerations for personnel in 2018 amounted to 221 million baht, covering salary, daily wages, overtime fees, bonus and others.

### Human Resources Management Policy

The company has policy concerning human resources management for the mutual benefit of employees and the company as follows:

1. Activities are carried out firmly in line with the business philosophies, vision, mission and values of the company.
2. Priority is given to employees who are recognized as valuable resources contributing to the growth and sustainability of the company.
3. Knowledgeable and competent personnel with potential and good outlooks are sought to become a part of the company's business.
4. The knowledge, abilities and skills of employees are constantly promoted for improvements in line with the required duties, responsibilities and necessities of the company. Furthermore, conscience, attitudes and values in being a part of "THAITEK" are continuously fostered.
5. Employee satisfaction is promoted with consideration to administrative feasibility and reasonable and fair payment of benefits and remunerations.
6. Good relations are promoted between co-workers and between employees and the company in order to ensure lasting contentment in employees and the company.

### Labor Relations Policy

Under the human resources management policy, the company has set in place a labor relations policy covering the following cases:

1. Strictly adhere to the laws and regulations of the government and the company.
2. Respect the rights of employees under various laws and regulations in order to ensure peace and order in the company's business as well as the peace and order of society.
3. Promote activities that facilitate good co-worker and employee-company relations built on good understanding, generosity and reason.
4. Promote social responsibility in employees and the company in regards to environmental conservation and regular participation in social activities, religious activities and community activities.

The company considers the company's employees to be highly valued, essential resources for the success of the company. Thus, the company continuously focuses on the development of the company's personnel in order to provide employees with knowledge, skills and abilities that are suitable for their assigned work duties and responsibilities for the achievement of maximum effectiveness. Employees are developed in terms of knowledge and abilities in work and work processes, while good conscience and morals in their treatment of colleagues, the company and trade partners are fostered.

In 2018, the company engaged in activities to develop and increase work knowledge, skills and abilities by providing training inside the company and regularly sending employees for outside training, as necessary, based on the suitability of personnel in each agency and at every level and line of work.

## 9. Corporate Governance

The company systematically organizes operational and management structures and processes in regards to corporate governance with separation of duties and responsibilities based on knowledge, abilities and experience in business and products in each work unit of the company and its subsidiaries in order to boost competitive capacity and achieve growth with long-term added value for shareholders and consideration of all stakeholders.

### 9.1 Corporate Governance Policy

The company invests in a total of 6 companies as follows:

- |                                                    |                        |
|----------------------------------------------------|------------------------|
| 1. Thai Rubber Latex Group Company Limited*        | 99.99 % share-holding. |
| 2. Thai Rubber Land and Plantation Company Limited | 99.99 % share-holding. |
| 3. Thai Rubber HPNR Company Limited                | 99.99 % share-holding. |
| 4. World Flex Public Company Limited               | 99.99 % share-holding. |
| 5. Latex Systems Public Company Limited            | 56.16 % share-holding. |
| 6. Myanmar Thai Rubber Joint Corporation Limited   | 64.00 % share-holding. |

Remarks:

\* Thai Rubber Latex Group Company Limited. Completion of liquidation on December 4, 2018

The company has sent knowledgeable, skilled and experienced people to oversee the management of each subsidiary, and subsidiaries are required to hold meetings to report progress to the company at least once monthly as follows:

1. Executive directors are to hold joint meetings with the parent company and subsidiaries at least once monthly.
2. Executive directors and managers of factories, sales, marketing and finance are to hold a joint video conference every Monday morning.
3. Executive directors in the parent company tracks progress by regularly visiting each factory as deemed fit.

## 9.2 Sub-committees

The company has set in place a management structure composed of five sub-committees as follows:

- |                                  |             |
|----------------------------------|-------------|
| 1. Board of Directors            | 13 members. |
| 2. Board of Executives Committee | 3 members.  |
| 3. Audit Committee               | 3 members.  |
| 4. Remuneration Committee        | 2 member.   |
| 5. Risk Management Committee     | 6 members.  |

The Board of Directors has appointed highly knowledgeable and experienced as Chief Executive Officer and Directors. These people are as follows:

1. Mr. Pattarapol Wongsasuthikul
2. Mr. Prawit Waraprateep
3. Miss Chalangkwan Wongsasuthikul

Furthermore, the company has appointed two additional high-ranking executives to relieve the burdens of the Chief Executive Officer. They are named as follows:

1. Mr. Vanchai Sriherunrusmee, Chief Executive Officer of Operations responsible for support work and operations.
2. Mr. Suvasitthi Dewan, Managing Director of Marketing & Sale responsible for marketing and sales.

### (1) Board of Directors

The Public Company Limited Act, B.E. 2535 (A.D. 1992), Section 6 regarding the company directors, Section 67-Section 97, indicates the number of the members of the Board of Directors, qualifications, election, meeting, dismissal from office, and the power and

duties of the Board of Directors under Section 77 to ensure that the company management meets the objectives, articles of associations and resolutions of the shareholders' meeting, and Section 85 indicates the duties in relation to the company management that the Board of Directors must perform their duties according to the law, objectives and articles of associations of the company as well as the shareholders' meeting resolutions with integrity, honesty, and precaution to maintain the company's benefits.

In addition to the power and duties in management, prohibited practices as well as the liability for damage incurred to the company have also been determined.

Scope of the Board of Directors' power and duties

1. Determine the policies and directions of the company's operation in accordance with the law, objectives, articles of associations of the company as well as the shareholders' meeting resolutions
2. Control and take care of the management to ensure the efficient and effective compliance with the determined policies to maintain the benefits of the company, shareholders, policyholders, and other stakeholders
3. Coordinate between the shareholders and the management and prevent conflicts of interest between the company and the management
4. Supervise the investment, business expansion, provision, sale or transfer of assets which have material effects on the company
5. Take part in the Board of Directors' meetings, appoint and dismiss the executive management, select and propose the persons for election of the members of the Board of Directors by the shareholders
6. Propose the auditors for the consideration of nomination by the shareholders and disclose accurate information under the legal provisions
7. Have any power indicated in the memorandum of association, articles of association and legal provisions

Except for the following issues for which the Board of Directors must seek an approval from the shareholders prior to operation

1. The issues which are indicated by the law that the shareholders' resolutions must be obtained.
2. The making of connected transactions of which values are equal to or higher than 20 million Baht or 3% of NTA, whichever is higher
3. The purchase or sale of material assets of which values are 50% of the total assets of the listed company or more
4. The provision of financial assistance to related persons of which values are equal to or higher than 100 million Baht or 3% of NTA, whichever is lower

Remark: NTA (Net Tangible Assets)

= Total assets – total liabilities – intangible assets – minority shareholders' equity (if any)

(2) Board of Executives Committee

The Board of Directors appoints as Executive Committee consisting of at least 3 directors. In 2018, the 3 members of the Executive Committee include:

1. Mr. Vorathep Wongsasuthikul
2. Mr. Pailboon Waraprateep
3. Mr. Prachnon Temritikulchai

The company has made the regulations of work and operational power as the framework for management according to the following power and duties:

Scope of the Management Committee's power and duties

1. Consider the determination of goals, policies, planning, and allocation of annual budgets as proposed by the management before proposing it to the Board of Directors for approval. This includes the consideration of approval of change or addition of annual budget while there is no Board of Directors' meeting and proposes it to the Board of Directors for acknowledgement in the next meeting.
2. Have the chief of each department who is responsible for business and activities report the results of their operations to the Management Committee on monthly basis.
3. Approve the expenditure according to the company's plans
4. Approve the expenditure for investment as indicated in the annual budget or as approved by the Board of Directors in the annual budget or as approved by the Board of Directors in principle
5. Approve the investment principles for business expansion as well as joint venture with other business operators and propose it to the Board of Directors for approval in the next meeting
6. Approve the appointment of authorized signatories for cheques or money order documents of the company
7. Be the consultants for the management regarding the policies on production, marketing, finance, personnel, and other operations
8. Approve the appointment, transfer and dismissal of employees
9. Perform any action as assigned by the Board of Directors

(3) Audit Committee

The company directors have selected the Audit Committee consisting of 3 independent directors and at least 1 director who is an accounting and financial expert as follows:

1. Mr. Yanyong Tawarorit
2. Mr. Pakhawat Kovithvathanaphong Resigned from the Audit Committee  
since April 20, 2018
3. Mr. Rachai Wattanakasaem Resigned from the Audit Committee  
since May 31, 2018
4. Mr. Chayut Sueptrakul Appoint to replace Mr. Pakhawat Kovithvathanaphong  
since May 1, 2018
5. Mrs. Suchada Sodthibhapkul Appoint to replace Mr. Rachai Wattanakasaem  
between June 1 – August 31, 2018
6. Mr. Surabhon Kwunchaithunya Appoint to replace Mrs. Suchada Sodthibhapkul  
since September 1, 2018

The Internal Audit Manager acts as the secretary. The Audit Committee has made the Audit Committee Charter which has been proposed to the Board of Directors for approval and enforced it on the related persons as assigned by the Board of Directors.

Scope of the Audit Committee's power and duties

1. Review that the company has correct, complete and reliable financial reports and disclose sufficient information
2. Review that the company has appropriate and effective internal control system, risk management system and internal audit system
3. Review that the company effectively and appropriately performs the policy on good corporate governance and business ethics
4. Review that the company complies with the law on securities and the Stock Exchange of Thailand, provisions of the Stock Exchange of Thailand and other laws related to the company's business
5. Consider appointing and dismissing the company's auditor and propose the auditor's remuneration
6. Consider whether the connected transactions have been conducted in compliance with the laws and provisions of the Stock Exchange of Thailand to ensure that they are reasonable and beneficial for the company
7. Supervise the operations of the Internal Audit Department at the policy level and the internal audit operations by approving the Charter, independency and the scope and the audit plans of the Internal Audit Department



8. Consider the appointment, transfer, dismissal of the chief of the Internal Audit Department as well as evaluating the performance of the chief of the Internal Audit Department and approving the remuneration of the chief of the Internal Audit Department considered by the executive management of the company
9. Consider and review the results of audit and recommendations of the auditor and the Internal Audit Department as well as following up to ensure that the management take appropriate action in response to such recommendations efficiently and in timely manner
10. The Audit Committee can invite the management or the employees of the company to report or present their information, attend the meeting or submit the documents as deemed appropriate and necessary.
11. If necessary, the Audit Committee may seek advice from the external consultants or professional experts regarding the audit operation of which costs will be borne by the company
12. Review and revise the Audit Committee Charter at least once a year or as necessary to update and adjust it to suit the organizational environment and propose it to the Board of Directors for approval
13. Prepare the reports of the Audit Committee which consist of the information, opinions of the Audit Committee on each issue which should be disclosed in the company's annual reports. The reports must be signed by the President of the Audit Committee.
14. Any other actions assigned by the Board of Directors under the approval of the Audit Committee. The management must prepare the reports or present the related information and documents to support the operations of the Audit Committee in order for them to achieve the assigned duties.

#### (4) Remuneration Committee

The Board of Directors has appointed the Remuneration Committee who is two of the company director as follows:

1. Mr. Vorathep Wongsasuthikul Chairman of the Remuneration Committee
2. Mr. Pakhawat Kovithvathanaphong\*

The Secretary to the Company Directors acts as the secretary of the Remuneration Committee.

#### Remark :

\* Mr. Pakhawat Kovithvathanaphong resignation of the Remuneration Committee since April 20, 2018

Scope of the Remuneration Committee's power and duties

1. Determine the policies, criteria and methods for nomination of the directors and the executive management to be proposed to the Board of Directors for approval
2. Determine the policy on remuneration and other benefits including other remuneration and benefits for the directors and the executive management. The policy must contain clear and transparent criteria for being proposed to the Board of Directors for approval. Also, the policy must be submitted to the competent authorities upon request.
3. Determine the guidelines for evaluation of performances of the directors and the executive management in consideration of annual adjustment of remuneration on the basis of related duties, responsibilities and risks and consider adding value of the shareholders' equity as part of evaluation
4. Perform other actions as assigned by the company directors

(5) Risk Management Committee

The Board of Directors have appointed the Risk Management Committee by selecting 3 member of the Board of Directors and 4 management, making a total of the following 7 members:

1. Mr. Chayut Sueptrakul
2. Mr. Suchart Charoenpornpanichkul Expire from term the Board of Directors since April 20, 2018.
3. Mrs. Suchada Sodthibhaphkul
4. Mr. Vanchai Sriherunrusmee
5. Mr. Vorathep Wongsasuthikul
6. Mr. Paiboon Waraprateep
7. Mr. Prachnon Temritikulchai

Chief Executive Officer of Operations acts as the secretary of the Risk Management Committee.

The main missions of the Risk Management Committee are determination of the scope of work system used to control the material risks which can affect the company's operations and preparation of the preventive strategies which can be implemented appropriately and proposed it to the Management Committee as well as improving and supporting essential tools used for better risk control.

Scope of the Risk Management Committee's power and duties

The Risk Management Committee work independently and directly report to the Management Committee. Their power and duties are as follows:

1. Determine the policies and plans on risk management of the business group to be proposed to the Management Committee for consideration of the overall risk management. The policies and plans must cover all kinds of material risks such as credit risks, market risks, liquidity risks, foreign exchange risks, price risks, and any risks which may affect the reputation of the business group.
2. Determine strategies in accord with the risk management policies. Be able to assess, monitor and take care of the amount of risks of the business group at an appropriate level
3. Control, monitor, examine, assess the risk management results, and ensure that the companies under the business group comply with the determined the risk management policies
4. Review the appropriateness of the policies and the risk management system including the efficiency of the system and its compliance with the determined policies

### 9.3 Nomination and appointment of directors and executive management

The company has 2 methods of nomination and appointment of directors and executive management as follows:

Method 1: The number of the members of the Board of Directors depends on the shareholders' resolution and suitability for management; however, there must be at least 5 directors according to the law on public company limited.

Method 2: The Board of Directors will act as the Nominating Committee to nominate experienced, knowledgeable and skillful persons who have the backgrounds and qualifications as indicated by the law on public company limited to replace the retired or resigned directors or to add or to reduce the number of directors as deemed appropriate for the expanded or downsized business. The nomination will be presented to the shareholders' meeting for further consideration.

### 9.4 Governance of the operations of the subsidiaries and associated company

The company governs the operations of the subsidiaries and associated company systematically as follows:

- 1) The company has appointed the knowledgeable and skillful persons to be the company directors and executive officers in each subsidiary to determine the policies and manage it. The authorized persons have to report and attend the meetings with the Management Committee of the holding company at least once a month. The executive officers at other levels will have the meetings together occasionally.

- 2) Regarding the results of operations, the subsidiaries must submit the financial report on monthly basis to make the consolidated financial statements with the holding company for monitoring and analyzing the monthly results of operations of the subsidiaries.
- 3) In each month, after the financial statements have been added to the consolidated financial statement of the holding company, they must be sent to the Internal Audit Department for analysis and examination of each transaction or issue before reporting them to the Audit Committee who will examine whether the financial status contains the connected transactions prior to proposing them to the Board of Directors' meetings.
- 4) The directors in the subsidiaries who have been appointed for management and control of the subsidiaries do not have the power to reduce the capital, increase the capital, cease or expand the business without an approval of the Board of Directors of the holding company.
- 5) The company and the other shareholders in the management of the subsidiaries and the associated company who do not have any written agreement must attend the shareholders' or Board of Directors' meeting only.

#### **9.5 Control of the use of internal data**

The company prohibits the management or the division which are aware of the internal data to disclose it to the third parties or irrelevant persons.

## 9.6 Remuneration of the auditor

The company and the subsidiaries have selected the auditor from KPMG Phoomchai Auditing Co., Ltd. to audit the financial statements of the year 2018. The audit fee is as follows:

### (1) Audit fee

Unit: Baht

| No.                                   | Paying company                                                                         | Name of auditor                                                                         | Audit fee |
|---------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------|
| 1                                     | - Thai Rubber Latex Corporation (Thailand) PCL.<br>- Thai Rubber Latex Group Co., Ltd. | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 3,000,000 |
| 2                                     | World Flex PCL.                                                                        | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 880,000   |
| 3                                     | Thai Rubber Land and Plantation Co., Ltd.                                              | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 680,000   |
| 4                                     | Thai Rubber HPNR Co., Ltd.                                                             | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 170,000   |
| 5                                     | Wang Sombun Rubber Plantation Co., Ltd.                                                | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 100,000   |
| 6                                     | Latex Systems PCL.                                                                     | Mr. Vairoj Jindamaneepitak<br>Mr. Yoottapong Soontalinka<br>Mr. Bunyarit Thanormcharoen | 1,600,000 |
| Total remuneration from the audit fee |                                                                                        |                                                                                         | 6,630,000 |

### (2) Non-Audit fee

## 9.7 Compliance with other principles of Good Corporate Governance

-None-

## 10. Corporate Social Responsibilities (CSR)

Throughout the period of its business operation, Thai Rubber Latex Corporation (Thailand) Public Company Limited and the subsidiaries have intended to express responsibilities, supports, assistance for the local community where the company has entered or established its office for business operations. The company supports the public health, environmental and educational activities, assists the victims of crisis, participates in religious activities, and creates profession to the local residents. As a private organization, the company wishes to see the nearby communities full of happiness by allowing them to create happiness with the company through the following projects:

### 10.1 Youth and educational development

The project titled “Thai Rubber reduces hardship. The society is happy. The environment is fresh.” has been initiated by the company’s idea that schools should be able to generate their own income which can be used for improvements of their lives and education as well as increasing the green space in the community. Each school was asked to find the area of up to 20 rai which can be either the school area or community area for rubber planting. The company would have taken care of the planting and treatment of the rubber trees for at least 6 years or until the rubber tapping is possible. All expenses incurred by this project were borne by the company. In addition, the company has cooperated with the community in taking care of the plantation and purchased all products. The income obtained from the sale would belong to the schools and they could manage it by themselves.

#### Objectives

1. To promote the sustainable good living of the local residents
2. To help the schools be able to generate their own income for development without awaiting the government’s subsidies
3. To promote learning of complete rubber planting and caring to teachers, students and local residents
4. To expand the green area to the local communities, which may help curve the global warming
5. To promote the living quality of students, teachers and communities in the long run

#### Project period

- At least 6 years, commencing from 2009 or until the rubber trees are ready for tapping

Participants

- Thai Rubber Latex Corporation (Thailand) Public Company Limited and the subsidiaries
- Participating schools by teachers and students
- Local communities where the schools are located
- The government authorities where the communities are located

Project places

- |                              |           |                                                                                                                                                |
|------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Ban Mareua School         | Location: | Village No. 1, Ban Maelua Village,<br>Tha Khaoplueak Sub-district, Mae Chan<br>District, Chiang Rai Province<br>Area of rubber planting 10 rai |
| 2. Ban Maephaeng School      | Location: | Village No. 5, Banden-Tha Khaoplueak Road,<br>Mae Chan District, Chiang Rai Province<br>Area of rubber planting 20 rai                         |
| 3. Ban Tubkumanthong School  | Location: | Village No. 8, Ban Tubkumanthong<br>Khaoplueak Sub-district, Mae Chan<br>District, Chiang Rai Province<br>Area of rubber planting 20 rai       |
| 4. Mae Lak Neon thong School | Location: | Village No. 6, Tha Khaoplueak Sub-<br>district, Mae Chan District, Chiang Rai<br>Province<br>Area of rubber planting 6 rai                     |

Results of the operations

- |                              |                                        |
|------------------------------|----------------------------------------|
| 1. Ban Mareua School         | started operation from 2009 to present |
| 2. Ban Maephaeng School      | started operation from 2009 to present |
| 3. Ban Tubkumanthong School  | started operation from 2009 to present |
| 4. Mae Lak Neon Thong School | started operation from 2009 to present |

## 10.2 Promotion and development of the disabled's quality of life in 2018 under Section 35

The company realizes the importance of social responsibilities of all sectors, and the company always takes these responsibilities into consideration along with the business operations. While having to contribute the funds to the government agencies as required by the law, the company has come up with an idea to create the project "Promotion and development of the disabled's quality of life in 2018 under Section 35" to provide direct assistance to the disabled people so that they can spend the funds gained



from the company to generate more income and take care of their families without reliance on the society.

#### Objectives

1. To express the company's social responsibilities
2. To help the disabled people to be able to earn a living and take care of their families without reliance on the society
3. To assure that the income will be directly received by the disabled persons without passing through any agents, which will benefit themselves the most
4. To help the government to provide assistance to the society

#### Project period

- January – December 2018

#### Participants

- The company and the subsidiaries
- The disabled people selected by the project
- Social Innovation Foundation

#### The method of providing funds (for one year)

The company will provide the funds to the disabled people who have registered as legal disabled. Social Innovation Foundation acts as the coordinator in selecting 4 disabled persons to receive the funds. Each of them receives 112,420 Baht, making a total of 449,680 Baht. The funds will be given directly to the selected disabled persons by the company.

### **10.3 Projects food raising and support for the underprivileged**

The company is committed to social responsibility and in all sectors that the company will provide assistance or support to the underprivileged society as appropriate as the company can operate. This is a part of creating and promoting a livable society by raising food and providing necessities and consumer goods that are needed to disadvantageded nurseries every year

#### Objectives

1. To support, help alleviate social burden from the public sector.
2. Supporting to underprivileged Living happily.
3. Promote and sharing the creation of a livable society.

#### Project period

- once a year

### Procedures

The company will consider selecting a location to carry out the project each year. In 2018, the company chose to be an underprivileged child protection facility, which the company has contacted with the said place. To feed and provide the necessities for consumption and consumption According to the needs of that place in order to suit the needs and suitable for the age of the person who is in the coverage of that place, which will be carried out every year at the right time for each operation

### Results of the project

2018, Project luncheon and give consumer goods.

At Home for Children with Disabilities Nontapum, Nonthaburi Province

## **11. Internal control**

### **11.1 Summary of the opinions of the company directors on the company's internal control system internal control**

The company realizes the importance of the internal control system as it acknowledges that the internal control is an essential mechanism which can drive the company to achieve the goals of its business effectively and efficiently, the use of resources and maintenance of assets, financial report, compliance with the laws, regulations and provisions as well as preventing or reducing the risks of any action which may jeopardize the company. The Board of Directors has determined the roles and duties of each committee and the management. In addition, they will monitor the operations to ensure the compliance with the assigned duties. The organizational structure and chain of command have been created to balance the power and for appropriate internal control. The business goals and key performance indicators have also been indicated for performance evaluation and comparison of the results of operations with the determined goals.

The company has also determined the policies on good corporate governance, business ethics and the code of conduct of the directors, the management and the employees of the company, the anti-corruption policy and the written complaint policy. Furthermore, the employees are encouraged to be aware of the policies and comply with them strictly. The training is provided to the employees on annual basis to ensure transparency of work and fairness to all groups of stakeholders. The monitoring processes and penalties have been arranged, and the written power manual and operation manual are reviewed and prepared to be used as the guidelines for operations of the employees of all levels and for the business liquidity based on the scope of their duties and responsibilities and appropriate internal control system.

The Board of Directors has determined that the Audit Committee supervises the internal control system, the risk management system, and the corporate governance system of the company to ensure appropriateness and efficiency. Also, the Audit Committee will examine whether the company complies with the related laws and regulations, prevent conflicts of interest, monitor the making of connected transactions and the maintenance and utilization of assets to prevent corruption or misconduct. The company has the mechanism for examining and balancing by having the internal audit who works independently and reports directly to the Audit Committee to inspect and assess the effectiveness and appropriateness of the internal control system, risk management system and corporate governance system in the operation of each unit in the company and the subsidiaries. The internal control system applies the COSO (The Committee of Sponsoring Organizations of the Tread Way Commission) standards, the framework of Enterprise Risk Management, and the principles of good corporate governance indicated by the Stock Exchange of Thailand and Thai Institute of Directors (IOD) and Organization for Economic Co-operation and Development (OECD) in the internal control system for more complete risk management and good corporate governance to ensure the most effective and efficient operations of the company.

In addition, the company evaluates the appropriateness of the internal control system on annual basis according to the guidelines of the Office of the Securities and Exchange Commission under the framework of the internal control of the Stock Exchange of Thailand which refer to 5 elements and 17 sub-principles of COSO (The Committee of Sponsoring Organizations of the Tread Way Commission). 2018, the company did not find any significant errors in its internal control system. The details are as follows:

- Risk assessment

The company realizes the importance of the management of external and internal risk factors which may affect the company's business. Therefore, the Risk Management Committee (RMC) has been appointed to oversee the company's risk management to ensure that it is in accordance with the goals and at acceptable level. It is also important to assure that all employees comply with the risk management policy which has been made on the basis of assessment and management of internal and external risk factors and covers all kinds of risks including strategic risks, operational risks, financial risks, compliance risks, and other risks derived from corruption to find the most proper measures to address these risks. The quarterly report is submitted to the Risk Management Committee and the annual report is sent to the Board of Directors. Also, the external and internal risk factors which may affect the company are reviewed annually.

#### - Control Activities

The company has the internal control measures which are in accord with the risks and the types of business. The duties and responsibilities of each position are identified clearly, and the power manual and operation manual are reviewed and prepared as the guidelines for employees' operations to ensure their conformity to the organizational structure and the current operations. Each employee can balance their power with each other, and there is a mechanism to trace back to the origin of operations, especially for the high risky operations, to reduce errors in financial transactions, sale, procurement, and asset maintenance. The Internal Audit Department audits the results of the operations to ensure compliance with the regulations, rules, power and operational manuals and to make sure that the internal control system is effective and practical. The information and communication system has also been implemented to facilitate employees' operations.

In addition, the company has indicated the clear policies, regulations, rules on making transactions with the related parties including the majority shareholders, directors, management, and related persons to affirm accuracy, transparency and fairness in consideration with the highest benefits of the company according to the principles of SET and SEC.

#### - Information and communication system

The company realizes the importance of information and communication system, so the system has been continuously promoted and developed to ensure accurate and updated information. The company has implemented modern and efficient information and communication system which can guarantee safety and of the data from the stage of data collection, data processing, data storage, and monitoring to facilitate the use of data by the directors, the management and the employees in timely manner when making business-related decisions. Moreover, the policy on security of information and communication system and data usage has been determined.

The company has arranged internal and external communication channels for which the data can be accessed quickly and conveniently through the internet. These communication channels will be used for announcing the company's policies, regulations, manuals/procedures of operations, and news.

#### - Monitoring Activities

The company conducts the assessment and monitoring of the internal control system which covers all aspects including accounting and finance, operation, compliance with the laws/regulations, asset maintenance, and corruption, which may significantly affect the company's reputation for prompt correction. The Audit Committee audits the internal control system through the Internal Control Department which monitors and assesses the

performances to ensure that the errors detected during the examination or audit processes have been rectified in timely manner. Regarding the accounting and financial control assessment by the CPA, the results will be submitted to the Audit Committee for consideration on quarterly and annually basis. The results of the audit by the CPA and the internal auditor suggest that there was no significant error.

## 12. Connected transactions

### 12.1 Connected transactions with the persons who may have the conflicts of interest in 2018

In 2018, the company had significant connected transactions with the companies and the persons who have certain common shareholders or the management. The transactions were normal trading transactions as follows:

#### Description of symbols

##### Listed company

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

##### Subsidiaries

THAITEX = Thai Rubber Latex Group Co., Ltd (99.99% of shares held by TRUBB)

LS = Latex Systems Public Company Limited. (56.16% of shares held by TRUBB)

TRLP = Thai Rubber Land and Plantation Co., Ltd. (99.99% of shares held by TRUBB)

WFX = World Flex Public Company Limited (98.4% of shares held by TRUBB)

##### Associated company

WSB = Wang Somboon Rubber Estate Co., Ltd. (48.43 % of shares held by TRLP)

##### Related companies

SDR = Soi Dao Rubber Estate Co., Ltd.

(1) Connected sale-purchase transactions related to normal trading

| Name and relationship                                                                                  | Transaction description                                                              | Value (million Baht) | Necessity and reasonability                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LS 56.16% of shares held by TRUBB)                                                                     | TRUBB sold concentrated latex to LS for production of rubber mattresses and pillows. | 246                  | <ul style="list-style-type: none"> <li>- LS bought concentrated latex from TRUBB because of its good quality.</li> <li>- TRUBB sold at the same price as other customers did (market price).</li> </ul>                                                                   |
| SRIT 100% of shares held by TRUBB)                                                                     | TRUBB sold concentrated latex to LS for trade                                        | 31.7                 | <ul style="list-style-type: none"> <li>- SRIT is a trading company in China. Buy latex from TRUBB to store expand the market.</li> <li>- TRUBB sold at the same price as other customers did (market price).</li> </ul>                                                   |
| WSB (99.99% subsidiary of TRUBB and 48.43 % of shares held by TRUBB)                                   | TRUBB brought field latex from WSB for production of concentrated latex.             | 8                    | <ul style="list-style-type: none"> <li>- WSB plantation and TRUBB factory are located in the East of Thailand, the purchasing is convenient and the transportation cost is lower.</li> <li>- TRUBB bought at the same price as other suppliers (market price).</li> </ul> |
| SDR (Group of shareholders who collectively hold 35.39% Shares in TRUBB and hold 80.42% shares in SDR) | TRUBB brought fresh latex from SDR for production of concentrated latex.             | 15                   | <ul style="list-style-type: none"> <li>- SDR plantation and TRUBB factory are located in the North-East, the purchasing is convenient and the transportation cost is lower.</li> <li>- TRUBB bought at the same price as other suppliers (market price).</li> </ul>       |

(2) The policy on determination of connected transaction prices

The details of the policy are disclosed in the note to the consolidated financial statements in Clause 4 Significant Transactions with Related Persons or Companies in the annual financial statements report of 2018 which have been audited by the CPA.

**12.2 Necessity and reasonability of the transactions**

The company has explained the necessity and reasonability of the transactions in the above tables. The Board of Directors and the Audit Committee certified the transactions on 22 February 2019.

### 12.3 Policy or possibility of connected transactions in the future

The company has no policy to make new transactions; however, if necessary, the transactions will be decided based on the maximum benefits of the shareholders. The transactions occurred in 2018 will continue to 2019.



## Part 3

### Financial Status and Operational Results

#### 13. Significant financial information

##### 13.1 Summary of the financial statements

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

Statement of financial position

| Assets                                      | Note | Consolidated         |                      | Separate             |                      |
|---------------------------------------------|------|----------------------|----------------------|----------------------|----------------------|
|                                             |      | financial statements |                      | financial statements |                      |
|                                             |      | 31 December<br>2018  | 31 December<br>2017  | 31 December<br>2018  | 31 December<br>2017  |
| (in Baht)                                   |      |                      |                      |                      |                      |
| <b>Current assets</b>                       |      |                      |                      |                      |                      |
| Cash and cash equivalents                   | 7    | 157,594,536          | 190,166,606          | 43,078,846           | 43,551,259           |
| Trade accounts receivable                   | 6, 8 | 987,070,731          | 971,286,489          | 849,776,290          | 825,467,156          |
| Other receivables                           | 6, 9 | 127,679,923          | 107,748,702          | 71,950,711           | 98,850,694           |
| Short-term loans to related parties         | 6    | -                    | -                    | 1,030,932,600        | 1,447,203,000        |
| Inventories                                 | 10   | 1,250,962,210        | 1,306,336,097        | 798,401,749          | 907,405,705          |
| Other current assets                        |      | 64,948,814           | 83,062,900           | 54,066,220           | 61,595,877           |
| <b>Total current assets</b>                 |      | <b>2,588,256,214</b> | <b>2,658,600,794</b> | <b>2,848,206,416</b> | <b>3,384,073,691</b> |
| <b>Non-current assets</b>                   |      |                      |                      |                      |                      |
| Restricted deposit at financial institution |      | 16,621,011           | 10,000,000           | 6,531,911            | -                    |
| Investments in associates                   | 11   | 30,981,598           | 32,304,199           | -                    | -                    |
| Investments in subsidiaries                 | 12   | -                    | -                    | 1,873,274,123        | 1,929,960,080        |
| Other long-term investments                 | 14   | 81,200,000           | 100,000,000          | 81,200,000           | 100,000,000          |
| Investment properties                       | 15   | 561,070,000          | 557,950,000          | 120,590,000          | 120,450,000          |
| Property, plant and equipment               | 16   | 3,501,213,899        | 3,343,089,354        | 1,078,323,515        | 1,145,343,208        |
| Goodwill                                    | 5    | 12,302,815           | -                    | -                    | -                    |
| Other intangible assets                     | 17   | 4,040,441            | 5,245,837            | 357,687              | 494,340              |
| Land possessory rights                      | 18   | 193,157,504          | 193,157,504          | 6,270,000            | 6,270,000            |
| Rubber plantation development costs         | 20   | 885,902,465          | 877,436,529          | -                    | -                    |
| Withholding tax deducted at source          |      | 163,765,430          | 165,229,088          | 157,296,158          | 159,391,949          |
| Advance payment for land possessory rights  | 19   | 34,830,416           | 36,548,648           | -                    | -                    |
| Deferred tax assets                         | 21   | 14,732,332           | 19,421,830           | -                    | -                    |
| Other non-current assets                    |      | 9,773,231            | 8,636,717            | 2,454,078            | 1,670,363            |
| <b>Total non-current assets</b>             |      | <b>5,509,591,142</b> | <b>5,349,019,706</b> | <b>3,326,297,472</b> | <b>3,463,579,940</b> |
| <b>Total assets</b>                         |      | <b>8,097,847,356</b> | <b>8,007,620,500</b> | <b>6,174,503,888</b> | <b>6,847,653,631</b> |

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

## Statement of financial position

| Liabilities and equity                       | Note  | Consolidated         |                      | Separate             |                      |
|----------------------------------------------|-------|----------------------|----------------------|----------------------|----------------------|
|                                              |       | financial statements |                      | financial statements |                      |
|                                              |       | 31 December<br>2018  | 31 December<br>2017  | 31 December<br>2018  | 31 December<br>2017  |
| (in Baht)                                    |       |                      |                      |                      |                      |
| <b>Current liabilities</b>                   |       |                      |                      |                      |                      |
| Bank overdrafts and short-term borrowings    |       |                      |                      |                      |                      |
| from financial institutions                  | 22    | 3,623,105,225        | 3,402,760,800        | 2,974,031,926        | 2,907,325,052        |
| Trade accounts payable                       | 6, 23 | 175,389,832          | 204,762,741          | 63,083,025           | 46,945,063           |
| Other payables                               | 6, 24 | 103,945,730          | 154,780,248          | 31,023,353           | 50,379,848           |
| Short-term borrowings from related parties   | 6, 22 | 4,500,000            | 8,000,000            | 47,000,000           | 32,000,000           |
| Current portion of long-term borrowings      |       |                      |                      |                      |                      |
| from financial institutions                  | 22    | 132,500,000          | 108,750,000          | 82,500,000           | 58,750,000           |
| Current portion of finance lease liabilities | 22    | 40,677,651           | 74,804,624           | 39,312,538           | 73,159,703           |
| Accrued expenses                             |       | 48,940,635           | 76,055,438           | 13,346,170           | 29,740,989           |
| Current income tax payable                   |       | 1,383,845            | 9,211,468            | -                    | -                    |
| Other current liabilities                    |       | 3,815,330            | 5,324,277            | 1,372,843            | 3,170,942            |
| <b>Total current liabilities</b>             |       | <b>4,134,258,248</b> | <b>4,044,449,596</b> | <b>3,251,669,855</b> | <b>3,201,471,597</b> |
| <b>Non-current liabilities</b>               |       |                      |                      |                      |                      |
| Long-term borrowings from financial institut | 22    | 1,166,287,175        | 1,123,750,000        | 816,250,000          | 898,750,000          |
| Finance lease liabilities                    | 22    | 54,480,947           | 90,642,695           | 51,403,291           | 86,827,194           |
| Non-current provisions for employee          | 25    | 55,368,540           | 67,169,168           | 37,238,323           | 49,068,594           |
| Deferred tax liabilities                     | 21    | 246,580,213          | 239,531,642          | 53,601,256           | 62,977,910           |
| Other non-current liability                  |       | 3,000,000            | 3,000,000            | -                    | -                    |
| <b>Total non-current liabilities</b>         |       | <b>1,525,716,875</b> | <b>1,524,093,505</b> | <b>958,492,870</b>   | <b>1,097,623,698</b> |
| <b>Total liabilities</b>                     |       | <b>5,659,975,123</b> | <b>5,568,543,101</b> | <b>4,210,162,725</b> | <b>4,299,095,295</b> |
| <b>Equity</b>                                |       |                      |                      |                      |                      |
| Share capital:                               |       |                      |                      |                      |                      |
| Authorised share capital                     | 26    | 681,479,688          | 1,881,479,688        | 681,479,688          | 1,881,479,688        |
| Issued and paid-up share capital             | 26    | 681,479,688          | 1,685,079,688        | 681,479,688          | 1,685,079,688        |
| Share premium                                |       |                      |                      |                      |                      |
| Share premium on ordinary shares             | 26    | 342,170,431          | 342,170,431          | 342,170,431          | 342,170,431          |
| Difference from business combination         |       |                      |                      |                      |                      |
| under common control                         | 3, 27 | -                    | (1,003,600,000)      | -                    | (397,599,771)        |
| Retained earnings (deficit)                  |       |                      |                      |                      |                      |
| Appropriated                                 |       |                      |                      |                      |                      |
| Legal reserve                                | 27    | 108,695,924          | 135,555,246          | 70,972,000           | 58,650,000           |
| Unappropriated (deficit)                     |       | (164,845,405)        | (242,494,785)        | 357,930,077          | 307,559,235          |
| Other components of equity                   | 27    | 1,251,504,648        | 1,300,735,197        | 511,788,967          | 552,698,753          |
| <b>Equity attributable to owners</b>         |       |                      |                      |                      |                      |
| <b>of the parent</b>                         |       | <b>2,219,005,286</b> | <b>2,217,445,777</b> | <b>1,964,341,163</b> | <b>2,548,558,336</b> |
| Non-controlling interests                    | 13    | 218,866,947          | 221,631,622          | -                    | -                    |
| <b>Total equity</b>                          |       | <b>2,437,872,233</b> | <b>2,439,077,399</b> | <b>1,964,341,163</b> | <b>2,548,558,336</b> |
| <b>Total liabilities and equity</b>          |       | <b>8,097,847,356</b> | <b>8,007,620,500</b> | <b>6,174,503,888</b> | <b>6,847,653,631</b> |

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

## Statement of comprehensive income

|                                                                             |    | Consolidated           |                        | Separate               |                        |
|-----------------------------------------------------------------------------|----|------------------------|------------------------|------------------------|------------------------|
|                                                                             |    | financial statements   |                        | financial statements   |                        |
|                                                                             |    | Year ended 31 December | Year ended 31 December | Year ended 31 December | Year ended 31 December |
| Note                                                                        |    | 2018                   | 2017                   | 2018                   | 2017                   |
|                                                                             |    | (in Baht)              |                        |                        |                        |
| <b>Income</b>                                                               |    |                        |                        |                        |                        |
| Revenue from sales of goods and rendering of services                       | 36 | 7,513,341,602          | 9,427,156,914          | 5,699,585,876          | 2,854,756,123          |
| Other income                                                                | 29 | 62,908,284             | 40,981,860             | 123,952,446            | 300,761,841            |
| <b>Total income</b>                                                         |    | <b>7,576,249,886</b>   | <b>9,468,138,774</b>   | <b>5,823,538,322</b>   | <b>3,155,517,964</b>   |
| <b>Expenses</b>                                                             |    |                        |                        |                        |                        |
| Cost of sales of goods and rendering of services                            | 10 | 6,645,123,582          | 8,401,275,633          | 5,168,128,880          | 2,701,864,281          |
| Distribution costs                                                          | 30 | 310,329,370            | 332,388,848            | 252,574,469            | 52,517,253             |
| Administrative expenses                                                     | 31 | 358,190,547            | 331,407,527            | 217,728,554            | 51,109,982             |
| Finance costs                                                               | 34 | 190,614,698            | 174,873,169            | 158,437,594            | 99,946,905             |
| <b>Total expenses</b>                                                       |    | <b>7,504,258,197</b>   | <b>9,239,945,177</b>   | <b>5,796,869,497</b>   | <b>2,905,438,421</b>   |
| Share of profit (loss) of investments in associates                         | 11 | (712,667)              | 441,572                | -                      | -                      |
| <b>Total</b>                                                                |    | <b>(712,667)</b>       | <b>441,572</b>         | <b>-</b>               | <b>-</b>               |
| <b>Profit before income tax expense</b>                                     |    | <b>71,279,022</b>      | <b>228,635,169</b>     | <b>26,668,825</b>      | <b>250,079,543</b>     |
| Tax (income) expense                                                        | 35 | (8,968,710)            | (34,259,858)           | 11,975,441             | (3,653,781)            |
| <b>Profit for the year</b>                                                  |    | <b>62,310,312</b>      | <b>194,375,311</b>     | <b>38,644,266</b>      | <b>246,425,762</b>     |
| <b>Other comprehensive income</b>                                           |    |                        |                        |                        |                        |
| <i>Items that will be reclassified subsequently to profit or loss</i>       |    |                        |                        |                        |                        |
| Exchange differences on translating foreign operations                      |    | (4,779,318)            | (789,495)              | -                      | -                      |
| Share of other comprehensive income (expense) of associate                  | 11 | (74,334)               | 54,016                 | -                      | -                      |
| <b>Total items that will be reclassified subsequently to profit or loss</b> |    | <b>(4,853,652)</b>     | <b>(735,479)</b>       | <b>-</b>               | <b>-</b>               |
| <i>Items that will not be reclassified to profit or loss</i>                |    |                        |                        |                        |                        |
| Gains on revaluation of assets                                              |    | -                      | 60,670,000             | -                      | -                      |
| Defined benefit plan actuarial gains (losses)                               | 25 | 13,490,850             | (802,288)              | 12,993,937             | (101,234)              |
| Income tax relating to items that will not be reclassified                  | 21 | (2,698,170)            | (12,050,894)           | (2,598,787)            | 20,247                 |
| <b>Total items that will not be reclassified to profit or loss</b>          |    | <b>10,792,680</b>      | <b>47,816,818</b>      | <b>10,395,150</b>      | <b>(80,987)</b>        |
| <b>Other comprehensive income (expense) for the year, net of income tax</b> |    | <b>5,939,028</b>       | <b>47,081,339</b>      | <b>10,395,150</b>      | <b>(80,987)</b>        |
| <b>Total comprehensive income for the year</b>                              |    | <b>68,249,340</b>      | <b>241,456,650</b>     | <b>49,039,416</b>      | <b>246,344,775</b>     |
| <b>Profit attributable to:</b>                                              |    |                        |                        |                        |                        |
| Owners of the parent                                                        |    | 18,224,798             | 144,406,056            | 38,644,266             | 246,425,762            |
| Non-controlling interests                                                   | 13 | 44,085,514             | 49,969,255             | -                      | -                      |
| <b>Profit for the year</b>                                                  |    | <b>62,310,312</b>      | <b>194,375,311</b>     | <b>38,644,266</b>      | <b>246,425,762</b>     |
| <b>Total comprehensive income attributable to:</b>                          |    |                        |                        |                        |                        |
| Owners of the parent                                                        |    | 25,275,051             | 192,054,630            | 49,039,416             | 246,344,775            |
| Non-controlling interests                                                   | 13 | 42,974,289             | 49,402,020             | -                      | -                      |
| <b>Total comprehensive income for the year</b>                              |    | <b>68,249,340</b>      | <b>241,456,650</b>     | <b>49,039,416</b>      | <b>246,344,775</b>     |
| <b>Earnings per share</b>                                                   |    |                        |                        |                        |                        |
| Basic earnings per share (in Baht)                                          | 37 | 0.03                   | 0.21                   | 0.06                   | 0.36                   |

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

## Statement of changes in equity

| Consolidated financial statements                                 |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|-------------------------------------------------------------------|----------------------------------|---------------|-----------------------------------------------------------|-------------------|--------------------------|------------------------------------------|---------------------|---------------------------------------------|-----------------------------------------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------|-----------------|
| Note                                                              |                                  |               |                                                           | Retained earnings |                          | Other components of shareholders' equity |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   | Issued and paid-up share capital | Share premium | Difference from business combination under common control | Legal reserve     | Unappropriated (Deficit) | Translating foreign operations           | Revaluation surplus | Changes in ownership interest in subsidiary | Share of other comprehensive income/(expenses) of investments in associates | Total other components of equity | Total equity attributable to owners of the parent | Non-controlling interests | Total equity    |
|                                                                   |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           | (in Baht)       |
| For the year ended 31 December 2017                               |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
| Balance at 1 January 2017                                         | 681,479,688                      | 342,170,431   | -                                                         | 123,676,011       | (439,021,914)            | (4,993,773)                              | 1,331,666,509       | (11,412,912)                                | 1,827,107                                                                   | 1,317,086,931                    | 2,025,391,147                                     | 188,034,158               | 2,213,425,305   |
| Transactions with owners, recorded directly in equity             |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
| <i>Contributions by and distributions to owners of the parent</i> |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
| Issue of ordinary shares                                          | 26                               | 1,003,600,000 | -                                                         | -                 | -                        | -                                        | -                   | -                                           | -                                                                           | -                                | 1,003,600,000                                     | 9,962,041                 | 1,013,562,041   |
| Dividends paid in subsidiaries                                    |                                  | -             | -                                                         | -                 | -                        | -                                        | -                   | -                                           | -                                                                           | -                                | -                                                 | (25,766,597)              | (25,766,597)    |
| Total transactions with owners, recorded directly in equity       |                                  | 1,003,600,000 | -                                                         | -                 | -                        | -                                        | -                   | -                                           | -                                                                           | -                                | 1,003,600,000                                     | (15,804,556)              | 987,795,444     |
| Comprehensive income for the year                                 |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
| Profit for the year                                               |                                  | -             | -                                                         | -                 | 144,406,056              | -                                        | -                   | -                                           | -                                                                           | -                                | 144,406,056                                       | 49,969,255                | 194,375,311     |
| Other comprehensive income                                        |                                  | -             | -                                                         | -                 | (647,686)                | (253,323)                                | 48,495,567          | -                                           | 54,016                                                                      | 48,296,260                       | 47,648,574                                        | (567,235)                 | 47,081,339      |
| Total comprehensive income for the year                           |                                  | -             | -                                                         | -                 | 143,758,370              | (253,323)                                | 48,495,567          | -                                           | 54,016                                                                      | 48,296,260                       | 192,054,630                                       | 49,402,020                | 241,456,650     |
| Transfer to legal reserve in subsidiary                           |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   |                                  | -             | -                                                         | 11,879,235        | (11,879,235)             | -                                        | -                   | -                                           | -                                                                           | -                                | -                                                 | -                         | -               |
| Transfer to retained earnings                                     |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   |                                  | -             | -                                                         | -                 | 64,647,994               | -                                        | (64,647,994)        | -                                           | -                                                                           | (64,647,994)                     | -                                                 | -                         | -               |
| Effect of business restructuring                                  |                                  |               |                                                           |                   |                          |                                          |                     |                                             |                                                                             |                                  |                                                   |                           |                 |
|                                                                   | 3                                | -             | -                                                         | (1,003,600,000)   | -                        | -                                        | -                   | -                                           | -                                                                           | -                                | (1,003,600,000)                                   | -                         | (1,003,600,000) |
| Balance at 31 December 2017                                       |                                  | 1,685,079,688 | 342,170,431                                               | (1,003,600,000)   | 135,555,246              | (242,494,785)                            | (5,247,096)         | 1,315,514,082                               | (11,412,912)                                                                | 1,881,123                        | 1,300,735,197                                     | 221,631,622               | 2,439,077,399   |

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

Statement of changes in equity

| Consolidated financial statements                                    |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------|---------------|---------------------------|--------------------------------|---------------------|-----------------------------------------------|-----------------------------------------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------|-----------------|--------------|
| Note                                                                 | <div> <div>Retained earnings</div> <div>Other components of shareholders' equity</div> </div> |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
|                                                                      | Issued and paid-up share capital                                                              | Share premium   | Difference from business combination under common control | Legal reserve | Unappro-priated (Deficit) | Translating foreign operations | Revaluation surplus | Changes in ownership interest in subsidiaries | Share of other comprehensive income/(expenses) of investments in associates | Total other components of equity | Total equity attributable to owners of the parent | Non-controlling interests | Total equity    |              |
|                                                                      |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
|                                                                      |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| (in Baht)                                                            |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| For the year ended 31 December 2018                                  |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| Balance at 1 January 2018                                            | 1,685,079,688                                                                                 | 342,170,431     | (1,003,600,000)                                           | 135,555,246   | (242,494,785)             | (5,247,096)                    | 1,315,514,082       | (11,412,912)                                  | 1,881,123                                                                   | 1,300,735,197                    | 2,217,445,777                                     | 221,631,622               | 2,439,077,399   |              |
| Transactions with owners, recorded directly in equity                |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| Contributions by and distributions to owners of the parent           |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| Issue of ordinary shares                                             | 26                                                                                            | (1,003,600,000) | -                                                         | -             | -                         | -                              | -                   | -                                             | -                                                                           | -                                | (1,003,600,000)                                   | -                         | (1,003,600,000) |              |
| Dividends paid in subsidiaries                                       |                                                                                               | -               | -                                                         | -             | -                         | -                              | -                   | -                                             | -                                                                           | -                                | -                                                 | (16,287,192)              | (16,287,192)    |              |
| Dividends paid to owners of the Company                              | 38                                                                                            | -               | -                                                         | -             | (27,256,360)              | -                              | -                   | -                                             | -                                                                           | -                                | (27,256,360)                                      | -                         | (27,256,360)    |              |
| Total transactions with owners, recorded directly in equity          |                                                                                               | (1,003,600,000) | -                                                         | -             | (27,256,360)              | -                              | -                   | -                                             | -                                                                           | -                                | (1,030,856,360)                                   | (16,287,192)              | (1,047,143,552) |              |
| Changes in ownership interests in subsidiaries                       |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| Acquisition of non-controlling interests without a change in control | 5(b)                                                                                          | -               | -                                                         | -             | 7,971,047                 | (11,990,050)                   | 434,092             | 3,585,746                                     | 3,539,983                                                                   | -                                | 7,559,821                                         | 3,540,818                 | (29,451,772)    | (25,910,954) |
| Total changes in ownership interests in subsidiaries                 |                                                                                               | -               | -                                                         | -             | 7,971,047                 | (11,990,050)                   | 434,092             | 3,585,746                                     | 3,539,983                                                                   | -                                | 7,559,821                                         | 3,540,818                 | (29,451,772)    | (25,910,954) |
| Comprehensive income for the year                                    |                                                                                               |                 |                                                           |               |                           |                                |                     |                                               |                                                                             |                                  |                                                   |                           |                 |              |
| Profit for the year                                                  |                                                                                               | -               | -                                                         | -             | -                         | 18,224,798                     | -                   | -                                             | -                                                                           | -                                | -                                                 | 44,085,514                | 62,310,312      |              |
| Other comprehensive income                                           |                                                                                               | -               | -                                                         | -             | -                         | 11,153,257                     | (4,028,670)         | -                                             | -                                                                           | (74,334)                         | (4,103,004)                                       | (1,111,225)               | 5,939,028       |              |
| Total comprehensive income for the year                              |                                                                                               | -               | -                                                         | -             | -                         | 29,378,055                     | (4,028,670)         | -                                             | -                                                                           | (74,334)                         | (4,103,004)                                       | 42,974,289                | 68,249,340      |              |
| Transfer to legal reserve                                            |                                                                                               | -               | -                                                         | -             | 12,322,000                | (12,322,000)                   | -                   | -                                             | -                                                                           | -                                | -                                                 | -                         | -               |              |
| Transfer to legal reserve in subsidiary                              |                                                                                               | -               | -                                                         | -             | 3,227,631                 | (3,227,631)                    | -                   | -                                             | -                                                                           | -                                | -                                                 | -                         | -               |              |
| Transfer to retained earnings                                        |                                                                                               | -               | -                                                         | -             | -                         | 52,687,366                     | (52,687,366)        | -                                             | -                                                                           | (52,687,366)                     | -                                                 | -                         | -               |              |
| Effect of business restructuring                                     | 3                                                                                             | -               | -                                                         | 1,003,600,000 | (50,380,000)              | 50,380,000                     | -                   | -                                             | -                                                                           | -                                | 1,003,600,000                                     | -                         | 1,003,600,000   |              |
| Balance at 31 December 2018                                          |                                                                                               | 681,479,688     | 342,170,431                                               | -             | 108,695,924               | (164,845,405)                  | (8,841,674)         | 1,266,412,462                                 | (7,872,929)                                                                 | 1,806,789                        | 1,251,504,648                                     | 218,866,947               | 2,437,872,233   |              |

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

## Statement of changes in equity

| Separate financial statements                               |               |               |                           |                   |                |                      |               | Other components of |
|-------------------------------------------------------------|---------------|---------------|---------------------------|-------------------|----------------|----------------------|---------------|---------------------|
|                                                             |               |               |                           | Retained earnings |                | shareholders' equity |               |                     |
|                                                             | Issued and    | Share         | Difference                | Legal             |                | Revaluation          | Total         |                     |
| Note                                                        | paid-up       | premium       | from business combination | reserve           | Unappropriated | surplus              | equity        |                     |
|                                                             | share capital |               | under common control      | (in Baht)         |                |                      |               |                     |
| For the year ended 31 December 2017                         |               |               |                           |                   |                |                      |               |                     |
| Balance at 1 January 2017                                   | 681,479,688   | 342,170,431   | -                         | 58,650,000        | 52,862,614     | 163,450,828          | 1,298,613,561 |                     |
| Transactions with owners, recorded directly in equity       |               |               |                           |                   |                |                      |               |                     |
| Contributions by owners of the parent                       |               |               |                           |                   |                |                      |               |                     |
| Issue of ordinary shares                                    | 26            | 1,003,600,000 | -                         | -                 | -              | -                    | 1,003,600,000 |                     |
| Total transactions with owners, recorded directly in equity |               | 1,003,600,000 | -                         | -                 | -              | -                    | 1,003,600,000 |                     |
| Comprehensive income for the year                           |               |               |                           |                   |                |                      |               |                     |
| Profit for the year                                         |               | -             | -                         | -                 | 246,425,762    | -                    | 246,425,762   |                     |
| Other comprehensive income                                  |               | -             | -                         | -                 | (80,987)       | -                    | (80,987)      |                     |
| Total comprehensive income for the year                     |               | -             | -                         | -                 | 246,344,775    | -                    | 246,344,775   |                     |
| Transfer to retained earnings                               |               |               |                           |                   |                |                      |               |                     |
| Effect of business restructuring                            | 3             | -             | (397,599,771)             | -                 | -              | 397,599,771          | -             |                     |
| Balance at 31 December 2017                                 |               | 1,685,079,688 | 342,170,431               | (397,599,771)     | 58,650,000     | 307,559,235          | 2,548,558,336 |                     |

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

## Statement of changes in equity

|                                                                    |      | Separate financial statements          |                  |                                                                 |                               |                | Other components of    |                 |
|--------------------------------------------------------------------|------|----------------------------------------|------------------|-----------------------------------------------------------------|-------------------------------|----------------|------------------------|-----------------|
|                                                                    |      |                                        |                  |                                                                 | Retained earnings             |                | shareholders' equity   |                 |
|                                                                    | Note | Issued and<br>paid-up<br>share capital | Share<br>premium | Difference<br>from business combination<br>under common control | Legal<br>reserve<br>(in Baht) | Unappropriated | Revaluation<br>surplus | Total<br>equity |
| For the year ended 31 December 2018                                |      |                                        |                  |                                                                 |                               |                |                        |                 |
| Balance at 1 January 2018                                          |      | 1,685,079,688                          | 342,170,431      | (397,599,771)                                                   | 58,650,000                    | 307,559,235    | 552,698,753            | 2,548,558,336   |
| Transactions with owners, recorded directly in equity              |      |                                        |                  |                                                                 |                               |                |                        |                 |
| <i>Contributions by owners of the parent</i>                       |      |                                        |                  |                                                                 |                               |                |                        |                 |
| Reduction of ordinary shares                                       | 26   | (1,003,600,000)                        | -                | -                                                               | -                             | -              | -                      | (1,003,600,000) |
| Dividends paid to owners at the Company                            | 38   | -                                      | -                | -                                                               | -                             | (27,256,360)   | -                      | (27,256,360)    |
| <i>Total transactions with owners, recorded directly in equity</i> |      | (1,003,600,000)                        | -                | -                                                               | -                             | (27,256,360)   | -                      | (1,030,856,360) |
| Comprehensive income for the year                                  |      |                                        |                  |                                                                 |                               |                |                        |                 |
| Profit for the year                                                |      | -                                      | -                | -                                                               | -                             | 38,644,266     | -                      | 38,644,266      |
| Other comprehensive income                                         |      | -                                      | -                | -                                                               | -                             | 10,395,150     | -                      | 10,395,150      |
| <i>Total comprehensive income for the year</i>                     |      | -                                      | -                | -                                                               | -                             | 49,039,416     | -                      | 49,039,416      |
| Transfer to legal reserve                                          |      |                                        |                  |                                                                 |                               |                |                        |                 |
|                                                                    |      | -                                      | -                | -                                                               | 12,322,000                    | (12,322,000)   | -                      | -               |
| Transfer to retained earnings                                      |      |                                        |                  |                                                                 |                               |                |                        |                 |
|                                                                    |      | -                                      | -                | -                                                               | -                             | 40,909,786     | (40,909,786)           | -               |
| Effect of business restructuring                                   | 3    | -                                      | -                | 397,599,771                                                     | -                             | -              | -                      | 397,599,771     |
| Balance at 31 December 2018                                        |      | 681,479,688                            | 342,170,431      | -                                                               | 70,972,000                    | 357,930,077    | 511,788,967            | 1,964,341,163   |



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

## Statement of cash flows

|                                                                           | Consolidated<br>financial statements |                    | Separate<br>financial statements |                     |
|---------------------------------------------------------------------------|--------------------------------------|--------------------|----------------------------------|---------------------|
|                                                                           | Year ended 31 December               |                    | Year ended 31 December           |                     |
|                                                                           | 2018                                 | 2017               | 2018                             | 2017                |
|                                                                           | (in Baht)                            |                    |                                  |                     |
| <b><i>Cash flows from operating activities</i></b>                        |                                      |                    |                                  |                     |
| Profit for the year                                                       | 62,310,312                           | 194,375,311        | 38,644,266                       | 246,425,762         |
| <i>Adjustments to reconcile profit to cash receipts (payments)</i>        |                                      |                    |                                  |                     |
| Tax expense                                                               | 8,968,710                            | 34,259,858         | (11,975,441)                     | 3,653,781           |
| Finance costs                                                             | 190,614,698                          | 174,873,169        | 158,437,594                      | 99,946,905          |
| Depreciation and amortisation                                             | 236,773,126                          | 211,021,210        | 101,604,404                      | 16,557,133          |
| Amortisation of rubber plantation development costs                       | 8,824,312                            | 14,750,764         | -                                | -                   |
| Provision for (reversal of) bad and doubtful debts expenses               | (3,000)                              | 1,605,815          | (3,000)                          | -                   |
| (Reversed of) losses on inventories devaluation                           | (4,473,236)                          | 4,473,236          | -                                | -                   |
| Unrealised (gain) loss on exchange                                        | 7,004,141                            | (953,340)          | 4,190,769                        | (107,503)           |
| Loss on impairment of investments in subsidiaries                         | -                                    | -                  | 39,180,000                       | -                   |
| Loss on impairment of other long-term investment                          | 18,800,000                           | -                  | 18,800,000                       | -                   |
| Gain on capital return of subsidiary                                      | -                                    | -                  | (62,000,283)                     | -                   |
| (Gain) loss on fair value adjustment of investment properties             | (3,120,000)                          | (8,890,000)        | (140,000)                        | 2,640,000           |
| Loss on sale of property, plant and equipment                             | 664,918                              | 11,371,770         | -                                | 10,930              |
| Loss on written-off of property, plant and equipment                      | 9,941,913                            | 552,704            | -                                | -                   |
| Gain on disposal of non-current assets classified as held for sale        | -                                    | (6,184,641)        | -                                | -                   |
| Provision for employee benefits                                           | 5,883,182                            | 5,866,598          | 3,990,836                        | 1,154,572           |
| Share of (profit) loss of investments in associates,<br>net of income tax | 712,667                              | (441,572)          | -                                | -                   |
| Written-off of withholding tax deducted at source                         | 739,809                              | 273,981            | 739,809                          | -                   |
| Dividends income                                                          | -                                    | -                  | (20,623,947)                     | (231,970,981)       |
| Interest income                                                           | (539,508)                            | (692,382)          | (27,962,733)                     | (55,872,806)        |
|                                                                           | 543,102,044                          | 636,262,481        | 242,882,274                      | 82,437,793          |
| <b><i>Changes in operating assets and liabilities</i></b>                 |                                      |                    |                                  |                     |
| Trade and other accounts receivables                                      | (42,055,215)                         | (25,493,534)       | (34,036,790)                     | (142,588,605)       |
| Inventories                                                               | 59,847,123                           | (212,669,263)      | 109,003,956                      | (206,538,293)       |
| Other current assets                                                      | 18,165,586                           | 1,741,225          | 7,581,156                        | (1,655,534)         |
| Other non-current assets                                                  | 581,718                              | 1,506,212          | (783,715)                        | 3,915,084           |
| Trade and other accounts payables                                         | (84,070,409)                         | 37,790,155         | (3,050,498)                      | 191,235,432         |
| Accrued expenses                                                          | (27,114,803)                         | 37,842,616         | (16,394,819)                     | 3,258,459           |
| Other current liabilities                                                 | (1,508,947)                          | 480,216            | (1,798,099)                      | 925,026             |
| Non-current provision for employee benefits                               | (4,192,960)                          | (1,643,340)        | (2,827,170)                      | (94,200)            |
| Cash generated from (used in) operating activities                        | 462,754,137                          | 475,816,768        | 300,576,295                      | (69,104,838)        |
| Tax received                                                              | 28,468,485                           | 13,365,221         | 28,225,931                       | -                   |
| Tax paid                                                                  | (35,501,070)                         | (62,169,974)       | (26,869,949)                     | (16,257,688)        |
| <b>Net cash from (used in) operating activities</b>                       | <b>455,721,552</b>                   | <b>427,012,015</b> | <b>301,932,277</b>               | <b>(85,362,526)</b> |

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

## Statement of cash flows

|                                                                      | Consolidated<br>financial statements |                      | Separate<br>financial statements |                     |
|----------------------------------------------------------------------|--------------------------------------|----------------------|----------------------------------|---------------------|
|                                                                      | Year ended 31 December               |                      | Year ended 31 December           |                     |
|                                                                      | 2018                                 | 2017                 | 2018                             | 2017                |
|                                                                      | (in Baht)                            |                      |                                  |                     |
| <b><i>Cash flows from investing activities</i></b>                   |                                      |                      |                                  |                     |
| Proceeds from capital return of subsidiary                           | -                                    | -                    | -                                | 890,293             |
| Purchase of other long-term investment                               | -                                    | (100,000,000)        | -                                | (100,000,000)       |
| Repayment of short-term loans to related parties                     | -                                    | -                    | (63,500,000)                     | (74,600,000)        |
| Proceeds from short-term loans to related parties                    | -                                    | -                    | 479,770,400                      | 17,700,000          |
| Decrease in short-term loans to other parties                        | -                                    | 15,582,591           | -                                | 13,885,590          |
| Acquisition of non-controlling interest                              | (26,164,444)                         | -                    | (526,493,989)                    | -                   |
| Increase in restricted deposit at financial institution              | (6,621,011)                          | (10,000,000)         | (6,531,911)                      | -                   |
| Acquisition of business                                              | (102,323,430)                        | -                    | -                                | -                   |
| Acquisition of property, plant and equipment                         | (307,742,559)                        | (187,665,604)        | (28,223,700)                     | (5,465,105)         |
| Acquisition of other intangible assets                               | (999,665)                            | (4,243,885)          | (29,827)                         | -                   |
| Proceeds from sale of property, plant and equipment                  | 3,078,598                            | 92,906,444           | -                                | 5,607               |
| Proceeds from sale of non-current assets classified as held for sale | -                                    | 40,018,533           | -                                | 6,826,000           |
| Increase in rubber plantation development costs                      | (10,603,392)                         | (26,767,188)         | -                                | -                   |
| Proceeds from entire business transfer                               | -                                    | -                    | -                                | 9,976,593           |
| Interest received                                                    | 539,508                              | 698,809              | 60,528,849                       | 27,882,554          |
| Dividends received                                                   | 535,600                              | -                    | 20,623,947                       | 14,371,005          |
| <b>Net cash used in investing activities</b>                         | <b>(450,300,795)</b>                 | <b>(179,470,300)</b> | <b>(63,856,231)</b>              | <b>(88,527,463)</b> |
| <b><i>Cash flows from financing activities</i></b>                   |                                      |                      |                                  |                     |
| Increase (decrease) in bank overdrafts and short-term borrowings     |                                      |                      |                                  |                     |
| from financial institutions                                          | 220,344,425                          | (46,388,062)         | 66,706,874                       | 162,356,650         |
| Payment by a lessee for reduction of the outstanding liability       |                                      |                      |                                  |                     |
| relating to a finance lease                                          | (76,465,240)                         | (70,669,278)         | (74,830,137)                     | (9,276,156)         |
| Proceeds from short-term borrowings from related parties             | -                                    | -                    | 15,000,000                       | 296,227,460         |
| Repayment of short-term borrowings from related parties              | (3,500,000)                          | -                    | -                                | (124,600,000)       |
| Proceeds from long-term borrowings                                   | 175,037,175                          | 230,000,000          | -                                | -                   |
| Repayment of long-term borrowings                                    | (108,750,000)                        | (72,500,000)         | (58,750,000)                     | (12,000,000)        |
| Dividends paid to owners of the Company                              | (27,256,360)                         | -                    | (27,256,360)                     | -                   |
| Proceeds from change in non-controlling interests                    |                                      |                      |                                  |                     |
| without a change in control                                          | 253,490                              | -                    | -                                | -                   |
| Dividends paid of subsidiaries to non-controlling interest           | (16,287,192)                         | (25,766,597)         | -                                | -                   |
| Interest paid                                                        | (188,364,603)                        | (192,052,689)        | (156,357,996)                    | (94,160,905)        |
| Other finance costs paid                                             | (8,225,204)                          | (6,399,715)          | (3,060,840)                      | (1,796,377)         |
| <b>Net cash from (used in) financing activities</b>                  | <b>(33,213,509)</b>                  | <b>(183,776,341)</b> | <b>(238,548,459)</b>             | <b>216,750,672</b>  |
| Net increase (decrease) in cash and cash equivalents,                |                                      |                      |                                  |                     |
| before effect of exchange rates                                      | (27,792,752)                         | 63,765,374           | (472,413)                        | 42,860,683          |
| Effect of exchange rate changes on cash and cash equivalents         | (4,779,318)                          | (789,495)            | -                                | -                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | <b>(32,572,070)</b>                  | <b>62,975,879</b>    | <b>(472,413)</b>                 | <b>42,860,683</b>   |
| Cash and cash equivalents at 1 January                               | 190,166,606                          | 127,190,727          | 43,551,259                       | 690,576             |
| <b>Cash and cash equivalents at 31 December</b>                      | <b>157,594,536</b>                   | <b>190,166,606</b>   | <b>43,078,846</b>                | <b>43,551,259</b>   |
| <b><i>Supplemental disclosures of cash flow information</i></b>      |                                      |                      |                                  |                     |
| <b>Non-cash transactions</b>                                         |                                      |                      |                                  |                     |
| Assets acquired under financial lease and hire purchase agreement    | 6,176,519                            | 84,771,968           | 5,559,069                        | 2,687,248           |
| Dividends received from subsidiary by offsetting with loans          | -                                    | -                    | -                                | 217,599,976         |
| Advance payment for land possessory rights                           | 1,718,232                            | 8,451,352            | -                                | -                   |
| Issue of share capital as consideration transferred                  | -                                    | 1,003,600,000        | -                                | 1,003,600,000       |
| Capital return from business restructuring                           | -                                    | -                    | 62,000,283                       | -                   |

## 14. Management Discussion and Analysis (MD&A)

### 14.1 Overall Performance

The company had net profit for 2018 was 62.3 million Baht. Profits decreased by 132 million baht due to the decline in rubber prices. When comparing rubber price of field latex in 2017 and 2018, the price of rubber dropped significantly from 57.12 baht per kilogram in 2017 to 42.74 baht per kilogram in the year. 2018, equivalent to 25 percent (Source: <http://www.raot.co.th/>)

In 2017, the company has restructured by accepting the entire business transfer from Thai Rubber Latex Group Company Limited (subsidiary company) (THAITEK) in order to restructure the company. And the company has received tax benefits on the transfer of business from the entire business transfer. THAITEK has completed the payment on 4 December 2018. The restructuring can make the management more efficient because THAITEK Conducts latex processing business which is the same business as the parent company And make the financial statements clear in the category of business groups And can also reflect the true ability of the operation of the latex group as well.

### 14.2 Performance and Profitability

In term of the operation result of 2018 comparing to 2017, the company had sales and service income 7,513.34 million Baht, the decrease of 20.03% or 1,913.81 million Baht, due to the decrease of latex price helping the company gain more income. Cost of sales and service in 2018 was 6,645.12 million Baht and in 2017 was 8,401.28 million Baht, the decrease of 20.09% or 1,756.15 million Baht, which was the result of a decreases cost of raw material price. The Group has improved more effective production cost control and the improving of rubber thread production which caused greater output and higher quality of rubber thread produced. However, the price of chemical materials increased, causing the higher cost of production.

The business group split routing and administration groups are as follows:

Latex and pre-vulcanized Group in 2018 had profit before tax 30 million baht, which decreased from 2017 by 188 million baht due to a decreased price of rubber. In addition, the business group has additional capacity. And the concentrated latex tank since the end of 2016 has resulted in the business group having more tanks to collect latex to support the needs and productivity in the future.

Regarding the Rubber Product Group, profit before tax was 142 million Baht in 2018, which increased by 8 million Baht from 2017, which contributes to the increasing sales by 175 million Baht. Also, the Rubber Product Group could expand its customer base,

especially in China, and will continue expanding the targets because the company's products have good quality that meet demand of the market.

As for Rubber Plantation Group, loss before tax was 41 million Baht in 2018, which makes the loss decrease by 22 million baht comparing to 2016. This was because business was affected by various factors, such as fluctuation of the field latex price, and the price of rubber was at low level. Plus, the group has fixed costs which are not changed in accord with the rubber price. In addition, the group has to bear the impairment losses of certain properties, leading to the business loss. Nevertheless, the decrease in loss of this group positivity affects the overall operation of the Group.

### 14.3 Asset Management

#### (1) Components of assets

- The value of the current assets was 2,588 million Baht, which decreased by 70 million Baht or 3%, due to the decrease of inventories, 55 million Baht and the decrease of current assets by 18 million Baht. Because the price of rubber in the market decreases, causing the inventories and raw materials to have a lower price and the payment for the products in advance decreases from the value of field latex

- The value of the non-current assets was 5,510 million Baht, which increased by 160 million Baht because of an increase in Land, buildings and equipment 158 million Baht. From the fact that the Group has purchased a pillow and mattress factory business In Rayong Province to increase the production capacity of pillow and mattress business and the expansion of the pillow and mattress factory In Chachoengsao Province.

#### (2) Impairment of Assets

The company's existing assets are reported in their fair value, without intention to deliberately impair their value. If impairments take place, the company reserves and amount to compensate for such impairment, accurately reflecting the asset quality corresponding to its true market value based on accepted accounting principles.

#### (3) Account Receivable

The value of trade account receivable was 1,121 million Baht. After deduction of allowance for doubtful accounts, the net value of trade account receivable was 987 million Baht. In 2018, the value of account receivable increased by 28 million Baht by comparison with the previous year. This was because the Concentrated Latex and Rubber Product Group increased their sales.

- Allowance for doubtful accounts was completely made at the value of 133 million Baht, amounting to 12% of the trade account receivable. In 2018, there was not any additional allowance for doubtful accounts.

#### (4) Inventories

The net value of inventories after deduction of allowance for diminution in value of inventories was 1,251 million Baht, Inventories decreased by 55 million baht in comparison with the previous year. Because the price of rubber in the market decreased by 25%

### 14.4 Liquidity and capital sufficiency

#### (1) Sources and User of Capital

- There were changes in capital sources and user of capital. In 2018, the net cash received from operations was 456 million Baht which the cash flow was received from the inventories decreased by 84 million Baht. As a result of purchasing more raw materials most trade creditors do not have credit terms.

- Appropriateness of the capital structure: The company uses the capital structure mainly from liabilities. The ratio of debt to equity shareholders in 2018 was 2.32 times, up from 2.28 times in the year 2017 in the amount of overdrafts increased. Because the group must be used for the purchase of raw materials Increase in long-term loans Due to the long-term loan drawdown to expand the pillow and latex mattress factory.

- As for the changes in shareholders' equity in the separated financial statements in 2018, the shareholders' equity of the holding company increased by 1,560 million Baht. Caused by the major company buying shares from minority shareholders of subsidiaries causing the shareholding proportion to increase Therefore, the transfer of non-controlling interests to shareholders' equity is only transferred to the parent company.

#### (2) Investment Expenditures

In terms of investment in 2018, the company spent the net amount of 450 million Baht of cash. The amount of 308 million Baht was spent mainly on purchasing the land, buildings, equipment and intangible assets to invest in the expansion of rubber mattresses and pillows production capacity. And the purchase of the business of pillows and latex mattresses 102 million baht and the purchase of shares from minority shareholders of subsidiaries 26 million baht.

#### (3) Liquidity Management

As the sales of concentrated latex is the main income of the Group, and the use of working capital in concentrated latex business can be varied according to the rubber tapping period, the amount of working capital needed for this business was not fixed throughout the year. The end of the year was the period when working capital was the most essential while a little amount was needed during the second quarter. Although the rubber price decreased, the company still has sufficient credit limit for supporting its operations.

#### 14.5 Factors affecting future operations

(1) Rubber Prices and Demand: Since the company and its affiliates conduct business covering all aspects of the rubber industry, and increase in rubber demand will drive up selling prices, leading to increase production, sales, and profitability.

(2) Governmental Influences on Rubber Prices: The government considers that low rubber price negatively affects the agriculturalists' quality of lives led to the issuing of many policies to drive up rubber prices. If the policies are unanticipated by the market, rubber prices and the company's profitability will be mutually affected.

(3) Weather conditions: As rubber raw materials are obtained from the plantation, weather conditions are the factor affecting rubber tapping. For example, droughts decrease latex production as well as heavy rains wash away latex from the trees, decreasing the total amount collected.

(4) Oil price: oil prices do not directly affect the volatility of rubber prices, but have some indirect influence because synthetic rubber, which is a substitute product of natural rubber, requires petrochemicals from oil for production; therefore, oil price will affect directly to the substitute products.

## Details of the directors of the company's subsidiaries

| Company names<br>Names           | Thai Rubber<br>Latex Group<br>Co., Ltd.* | World<br>Flex<br>PCL | Thai<br>Rubber<br>Land and<br>Plantation<br>Co., Ltd. | Thai<br>Rubber<br>HPNR<br>Co., Ltd. | Latex<br>Systems<br>PCL. | Myanmar<br>Thai Rubber<br>Joint<br>Corporation<br>Limited |
|----------------------------------|------------------------------------------|----------------------|-------------------------------------------------------|-------------------------------------|--------------------------|-----------------------------------------------------------|
| Mr. Vorathep Wongsasuthikul      |                                          | X                    |                                                       |                                     | /                        | /                                                         |
| Mr. Paiboon Waraprateep          |                                          | /                    |                                                       |                                     |                          | /                                                         |
| Mr. Prachnon Temritikulchai      |                                          | /                    |                                                       |                                     |                          | /                                                         |
| Mr. Vanchai Sriherunrusmee       |                                          | /                    |                                                       | /                                   | /                        |                                                           |
| Mr. Prawit Waraprateep           |                                          | //                   |                                                       | //                                  | /                        |                                                           |
| Miss Chalengkwan Wongsasutthikul |                                          | //                   |                                                       | //                                  |                          |                                                           |
| Mr. Pattarapol Wongsasutthikul   |                                          | //                   |                                                       | //                                  | /                        | /                                                         |
| Mr. Prakrit Waraprateep          |                                          |                      |                                                       | //                                  |                          |                                                           |
| Mr. Kowit Wongsasutthikul        |                                          |                      |                                                       | //                                  | /                        |                                                           |
| Mr. Nat Wongsasutthikul          |                                          | //                   |                                                       |                                     |                          |                                                           |
| Mr. Phasitpol Temrithikulchai    |                                          |                      |                                                       | //                                  | /                        |                                                           |
| Mrs. Pathumporn Trivisvavet      |                                          |                      |                                                       |                                     | //                       |                                                           |
| Mrs. Rattana Techapanngam        |                                          |                      |                                                       |                                     | /                        |                                                           |
| Mr. Thiwat Sirichaithewin        |                                          |                      |                                                       |                                     | //                       |                                                           |
| Mr. Traiwit Chainapong           |                                          |                      | /                                                     |                                     |                          |                                                           |
| Mr. Pornchai Jindaudomset**      |                                          |                      | /                                                     |                                     |                          |                                                           |
| Mr. Somrak Maneekorn             |                                          |                      |                                                       |                                     |                          | /                                                         |
| Daw Nan Yin                      |                                          |                      |                                                       |                                     |                          | /                                                         |
| Kaw Taung (a) Thet Naing Soe     |                                          |                      |                                                       |                                     |                          | /                                                         |
| Mrs. Nikhom Kanokpaipipat        |                                          |                      |                                                       |                                     |                          | /                                                         |
| Ma Kao Yi                        |                                          |                      |                                                       |                                     |                          | /                                                         |
| Prasoet Leelbanyong              |                                          |                      |                                                       |                                     |                          | /                                                         |
| Mr. Chareonrat Payakpong         |                                          |                      |                                                       |                                     |                          | /                                                         |

หมายเหตุ / = Director X= President // = Executive Director



\* Thai Rubber Latex Group Co., Ltd. improved the company structure by dissolution on December 28, 2017 and completed the liquidation on December 4, 2018

\*\* Mr. Pornchai Jindaudomset assumed his position in January 2018.

Subsidiaries:

1. Thai Rubber Latex Group Company Limited
2. World Flex Public Company Limited
3. Thai Rubber Land and Plantation Company Limited
4. Thai Rubber H P N R Company Limited
5. Latex Systems Public Company Limited
6. Myanmar Thai Rubber Joint Corporation Limited

## Information of Chief internal auditor and Chief of compliance

### Mr.Prawit Waraprateep

**Age** 47 Year

**Position** - Director / Managing Director Compliance & Internal Control  
Thai Rubber Latex Corporation (Thailand) Public Company Limited

### Education

- Master of Science in Finance, Chulalongkorn University Thailand
- Master of Business Administration Eastern Michigan University U.S.A
- Bachelor of Architecture King Mongkut's Institute of Technology Ladkrabang Thailand

### Shareholding in company and its subsidiaries

Thai Rubber Latex Corporation (Thailand) Public Company Limited.  
34,050,000 shares, about 5.00 % of total shares

### Relationship between directors and executives

Son of Mr.Paiboon Waraprateep

### Biography

**Address** 99/1-3 Moo 13 T. Bangkaew, A. Bangplee, Samutprakarn 10540  
**Tel.** +66 2033 2333  
**Fax.** +66 2033 2389-99

### Work Experience

|                |                                                 |                                               |
|----------------|-------------------------------------------------|-----------------------------------------------|
| 2018 - Present | Managing Director Compliance & Internal Control | Thai Rubber Latex Corporation (Thailand) PCL. |
| 2017 - Present | Director                                        | Thai Rubber Latex Corporation (Thailand) PCL. |
| 2008 - Present | Executive Director                              | World Flex PCL                                |
| 2006 - Present | Director                                        | Latex Systems PCL.                            |
| 2005 - 2017    | Assistant Managing Director                     | Thai Rubber Latex Corporation (Thailand) PCL. |
| 2014 - 2017    | Managing Director Accounting & Finance          | Thai Rubber Latex Corporation (Thailand) PCL. |
| 2005 - 2017    | Executive Director                              | Thai Rubber Latex Group Co., Ltd.             |
| 2003 - 2015    | Executive Director                              | Agrowealth Co., Ltd.                          |

**Training / Seminar**

- \* Balanced Scorecard – Direction to the successful implementation
- \* Impact of being Asian Economic Community (AEC)
- \* Leadership Development for Organizational Excellence
- \* Leadership Management
- \* Safety officer at the executive level
- \* The role of managers and supervisors.
- \* Goal setting techniques to performance assessment
- \* Roles and duties of the Board of Directors
- \* Corporate culture, important matters & writing of assignments
- \* Coordination between agencies TQM guidelines
- \* Awaken your energy, motivate your team
- \* Cost-reduction management for everyone involved
- \* Business analysis and decision making
- \* Teamwork development and building organizational relationship by Walk Rally

**Director / Executive Manager in other business**

- None -

## Miss Jarucha Rompothong

**Age** 45 Year  
**Position** Internal Audit Manager  
 Thai Rubber Latex Corporation (Thailand) PCL.

### Education

Bachelor of Business Administration Account Institution Rajabhat Chacherngsao  
 Master of Business Administration General Management Huachiew Chalermprakiet University

### Shareholding in company and its subsidiaries

- None -

### Biography

**Address** 99/1-3 Moo 13 T. Bangkaew, A. Bangplee, Samutprakarn 10540  
**Tel.** +66 2033 2333 ต่อ 404  
**Fax.** +66 2033 2389-99

### Work Experience

1993 - 1996 Internal Audit TOA Paint (Thailand) Co., Ltd.  
 1996 - present Internal Audit Thai Rubber Latex Corporation (Thailand) PCL.

### Training / Seminar

|                                                         |                                                                                     |
|---------------------------------------------------------|-------------------------------------------------------------------------------------|
| * Endorsed Internal Auditing Program (EIAP)             | Chulalongkorn University, The Institute of Internal Auditors New York United Stated |
| * Tools and techniques for the audit manager            | The Institute of Internal Auditors of Thailand                                      |
| * Risk Management /Key Performance Indicator            | The Institute of Internal Auditors of Thailand                                      |
| * Skill for new auditor-charge                          | The Institute of Internal Auditors of Thailand                                      |
| * Fraud Audit                                           | The Institute of Internal Auditors of Thailand                                      |
| * Analytical Thinking for Professional Internal Auditor | The Institute of Internal Auditors of Thailand                                      |
| * Leadership skills for auditors                        | The Institute of Internal Auditors of Thailand                                      |

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

Financial statements for the year ended  
31 December 2018  
and  
Independent Auditor's Report





KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000  
Fax +66 2677 2222  
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด  
ชั้น 50 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000  
แฟกซ์ +66 2677 2222  
เว็บไซต์ kpmg.com/th

## Independent Auditor's Report

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

#### *Opinion*

I have audited the consolidated and separate financial statements of Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries (the "Group") and of Thai Rubber Latex Corporation (Thailand) Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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



| <b>Recognition of deferred tax assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Notes 4(v) and 21 to the consolidated and separate financial statements                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>The Group/Company has recognised deferred tax assets for unused tax losses that it believes are sufficient to utilise. The recognition of deferred tax assets is dependent on the Group's/Company's ability to generate future taxable profits that are sufficient to utilise tax losses (before the tax losses expire).</p> <p>The assessment of future taxable profits and the recognition of deferred tax assets requires judgment and estimates and is the focus area in my audit.</p> | <p>My audit procedures included the following :</p> <ul style="list-style-type: none"> <li>• Inquiring the management who is responsible for preparing the Group's/Company's future taxable profits;</li> <li>• Assessing the management's judgments and assumptions used by evaluating the reasonableness of the historical projection prepared by management's experiences and comparing with the actual operating results and the operation's plan and using my understanding of the Group/Company and the Group's/Company's industry;</li> <li>• Verifying the mathematical accuracy of budgeted future taxable profits; and</li> <li>• Considering the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

| <b>Impairment testing of rubber plantation development costs and investment in subsidiaries</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Notes 4(g), 4(k), 4(l), 12 and 20 to the consolidated and separate financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>As the current economic over the rubber industry in Thailand has significant impact on rubber prices and the operating results of Thai Rubber Land and Plantation Co., Ltd. and Thai Rubber H P N R Co., Ltd. The management determined the impairment indicator in rubber plantation development costs in the consolidated financial statements and investment in subsidiaries in the separate financial statements and it resulted to impairment assessment of the assets.</p> <p>The impairment testing of assets involves significant judgment by management to identify any indicators of impairment and recoverable amount. Judgmental aspects include estimate and assumptions which includes the future cash flows forecasts according to the operating plan. I considered this as key audit matter.</p> | <p>My audit procedures included the following :</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of impairment indicator;</li> <li>• Assessing the discounted cash flows prepared by the management and the key assumptions which underpin management's forecast on the assessment of recoverable amount of the assets with reference to current market situations, its operating plan, my knowledge of the business, other information obtained during the audit and performing trend analysis;</li> <li>• Evaluating the reasonableness of the historical projection prepared by management's experiences, compared with the actual operating result;</li> <li>• Verifying the mathematical accuracy of the impairment calculation; and</li> <li>• Considering the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

| <b>Fair value measurement of investment properties</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Notes 4(h) and 15 to the consolidated and separate financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p>Investment properties are measured at fair value. The fair value of investment properties was determined by independent property valuers on an annual basis.</p> <p>As at 31 December 2018, the Group/Company revalued the fair value of its investment properties by independent property valuers hired by the management which used the valuation techniques of market comparison and replacement costs.</p> <p>Determining the fair value requires a number of significant judgments and estimates. Since the carrying value of the assets is significant, this is the focus area of my audit.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding the process and controls of the valuation process;</li> <li>• Evaluating the qualifications, competence and independence of the Group's/Company's external appraisal valuers;</li> <li>• Using the work of expert engaged by KPMG to assess the appropriateness of the key assumptions and the valuation methodology; and</li> <li>• Considering the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

| <b>Acquisition of business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Notes 4(a) and 5(a) to the consolidated financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p>On 1 September 2018, the Group obtained control of assets, transferred trademark and employees in production and distribution of pillow and mattress produced from rubber from a company in Thailand, the transaction is accounted for as a business acquisition. During 2018, the Group had completed assessing the fair value of the net assets acquired resulting in the recording of goodwill of Baht 12.3 million in the consolidated statement of financial position as at 31 December 2018.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired requires significant judgment and the amount of this business combination is significant.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Reading the sale and purchase agreement and analysis memorandum of the business combination prepared by its subsidiary to understand key terms and conditions;</li> <li>• Evaluating the assessment by the Group of identification of all the assets acquired and consideration transferred;</li> <li>• Evaluating the qualifications and independence of the independent valuer of the Group;</li> <li>• Evaluating the assumptions and methodologies underpinning the valuations;</li> <li>• Consulting the valuation expert engaged by my firm and involved KPMG valuation specialist to evaluate the appropriateness of key financial parameters, financial methodologies and valuation methodology used and calculation rational; and</li> <li>• Considering the adequacy of disclosures in accordance with the Thai Financial Reporting Standards.</li> </ul> |



### *Other Information*

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

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

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Yoottapong Soontalinka)  
Certified Public Accountant  
Registration No. 10604

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2019



**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**  
**Statement of financial position**

|                                             |             | Consolidated         |                      | Separate             |                      |
|---------------------------------------------|-------------|----------------------|----------------------|----------------------|----------------------|
|                                             |             | financial statements |                      | financial statements |                      |
|                                             |             | 31 December          | 31 December          | 31 December          | 31 December          |
| <b>Assets</b>                               | <i>Note</i> | 2018                 | 2017                 | 2018                 | 2017                 |
| <i>(in Baht)</i>                            |             |                      |                      |                      |                      |
| <b>Current assets</b>                       |             |                      |                      |                      |                      |
| Cash and cash equivalents                   | 7           | 157,594,536          | 190,166,606          | 43,078,846           | 43,551,259           |
| Trade accounts receivable                   | 6, 8        | 987,070,731          | 971,286,489          | 849,776,290          | 825,467,156          |
| Other receivables                           | 6, 9        | 127,679,923          | 107,748,702          | 71,950,711           | 98,850,694           |
| Short-term loans to related parties         | 6           | -                    | -                    | 1,030,932,600        | 1,447,203,000        |
| Inventories                                 | 10          | 1,250,962,210        | 1,306,336,097        | 798,401,749          | 907,405,705          |
| Other current assets                        |             | 64,948,814           | 83,062,900           | 54,066,220           | 61,595,877           |
| <b>Total current assets</b>                 |             | <b>2,588,256,214</b> | <b>2,658,600,794</b> | <b>2,848,206,416</b> | <b>3,384,073,691</b> |
| <b>Non-current assets</b>                   |             |                      |                      |                      |                      |
| Restricted deposit at financial institution |             | 16,621,011           | 10,000,000           | 6,531,911            | -                    |
| Investments in associates                   | 11          | 30,981,598           | 32,304,199           | -                    | -                    |
| Investments in subsidiaries                 | 12          | -                    | -                    | 1,873,274,123        | 1,929,960,080        |
| Other long-term investments                 | 14          | 81,200,000           | 100,000,000          | 81,200,000           | 100,000,000          |
| Investment properties                       | 15          | 561,070,000          | 557,950,000          | 120,590,000          | 120,450,000          |
| Property, plant and equipment               | 16          | 3,501,213,899        | 3,343,089,354        | 1,078,323,515        | 1,145,343,208        |
| Goodwill                                    | 5           | 12,302,815           | -                    | -                    | -                    |
| Other intangible assets                     | 17          | 4,040,441            | 5,245,837            | 357,687              | 494,340              |
| Land possessory rights                      | 18          | 193,157,504          | 193,157,504          | 6,270,000            | 6,270,000            |
| Rubber plantation development costs         | 20          | 885,902,465          | 877,436,529          | -                    | -                    |
| Withholding tax deducted at source          |             | 163,765,430          | 165,229,088          | 157,296,158          | 159,391,949          |
| Advance payment for land possessory rights  | 19          | 34,830,416           | 36,548,648           | -                    | -                    |
| Deferred tax assets                         | 21          | 14,732,332           | 19,421,830           | -                    | -                    |
| Other non-current assets                    |             | 9,773,231            | 8,636,717            | 2,454,078            | 1,670,363            |
| <b>Total non-current assets</b>             |             | <b>5,509,591,142</b> | <b>5,349,019,706</b> | <b>3,326,297,472</b> | <b>3,463,579,940</b> |
| <b>Total assets</b>                         |             | <b>8,097,847,356</b> | <b>8,007,620,500</b> | <b>6,174,503,888</b> | <b>6,847,653,631</b> |

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**  
**Statement of financial position**

|                                                           |             | Consolidated<br>financial statements |                      | Separate<br>financial statements |                      |
|-----------------------------------------------------------|-------------|--------------------------------------|----------------------|----------------------------------|----------------------|
|                                                           |             | 31 December<br>2018                  | 31 December<br>2017  | 31 December<br>2018              | 31 December<br>2017  |
| <b>Liabilities and equity</b>                             | <i>Note</i> |                                      |                      |                                  |                      |
| <i>(in Baht)</i>                                          |             |                                      |                      |                                  |                      |
| <b>Current liabilities</b>                                |             |                                      |                      |                                  |                      |
| Bank overdrafts and short-term borrowings                 |             |                                      |                      |                                  |                      |
| from financial institutions                               | 22          | 3,623,105,225                        | 3,402,760,800        | 2,974,031,926                    | 2,907,325,052        |
| Trade accounts payable                                    | 6, 23       | 175,389,832                          | 204,762,741          | 63,083,025                       | 46,945,063           |
| Other payables                                            | 6, 24       | 103,945,730                          | 154,780,248          | 31,023,353                       | 50,379,848           |
| Short-term borrowings from related parties                | 6, 22       | 4,500,000                            | 8,000,000            | 47,000,000                       | 32,000,000           |
| Current portion of long-term borrowings                   |             |                                      |                      |                                  |                      |
| from financial institutions                               | 22          | 132,500,000                          | 108,750,000          | 82,500,000                       | 58,750,000           |
| Current portion of finance lease liabilities              | 22          | 40,677,651                           | 74,804,624           | 39,312,538                       | 73,159,703           |
| Accrued expenses                                          |             | 48,940,635                           | 76,055,438           | 13,346,170                       | 29,740,989           |
| Current income tax payable                                |             | 1,383,845                            | 9,211,468            | -                                | -                    |
| Other current liabilities                                 |             | 3,815,330                            | 5,324,277            | 1,372,843                        | 3,170,942            |
| <b>Total current liabilities</b>                          |             | <b>4,134,258,248</b>                 | <b>4,044,449,596</b> | <b>3,251,669,855</b>             | <b>3,201,471,597</b> |
| <b>Non-current liabilities</b>                            |             |                                      |                      |                                  |                      |
| Long-term borrowings from financial institutions          | 22          | 1,166,287,175                        | 1,123,750,000        | 816,250,000                      | 898,750,000          |
| Finance lease liabilities                                 | 22          | 54,480,947                           | 90,642,695           | 51,403,291                       | 86,827,194           |
| Non-current provisions for employee benefits              | 25          | 55,368,540                           | 67,169,168           | 37,238,323                       | 49,068,594           |
| Deferred tax liabilities                                  | 21          | 246,580,213                          | 239,531,642          | 53,601,256                       | 62,977,910           |
| Other non-current liability                               |             | 3,000,000                            | 3,000,000            | -                                | -                    |
| <b>Total non-current liabilities</b>                      |             | <b>1,525,716,875</b>                 | <b>1,524,093,505</b> | <b>958,492,870</b>               | <b>1,097,623,698</b> |
| <b>Total liabilities</b>                                  |             | <b>5,659,975,123</b>                 | <b>5,568,543,101</b> | <b>4,210,162,725</b>             | <b>4,299,095,295</b> |
| <b>Equity</b>                                             |             |                                      |                      |                                  |                      |
| Share capital:                                            |             |                                      |                      |                                  |                      |
| Authorised share capital                                  | 26          | 681,479,688                          | 1,881,479,688        | 681,479,688                      | 1,881,479,688        |
| Issued and paid-up share capital                          | 26          | 681,479,688                          | 1,685,079,688        | 681,479,688                      | 1,685,079,688        |
| Share premium                                             |             |                                      |                      |                                  |                      |
| Share premium on ordinary shares                          | 26          | 342,170,431                          | 342,170,431          | 342,170,431                      | 342,170,431          |
| Difference from business combination under common control | 3, 27       | -                                    | (1,003,600,000)      | -                                | (397,599,771)        |
| Retained earnings (deficit)                               |             |                                      |                      |                                  |                      |
| Appropriated                                              |             |                                      |                      |                                  |                      |
| Legal reserve                                             | 27          | 108,695,924                          | 135,555,246          | 70,972,000                       | 58,650,000           |
| Unappropriated (deficit)                                  |             | (164,845,405)                        | (242,494,785)        | 357,930,077                      | 307,559,235          |
| Other components of equity                                | 27          | 1,251,504,648                        | 1,300,735,197        | 511,788,967                      | 552,698,753          |
| <b>Equity attributable to owners of the parent</b>        |             | <b>2,219,005,286</b>                 | <b>2,217,445,777</b> | <b>1,964,341,163</b>             | <b>2,548,558,336</b> |
| Non-controlling interests                                 | 13          | 218,866,947                          | 221,631,622          | -                                | -                    |
| <b>Total equity</b>                                       |             | <b>2,437,872,233</b>                 | <b>2,439,077,399</b> | <b>1,964,341,163</b>             | <b>2,548,558,336</b> |
| <b>Total liabilities and equity</b>                       |             | <b>8,097,847,356</b>                 | <b>8,007,620,500</b> | <b>6,174,503,888</b>             | <b>6,847,653,631</b> |

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income**

|                                                                             | <i>Note</i> | <b>Consolidated</b>         |                      | <b>Separate</b>             |                      |
|-----------------------------------------------------------------------------|-------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                                                                             |             | <b>financial statements</b> |                      | <b>financial statements</b> |                      |
|                                                                             |             | Year ended 31 December      |                      | Year ended 31 December      |                      |
|                                                                             |             | 2018                        | 2017                 | 2018                        | 2017                 |
| <i>(in Baht)</i>                                                            |             |                             |                      |                             |                      |
| <b>Income</b>                                                               |             |                             |                      |                             |                      |
| Revenue from sales of goods and rendering of services                       | 36          | 7,513,341,602               | 9,427,156,914        | 5,699,585,876               | 2,854,756,123        |
| Other income                                                                | 29          | 62,908,284                  | 40,981,860           | 123,952,446                 | 300,761,841          |
| <b>Total income</b>                                                         |             | <b>7,576,249,886</b>        | <b>9,468,138,774</b> | <b>5,823,538,322</b>        | <b>3,155,517,964</b> |
| <b>Expenses</b>                                                             |             |                             |                      |                             |                      |
| Cost of sales of goods and rendering of services                            | 10          | 6,645,123,582               | 8,401,275,633        | 5,168,128,880               | 2,701,864,281        |
| Distribution costs                                                          | 30          | 310,329,370                 | 332,388,848          | 252,574,469                 | 52,517,253           |
| Administrative expenses                                                     | 31          | 358,190,547                 | 331,407,527          | 217,728,554                 | 51,109,982           |
| Finance costs                                                               | 34          | 190,614,698                 | 174,873,169          | 158,437,594                 | 99,946,905           |
| <b>Total expenses</b>                                                       |             | <b>7,504,258,197</b>        | <b>9,239,945,177</b> | <b>5,796,869,497</b>        | <b>2,905,438,421</b> |
| Share of profit (loss) of investments in associates                         | 11          | (712,667)                   | 441,572              | -                           | -                    |
| <b>Total</b>                                                                |             | <b>(712,667)</b>            | <b>441,572</b>       | <b>-</b>                    | <b>-</b>             |
| <b>Profit before income tax expense</b>                                     |             | <b>71,279,022</b>           | <b>228,635,169</b>   | <b>26,668,825</b>           | <b>250,079,543</b>   |
| Tax (income) expense                                                        | 35          | (8,968,710)                 | (34,259,858)         | 11,975,441                  | (3,653,781)          |
| <b>Profit for the year</b>                                                  |             | <b>62,310,312</b>           | <b>194,375,311</b>   | <b>38,644,266</b>           | <b>246,425,762</b>   |
| <b>Other comprehensive income</b>                                           |             |                             |                      |                             |                      |
| <i>Items that will be reclassified subsequently to profit or loss</i>       |             |                             |                      |                             |                      |
| Exchange differences on translating foreign operations                      |             | (4,779,318)                 | (789,495)            | -                           | -                    |
| Share of other comprehensive income (expense) of associates                 | 11          | (74,334)                    | 54,016               | -                           | -                    |
| <b>Total items that will be reclassified subsequently to profit or loss</b> |             | <b>(4,853,652)</b>          | <b>(735,479)</b>     | <b>-</b>                    | <b>-</b>             |
| <i>Items that will not be reclassified to profit or loss</i>                |             |                             |                      |                             |                      |
| Gains on revaluation of assets                                              |             | -                           | 60,670,000           | -                           | -                    |
| Defined benefit plan actuarial gains (losses)                               | 25          | 13,490,850                  | (802,288)            | 12,993,937                  | (101,234)            |
| Income tax relating to items that will not be reclassified                  | 21          | (2,698,170)                 | (12,050,894)         | (2,598,787)                 | 20,247               |
| <b>Total items that will not be reclassified to profit or loss</b>          |             | <b>10,792,680</b>           | <b>47,816,818</b>    | <b>10,395,150</b>           | <b>(80,987)</b>      |
| <b>Other comprehensive income (expense) for the year, net of income tax</b> |             | <b>5,939,028</b>            | <b>47,081,339</b>    | <b>10,395,150</b>           | <b>(80,987)</b>      |
| <b>Total comprehensive income for the year</b>                              |             | <b>68,249,340</b>           | <b>241,456,650</b>   | <b>49,039,416</b>           | <b>246,344,775</b>   |
| <b>Profit attributable to:</b>                                              |             |                             |                      |                             |                      |
| Owners of the parent                                                        |             | 18,224,798                  | 144,406,056          | 38,644,266                  | 246,425,762          |
| Non-controlling interests                                                   | 13          | 44,085,514                  | 49,969,255           | -                           | -                    |
| <b>Profit for the year</b>                                                  |             | <b>62,310,312</b>           | <b>194,375,311</b>   | <b>38,644,266</b>           | <b>246,425,762</b>   |
| <b>Total comprehensive income attributable to:</b>                          |             |                             |                      |                             |                      |
| Owners of the parent                                                        |             | 25,275,051                  | 192,054,630          | 49,039,416                  | 246,344,775          |
| Non-controlling interests                                                   | 13          | 42,974,289                  | 49,402,020           | -                           | -                    |
| <b>Total comprehensive income for the year</b>                              |             | <b>68,249,340</b>           | <b>241,456,650</b>   | <b>49,039,416</b>           | <b>246,344,775</b>   |
| <b>Earnings per share</b>                                                   |             |                             |                      |                             |                      |
| Basic earnings per share <i>(in Baht)</i>                                   | 37          | 0.03                        | 0.21                 | 0.06                        | 0.36                 |

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

| Consolidated financial statements                           |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
|-------------------------------------------------------------|----------------------------------|---------------|-----------------------------------------------------------|-------------------|--------------------------|------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------------------------------------------------------|----------------------------------|-----------------|---------------|---------------------------------------------------|---------------------------|--------------|
| Note                                                        | Issued and paid-up share capital | Share premium | Difference from business combination under common control | Retained earnings |                          | Other components of shareholders' equity |                               |                                             |                                                                             |                                  |                 |               | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
|                                                             |                                  |               |                                                           | Legal reserve     | Unappropriated (Deficit) | Translating foreign operations           | Revaluation surplus (in Baht) | Changes in ownership interest in subsidiary | Share of other comprehensive income/(expenses) of investments in associates | Total other components of equity |                 |               |                                                   |                           |              |
|                                                             |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
| For the year ended 31 December 2017                         |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
| Balance at 1 January 2017                                   | 681,479,688                      | 342,170,431   | -                                                         | 123,676,011       | (439,021,914)            | (4,993,773)                              | 1,331,666,509                 | (11,412,912)                                | 1,827,107                                                                   | 1,317,086,931                    | 2,025,391,147   | 188,034,158   | 2,213,425,305                                     |                           |              |
| Transactions with owners, recorded directly in equity       |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
| Contributions by and distributions to owners of the parent  |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
| Issue of ordinary shares                                    | 26                               | 1,003,600,000 | -                                                         | -                 | -                        | -                                        | -                             | -                                           | -                                                                           | -                                | 1,003,600,000   | 9,962,041     | 1,013,562,041                                     |                           |              |
| Dividends paid in subsidiaries                              |                                  | -             | -                                                         | -                 | -                        | -                                        | -                             | -                                           | -                                                                           | -                                | -               | (25,766,597)  | (25,766,597)                                      |                           |              |
| Total transactions with owners, recorded directly in equity |                                  | 1,003,600,000 | -                                                         | -                 | -                        | -                                        | -                             | -                                           | -                                                                           | -                                | 1,003,600,000   | (15,804,556)  | 987,795,444                                       |                           |              |
| Comprehensive income for the year                           |                                  |               |                                                           |                   |                          |                                          |                               |                                             |                                                                             |                                  |                 |               |                                                   |                           |              |
| Profit for the year                                         |                                  | -             | -                                                         | -                 | -                        | 144,406,056                              | -                             | -                                           | -                                                                           | -                                | 144,406,056     | 49,969,255    | 194,375,311                                       |                           |              |
| Other comprehensive income                                  |                                  | -             | -                                                         | -                 | -                        | (647,686)                                | (253,323)                     | 48,495,567                                  | -                                                                           | 54,016                           | 48,296,260      | 47,648,574    | 47,081,339                                        |                           |              |
| Total comprehensive income for the year                     |                                  | -             | -                                                         | -                 | -                        | 143,758,370                              | (253,323)                     | 48,495,567                                  | -                                                                           | 54,016                           | 48,296,260      | 192,054,630   | 241,456,650                                       |                           |              |
| Transfer to legal reserve in subsidiary                     |                                  | -             | -                                                         | -                 | 11,879,235               | (11,879,235)                             | -                             | -                                           | -                                                                           | -                                | -               | -             | -                                                 |                           |              |
| Transfer to retained earnings                               |                                  | -             | -                                                         | -                 | -                        | 64,647,994                               | -                             | (64,647,994)                                | -                                                                           | -                                | (64,647,994)    | -             | -                                                 |                           |              |
| Effect of business restructuring                            | 3                                | -             | -                                                         | (1,003,600,000)   | -                        | -                                        | -                             | -                                           | -                                                                           | -                                | (1,003,600,000) | -             | (1,003,600,000)                                   |                           |              |
| Balance at 31 December 2017                                 |                                  | 1,685,079,688 | 342,170,431                                               | (1,003,600,000)   | 135,555,246              | (242,494,785)                            | (5,247,096)                   | 1,315,514,082                               | (11,412,912)                                                                | 1,881,123                        | 1,300,735,197   | 2,217,445,777 | 2,439,077,399                                     |                           |              |

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

| Consolidated financial statements                                    |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
|----------------------------------------------------------------------|----------------------------------|-----------------|-----------------------------------------------------------|-------------------|--------------------------|------------------------------------------|----------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------|-----------------|
| Note                                                                 | Issued and paid-up share capital | Share premium   | Difference from business combination under common control | Retained earnings |                          | Other components of shareholders' equity |                                  |                                               |                                                                             |                                  | Total equity attributable to owners of the parent | Non-controlling interests | Total equity    |
|                                                                      |                                  |                 |                                                           | Legal reserve     | Unappropriated (Deficit) | Translating foreign operations           | Revaluation surplus<br>(in Baht) | Changes in ownership interest in subsidiaries | Share of other comprehensive income/(expenses) of investments in associates | Total other components of equity |                                                   |                           |                 |
|                                                                      |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| For the year ended 31 December 2018                                  |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| Balance at 1 January 2018                                            | 1,685,079,688                    | 342,170,431     | (1,003,600,000)                                           | 135,555,246       | (242,494,785)            | (5,247,096)                              | 1,315,514,082                    | (11,412,912)                                  | 1,881,123                                                                   | 1,300,735,197                    | 2,217,445,777                                     | 221,631,622               | 2,439,077,399   |
| Transactions with owners, recorded directly in equity                |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| Contributions by and distributions to owners of the parent           |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| Issue of ordinary shares                                             | 26                               | (1,003,600,000) | -                                                         | -                 | -                        | -                                        | -                                | -                                             | -                                                                           | -                                | (1,003,600,000)                                   | -                         | (1,003,600,000) |
| Dividends paid in subsidiaries                                       |                                  | -               | -                                                         | -                 | -                        | -                                        | -                                | -                                             | -                                                                           | -                                | -                                                 | (16,287,192)              | (16,287,192)    |
| Dividends paid to owners of the Company                              | 38                               | -               | -                                                         | -                 | (27,256,360)             | -                                        | -                                | -                                             | -                                                                           | -                                | (27,256,360)                                      | -                         | (27,256,360)    |
| Total transactions with owners, recorded directly in equity          |                                  | (1,003,600,000) | -                                                         | -                 | (27,256,360)             | -                                        | -                                | -                                             | -                                                                           | -                                | (1,030,856,360)                                   | (16,287,192)              | (1,047,143,552) |
| Changes in ownership interests in subsidiaries                       |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| Acquisition of non-controlling interests without a change in control | 5(b)                             | -               | -                                                         | -                 | 7,971,047                | (11,990,050)                             | 434,092                          | 3,585,746                                     | 3,539,983                                                                   | -                                | 7,559,821                                         | 3,540,818                 | (29,451,772)    |
| Total changes in ownership interests in subsidiaries                 |                                  | -               | -                                                         | -                 | 7,971,047                | (11,990,050)                             | 434,092                          | 3,585,746                                     | 3,539,983                                                                   | -                                | 7,559,821                                         | 3,540,818                 | (25,910,954)    |
| Comprehensive income for the year                                    |                                  |                 |                                                           |                   |                          |                                          |                                  |                                               |                                                                             |                                  |                                                   |                           |                 |
| Profit for the year                                                  |                                  | -               | -                                                         | -                 | -                        | 18,224,798                               | -                                | -                                             | -                                                                           | -                                | 18,224,798                                        | 44,085,514                | 62,310,312      |
| Other comprehensive income                                           |                                  | -               | -                                                         | -                 | -                        | 11,153,257                               | (4,028,670)                      | -                                             | -                                                                           | (74,334)                         | 7,050,253                                         | (1,111,225)               | 5,939,028       |
| Total comprehensive income for the year                              |                                  | -               | -                                                         | -                 | -                        | 29,378,055                               | (4,028,670)                      | -                                             | -                                                                           | (74,334)                         | 25,275,051                                        | 42,974,289                | 68,249,340      |
| Transfer to legal reserve                                            |                                  | -               | -                                                         | -                 | 12,322,000               | (12,322,000)                             | -                                | -                                             | -                                                                           | -                                | -                                                 | -                         | -               |
| Transfer to legal reserve in subsidiary                              |                                  | -               | -                                                         | -                 | 3,227,631                | (3,227,631)                              | -                                | -                                             | -                                                                           | -                                | -                                                 | -                         | -               |
| Transfer to retained earnings                                        |                                  | -               | -                                                         | -                 | -                        | 52,687,366                               | -                                | (52,687,366)                                  | -                                                                           | -                                | (52,687,366)                                      | -                         | -               |
| Effect of business restructuring                                     | 3                                | -               | -                                                         | 1,003,600,000     | (50,380,000)             | 50,380,000                               | -                                | -                                             | -                                                                           | -                                | 1,003,600,000                                     | -                         | 1,003,600,000   |
| Balance at 31 December 2018                                          |                                  | 681,479,688     | 342,170,431                                               | -                 | 108,695,924              | (164,845,405)                            | (8,841,674)                      | 1,266,412,462                                 | (7,872,929)                                                                 | 1,806,789                        | 1,251,504,648                                     | 2,219,005,286             | 2,437,872,233   |

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

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**
**Statement of changes in equity**

| Separate financial statements                                      |      |                                  |                    |                                                           |                            |                                          |                     |                      |
|--------------------------------------------------------------------|------|----------------------------------|--------------------|-----------------------------------------------------------|----------------------------|------------------------------------------|---------------------|----------------------|
|                                                                    |      |                                  |                    | Retained earnings                                         |                            | Other components of shareholders' equity |                     |                      |
|                                                                    | Note | Issued and paid-up share capital | Share premium      | Difference from business combination under common control | Legal reserve<br>(in Baht) | Unappropriated                           | Revaluation surplus | Total equity         |
| <b>For the year ended 31 December 2017</b>                         |      |                                  |                    |                                                           |                            |                                          |                     |                      |
| <b>Balance at 1 January 2017</b>                                   |      | <b>681,479,688</b>               | <b>342,170,431</b> | <b>-</b>                                                  | <b>58,650,000</b>          | <b>52,862,614</b>                        | <b>163,450,828</b>  | <b>1,298,613,561</b> |
| <b>Transactions with owners, recorded directly in equity</b>       |      |                                  |                    |                                                           |                            |                                          |                     |                      |
| <i>Contributions by owners of the parent</i>                       |      |                                  |                    |                                                           |                            |                                          |                     |                      |
| Issue of ordinary shares                                           | 26   | 1,003,600,000                    | -                  | -                                                         | -                          | -                                        | -                   | 1,003,600,000        |
| <b>Total transactions with owners, recorded directly in equity</b> |      | <b>1,003,600,000</b>             | <b>-</b>           | <b>-</b>                                                  | <b>-</b>                   | <b>-</b>                                 | <b>-</b>            | <b>1,003,600,000</b> |
| <b>Comprehensive income for the year</b>                           |      |                                  |                    |                                                           |                            |                                          |                     |                      |
| Profit for the year                                                |      | -                                | -                  | -                                                         | -                          | 246,425,762                              | -                   | 246,425,762          |
| Other comprehensive income                                         |      | -                                | -                  | -                                                         | -                          | (80,987)                                 | -                   | (80,987)             |
| <b>Total comprehensive income for the year</b>                     |      | <b>-</b>                         | <b>-</b>           | <b>-</b>                                                  | <b>-</b>                   | <b>246,344,775</b>                       | <b>-</b>            | <b>246,344,775</b>   |
| Transfer to retained earnings                                      |      | -                                | -                  | -                                                         | -                          | 8,351,846                                | (8,351,846)         | -                    |
| Effect of business restructuring                                   | 3    | -                                | -                  | (397,599,771)                                             | -                          | -                                        | 397,599,771         | -                    |
| <b>Balance at 31 December 2017</b>                                 |      | <b>1,685,079,688</b>             | <b>342,170,431</b> | <b>(397,599,771)</b>                                      | <b>58,650,000</b>          | <b>307,559,235</b>                       | <b>552,698,753</b>  | <b>2,548,558,336</b> |

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



**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

|                                                                    |                                        | Separate financial statements |                                                                 |                               |                     |                    | Other components of    |                        |
|--------------------------------------------------------------------|----------------------------------------|-------------------------------|-----------------------------------------------------------------|-------------------------------|---------------------|--------------------|------------------------|------------------------|
|                                                                    |                                        |                               |                                                                 |                               | Retained earnings   |                    | shareholders' equity   |                        |
| Note                                                               | Issued and<br>paid-up<br>share capital | Share<br>premium              | Difference<br>from business combination<br>under common control | Legal<br>reserve<br>(in Baht) | Unappropriated      |                    | Revaluation<br>surplus | Total<br>equity        |
| <b>For the year ended 31 December 2018</b>                         |                                        |                               |                                                                 |                               |                     |                    |                        |                        |
| <b>Balance at 1 January 2018</b>                                   | <b>1,685,079,688</b>                   | <b>342,170,431</b>            | <b>(397,599,771)</b>                                            | <b>58,650,000</b>             | <b>307,559,235</b>  |                    | <b>552,698,753</b>     | <b>2,548,558,336</b>   |
| <b>Transactions with owners, recorded directly in equity</b>       |                                        |                               |                                                                 |                               |                     |                    |                        |                        |
| <i>Contributions by owners of the parent</i>                       |                                        |                               |                                                                 |                               |                     |                    |                        |                        |
| Reduction of ordinary shares                                       | 26                                     | (1,003,600,000)               | -                                                               | -                             | -                   | -                  | -                      | (1,003,600,000)        |
| Dividends paid to owners at the Company                            | 38                                     | -                             | -                                                               | -                             | (27,256,360)        |                    | -                      | (27,256,360)           |
| <b>Total transactions with owners, recorded directly in equity</b> |                                        | <b>(1,003,600,000)</b>        | <b>-</b>                                                        | <b>-</b>                      | <b>(27,256,360)</b> |                    | <b>-</b>               | <b>(1,030,856,360)</b> |
| <b>Comprehensive income for the year</b>                           |                                        |                               |                                                                 |                               |                     |                    |                        |                        |
| Profit for the year                                                |                                        | -                             | -                                                               | -                             | 38,644,266          |                    | -                      | 38,644,266             |
| Other comprehensive income                                         |                                        | -                             | -                                                               | -                             | 10,395,150          |                    | -                      | 10,395,150             |
| <b>Total comprehensive income for the year</b>                     |                                        | <b>-</b>                      | <b>-</b>                                                        | <b>-</b>                      | <b>49,039,416</b>   |                    | <b>-</b>               | <b>49,039,416</b>      |
| Transfer to legal reserve                                          |                                        | -                             | -                                                               | -                             | 12,322,000          | (12,322,000)       | -                      | -                      |
| Transfer to retained earnings                                      |                                        | -                             | -                                                               | -                             | -                   | 40,909,786         | (40,909,786)           | -                      |
| Effect of business restructuring                                   | 3                                      | -                             | -                                                               | 397,599,771                   | -                   | -                  | -                      | 397,599,771            |
| <b>Balance at 31 December 2018</b>                                 |                                        | <b>681,479,688</b>            | <b>342,170,431</b>                                              | <b>-</b>                      | <b>70,972,000</b>   | <b>357,930,077</b> | <b>511,788,967</b>     | <b>1,964,341,163</b>   |

**Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**
**Statement of cash flows**

|                                                                           | <b>Consolidated</b>         |                           | <b>Separate</b>             |                            |
|---------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------|----------------------------|
|                                                                           | <b>financial statements</b> |                           | <b>financial statements</b> |                            |
|                                                                           | Year ended 31 December      |                           | Year ended 31 December      |                            |
|                                                                           | 2018                        | 2017                      | 2018                        | 2017                       |
|                                                                           | <i>(in Baht)</i>            |                           |                             |                            |
| <b><i>Cash flows from operating activities</i></b>                        |                             |                           |                             |                            |
| Profit for the year                                                       | 62,310,312                  | 194,375,311               | 38,644,266                  | 246,425,762                |
| <i>Adjustments to reconcile profit to cash receipts (payments)</i>        |                             |                           |                             |                            |
| Tax expense                                                               | 8,968,710                   | 34,259,858                | (11,975,441)                | 3,653,781                  |
| Finance costs                                                             | 190,614,698                 | 174,873,169               | 158,437,594                 | 99,946,905                 |
| Depreciation and amortisation                                             | 236,773,126                 | 211,021,210               | 101,604,404                 | 16,557,133                 |
| Amortisation of rubber plantation development costs                       | 8,824,312                   | 14,750,764                | -                           | -                          |
| Provision for (reversal of) bad and doubtful debts expenses               | (3,000)                     | 1,605,815                 | (3,000)                     | -                          |
| (Reversed of) losses on inventories devaluation                           | (4,473,236)                 | 4,473,236                 | -                           | -                          |
| Unrealised (gain) loss on exchange                                        | 7,004,141                   | (953,340)                 | 4,190,769                   | (107,503)                  |
| Loss on impairment of investments in subsidiaries                         | -                           | -                         | 39,180,000                  | -                          |
| Loss on impairment of other long-term investment                          | 18,800,000                  | -                         | 18,800,000                  | -                          |
| Gain on capital return of subsidiary                                      | -                           | -                         | (62,000,283)                | -                          |
| (Gain) loss on fair value adjustment of investment properties             | (3,120,000)                 | (8,890,000)               | (140,000)                   | 2,640,000                  |
| Loss on sale of property, plant and equipment                             | 664,918                     | 11,371,770                | -                           | 10,930                     |
| Loss on written-off of property, plant and equipment                      | 9,941,913                   | 552,704                   | -                           | -                          |
| Gain on disposal of non-current assets classified as held for sale        | -                           | (6,184,641)               | -                           | -                          |
| Provision for employee benefits                                           | 5,883,182                   | 5,866,598                 | 3,990,836                   | 1,154,572                  |
| Share of (profit) loss of investments in associates,<br>net of income tax | 712,667                     | (441,572)                 | -                           | -                          |
| Written-off of withholding tax deducted at source                         | 739,809                     | 273,981                   | 739,809                     | -                          |
| Dividends income                                                          | -                           | -                         | (20,623,947)                | (231,970,981)              |
| Interest income                                                           | (539,508)                   | (692,382)                 | (27,962,733)                | (55,872,806)               |
|                                                                           | <u>543,102,044</u>          | <u>636,262,481</u>        | <u>242,882,274</u>          | <u>82,437,793</u>          |
| <b><i>Changes in operating assets and liabilities</i></b>                 |                             |                           |                             |                            |
| Trade and other accounts receivables                                      | (42,055,215)                | (25,493,534)              | (34,036,790)                | (142,588,605)              |
| Inventories                                                               | 59,847,123                  | (212,669,263)             | 109,003,956                 | (206,538,293)              |
| Other current assets                                                      | 18,165,586                  | 1,741,225                 | 7,581,156                   | (1,655,534)                |
| Other non-current assets                                                  | 581,718                     | 1,506,212                 | (783,715)                   | 3,915,084                  |
| Trade and other accounts payables                                         | (84,070,409)                | 37,790,155                | (3,050,498)                 | 191,235,432                |
| Accrued expenses                                                          | (27,114,803)                | 37,842,616                | (16,394,819)                | 3,258,459                  |
| Other current liabilities                                                 | (1,508,947)                 | 480,216                   | (1,798,099)                 | 925,026                    |
| Non-current provision for employee benefits                               | (4,192,960)                 | (1,643,340)               | (2,827,170)                 | (94,200)                   |
| Cash generated from (used in) operating activities                        | <u>462,754,137</u>          | <u>475,816,768</u>        | <u>300,576,295</u>          | <u>(69,104,838)</u>        |
| Tax received                                                              | 28,468,485                  | 13,365,221                | 28,225,931                  | -                          |
| Tax paid                                                                  | <u>(35,501,070)</u>         | <u>(62,169,974)</u>       | <u>(26,869,949)</u>         | <u>(16,257,688)</u>        |
| <b>Net cash from (used in) operating activities</b>                       | <u><b>455,721,552</b></u>   | <u><b>427,012,015</b></u> | <u><b>301,932,277</b></u>   | <u><b>(85,362,526)</b></u> |

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

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

## Statement of cash flows

|                                                                      | Consolidated           |                      | Separate               |                     |
|----------------------------------------------------------------------|------------------------|----------------------|------------------------|---------------------|
|                                                                      | financial statements   |                      | financial statements   |                     |
|                                                                      | Year ended 31 December |                      | Year ended 31 December |                     |
|                                                                      | 2018                   | 2017                 | 2018                   | 2017                |
|                                                                      | (in Baht)              |                      |                        |                     |
| <b>Cash flows from investing activities</b>                          |                        |                      |                        |                     |
| Proceeds from capital return of subsidiary                           | -                      | -                    | -                      | 890,293             |
| Purchase of other long-term investment                               | -                      | (100,000,000)        | -                      | (100,000,000)       |
| Repayment of short-term loans to related parties                     | -                      | -                    | (63,500,000)           | (74,600,000)        |
| Proceeds from short-term loans to related parties                    | -                      | -                    | 479,770,400            | 17,700,000          |
| Decrease in short-term loans to other parties                        | -                      | 15,582,591           | -                      | 13,885,590          |
| Acquisition of non-controlling interest                              | (26,164,444)           | -                    | (526,493,989)          | -                   |
| Increase in restricted deposit at financial institution              | (6,621,011)            | (10,000,000)         | (6,531,911)            | -                   |
| Acquisition of business                                              | (102,323,430)          | -                    | -                      | -                   |
| Acquisition of property, plant and equipment                         | (307,742,559)          | (187,665,604)        | (28,223,700)           | (5,465,105)         |
| Acquisition of other intangible assets                               | (999,665)              | (4,243,885)          | (29,827)               | -                   |
| Proceeds from sale of property, plant and equipment                  | 3,078,598              | 92,906,444           | -                      | 5,607               |
| Proceeds from sale of non-current assets classified as held for sale | -                      | 40,018,533           | -                      | 6,826,000           |
| Increase in rubber plantation development costs                      | (10,603,392)           | (26,767,188)         | -                      | -                   |
| Proceeds from entire business transfer                               | -                      | -                    | -                      | 9,976,593           |
| Interest received                                                    | 539,508                | 698,809              | 60,528,849             | 27,882,554          |
| Dividends received                                                   | 535,600                | -                    | 20,623,947             | 14,371,005          |
| <b>Net cash used in investing activities</b>                         | <b>(450,300,795)</b>   | <b>(179,470,300)</b> | <b>(63,856,231)</b>    | <b>(88,527,463)</b> |
| <b>Cash flows from financing activities</b>                          |                        |                      |                        |                     |
| Increase (decrease) in bank overdrafts and short-term borrowings     |                        |                      |                        |                     |
| from financial institutions                                          | 220,344,425            | (46,388,062)         | 66,706,874             | 162,356,650         |
| Payment by a lessee for reduction of the outstanding liability       |                        |                      |                        |                     |
| relating to a finance lease                                          | (76,465,240)           | (70,669,278)         | (74,830,137)           | (9,276,156)         |
| Proceeds from short-term borrowings from related parties             | -                      | -                    | 15,000,000             | 296,227,460         |
| Repayment of short-term borrowings from related parties              | (3,500,000)            | -                    | -                      | (124,600,000)       |
| Proceeds from long-term borrowings                                   | 175,037,175            | 230,000,000          | -                      | -                   |
| Repayment of long-term borrowings                                    | (108,750,000)          | (72,500,000)         | (58,750,000)           | (12,000,000)        |
| Dividends paid to owners of the Company                              | (27,256,360)           | -                    | (27,256,360)           | -                   |
| Proceeds from change in non-controlling interests                    |                        |                      |                        |                     |
| without a change in control                                          | 253,490                | -                    | -                      | -                   |
| Dividends paid of subsidiaries to non-controlling interest           | (16,287,192)           | (25,766,597)         | -                      | -                   |
| Interest paid                                                        | (188,364,603)          | (192,052,689)        | (156,357,996)          | (94,160,905)        |
| Other finance costs paid                                             | (8,225,204)            | (6,399,715)          | (3,060,840)            | (1,796,377)         |
| <b>Net cash from (used in) financing activities</b>                  | <b>(33,213,509)</b>    | <b>(183,776,341)</b> | <b>(238,548,459)</b>   | <b>216,750,672</b>  |
| Net increase (decrease) in cash and cash equivalents,                |                        |                      |                        |                     |
| before effect of exchange rates                                      | (27,792,752)           | 63,765,374           | (472,413)              | 42,860,683          |
| Effect of exchange rate changes on cash and cash equivalents         | (4,779,318)            | (789,495)            | -                      | -                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | <b>(32,572,070)</b>    | <b>62,975,879</b>    | <b>(472,413)</b>       | <b>42,860,683</b>   |
| Cash and cash equivalents at 1 January                               | 190,166,606            | 127,190,727          | 43,551,259             | 690,576             |
| <b>Cash and cash equivalents at 31 December</b>                      | <b>157,594,536</b>     | <b>190,166,606</b>   | <b>43,078,846</b>      | <b>43,551,259</b>   |
| <b>Supplemental disclosures of cash flow information</b>             |                        |                      |                        |                     |
| <b>Non-cash transactions</b>                                         |                        |                      |                        |                     |
| Assets acquired under financial lease and hire purchase agreements   | 6,176,519              | 84,771,968           | 5,559,069              | 2,687,248           |
| Dividends received from subsidiary by offsetting with loans          | -                      | -                    | -                      | 217,599,976         |
| Advance payment for land possessory rights                           | 1,718,232              | 8,451,352            | -                      | -                   |
| Issue of share capital as consideration transferred                  | -                      | 1,003,600,000        | -                      | 1,003,600,000       |
| Capital return from business restructuring                           | -                      | -                    | 62,000,283             | -                   |

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

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 February 2019.

### **1 General information**

Thai Rubber Latex Corporation (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office as follows:

Head office : No. 99/1-3 Moo 13, Bangna-Trad Road, K.M. 7, Tambol Bangkaew,  
Amphur Bangplee, Samutprakarn

Branches at followings:

- : No. 29 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi
- : No. 35 Moo 4, Tambol Krasom, Amphur Takuatung, Phangnga
- : No. 198 Moo 7, Tambol Chomsawan, Amphur Maechan, Chiangrai
- : No. 124 Mooban Klongpom Moo 11, Tambol Banphru, Amphur Hatyai,  
Songkhla
- : No. 293/2 Surat-Nasarn Road, Tambol Khunthale, Amphur Mueang,  
Suratthani
- : No. 44/5 Moo 8, Kachet - Hatyai Road, Tambol Kachet, Amphur  
Mueang, Rayong
- : No. 680 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi
- : No. 19/52 Moo 7, Tambol Bang Chalong, Amphur Bangplee,  
Samutprakan

The Company was listed on the Stock Exchange of Thailand in July 1991.

The Company’s major shareholders during the financial year were Wongsasuthikul Group (22.51% shareholding) and Woraprateep Group (15.97% shareholding). During 2017, the Company issued and offered ordinary shares amounting to 1,003.6 million shares to Thai Rubber Latex Group Co., Ltd. (“TRLG”), a subsidiary, as a part of the business restructuring plan under the regulation of entire business transfer. The Company expected that the reduction of registered capital was held before the period of restriction of sale of ordinary shares (Silent Period) was expired. Consequently, those newly issued ordinary shares were not distributed through the Stock Exchange of Thailand and did not exercise the right of voting in the shareholder’s meeting or receive any dividends of the Company. On 4 December 2018, TRLG completed the liquidation process. Accordingly, the Company reduced its registered capital of Baht 1,003.6 million with Department of Business Development, Ministry of Commerce in accordance with restructuring plan of the Group.

The principal activities of the Company and its subsidiaries (“the Group”) are comprehensive rubber businesses covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, the producer of latex concentrate and latex rubber, latex rubber thread, rubber block and rubber compound and latex foam mattress. Details of the Company’s subsidiaries and associates as at 31 December 2018 and 2017 are given in notes 11 and 12.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

### **2 Basis of preparation of the financial statements**

#### **(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application adoption of these new and revised TFRS has resulted in changes in certain of the Group’s/Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group/Company has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s/Company’s operations are disclosed in note 42.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

| <i><b>Items</b></i>                                          | <i><b>Measurement bases</b></i>                                                    |
|--------------------------------------------------------------|------------------------------------------------------------------------------------|
| Property, plant and equipment (Land, building and machinery) | Revaluation to fair value                                                          |
| Investment properties                                        | Fair value                                                                         |
| Defined benefit liability                                    | Present value of the defined benefit obligation, limited as explained in Note 4(q) |

#### **(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Group’s/Company’s functional currency.

#### **(d) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

##### *Assumption and estimation uncertainties*

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

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

## Notes to the financial statements

For the year ended 31 December 2018

|                |                                                                                                                                     |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Note 5(a)      | Acquisition of business : fair value of the assets acquired, measured on a provisional basis;                                       |
| Note 12 and 20 | Impairment test: key assumption underlying recoverable amounts;                                                                     |
| Note 21 and 35 | Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and |
| Note 25        | Measurement of defined benefit obligations: key actuarial assumptions                                                               |

### *Measurement of fair values*

A number of the Group's/Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group/Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group/Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 - Investment in subsidiaries
- Note 15 - Investment properties
- Note 16 - Property, plant and equipment
- Note 39 - Financial instruments

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

### *Use of going concern basis of accounting*

Due to the significant fluctuate of latex price recently, as at 31 December 2018, the Group's current liabilities exceeded current assets by Baht 1,546.0 million (2017: Baht 1,385.8 million). Such circumstances indicate the existence of an uncertainty which may cast significant doubt about the Group's ability to continue as a going concern of the Group. However, the Group incurred a consolidated net profit for the year ended 31 December 2018 amounting to Baht 62.3 million, and at the same date, the Group has available credit facilities in place. (see note 6)

The Group and the Company has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances. The Group and the Company plan to address the liquidity problem by increasing sales volume, production capacity, restructure of financing plan and the Group's/Company's company business restructuring, including sales of the non-performing assets.

The consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Therefore, the financial statements have not included any adjustment of the value of assets to realisable value, or of liabilities to the amounts eventually due, and reclassification of accounts, which may be necessary.

### **3 Business restructuring**

At the extraordinary shareholders' meeting of the Company held on 13 December 2017, the shareholders approved the entire business transfer from Thai Rubber Latex Group Co., Ltd. ("TRLG"), the subsidiary whose 99.99 % of the shares held by the Company, to the Company. In this regard, the Company would acquire all assets, rights and liabilities of TRLG.

The Company increased its registered capital and issued newly ordinary shares of 1,003.6 million shares with a par value of Baht 1.00 per share under the private placement to TRLG at the offering price of Baht 1.00 per share, totaling Baht 1,003.6 million in consideration of entire business transfer from TRLG to the Company. TRLG registered for the dissolution with Department of Business Development, Ministry of Commerce on 29 December 2017. These shares were considered an offering of the ordinary shares to a specific person (Private Placement) with a distinct offering price and a discount more than 10 percent of the market price. The Company expected that the reduction of registered capital was held before the period of restriction of sale of ordinary shares (Silent Period) was expired. Those newly issued ordinary shares were distributed through the Stock Exchange of Thailand and would not exercise the right of voting in the shareholder's meeting or receive any dividends of the Company.

The business transfer on 29 December 2017 was considered as the business combination under common control of the ultimate controlling shareholders before and after the acquisition date and the control was not transitory. The consideration amounting to Baht 1,003.6 million is recognised as "Difference from business combination under common control" in equity in the consolidated financial statements for the year ended 31 December 2017.



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

## Notes to the financial statements

For the year ended 31 December 2018

In the separate financial statements for the year ended 31 December 2017, the difference between the consideration transferred and the carrying amount of net assets of TRLG on the acquisition date amounting to Baht 397.6 million is recognised as “Difference from business combination under common control” in equity. The following summarises the consideration transferred, and the carrying amounts of the major classes of assets and liabilities at the acquisition date:

|                                                                       | <b>Separate<br/>financial statements<br/>(in thousand Baht)</b> |
|-----------------------------------------------------------------------|-----------------------------------------------------------------|
| <i>Consideration transferred</i>                                      |                                                                 |
| Share capital                                                         | 1,003,600                                                       |
| <b>Total</b>                                                          | <b>1,003,600</b>                                                |
| <i>Assets acquired and liabilities assumed</i>                        |                                                                 |
| Cash and cash equivalents                                             | 9,976                                                           |
| Trade accounts receivable                                             | 975,259                                                         |
| Short-term loans to related party                                     | 1,271,327                                                       |
| Inventories                                                           | 580,103                                                         |
| Other current assets                                                  | 98,328                                                          |
| Investments in subsidiary                                             | 19,470                                                          |
| Property, plant and equipment                                         | 885,765                                                         |
| Other non-current assets                                              | 74,956                                                          |
| Bank overdrafts and short-term borrowings from financial institutions | (1,881,761)                                                     |
| Trade accounts payable                                                | (28,291)                                                        |
| Current portion of long-term borrowings from financial institutions   | (45,250)                                                        |
| Current portion of finance lease liabilities                          | (63,152)                                                        |
| Other current liabilities                                             | (50,544)                                                        |
| Long-term borrowings from financial institutions                      | (657,250)                                                       |
| Finance lease liabilities                                             | (81,372)                                                        |
| Non-current provisions for employee benefits                          | (40,323)                                                        |
| Deferred tax liabilities                                              | (63,641)                                                        |
| <b>Net assets</b>                                                     | <b>1,003,600</b>                                                |
| Assets revaluation surplus                                            | (397,600)                                                       |
| <b>Net</b>                                                            | <b>606,000</b>                                                  |
| Difference from business combination under common control             | 397,600                                                         |
| <b>Consideration transferred</b>                                      | <b>1,003,600</b>                                                |

On 4 December 2018, TRLG completed the liquidation process. Accordingly, the Company reduced its registered capital of Baht 1,003.6 million with Department of Business Development, Ministry of Commerce in accordance with restructuring plan. The Company/Group reversed the transaction of difference from business combination under common control in equity.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

**Thai Rubber Latex Corporation (Thailand) Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Acquisition from entities under common control*

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP. The acquirer recognised the assets acquired and liabilities assumed using book values in the consolidated financial statements of the ultimate parent at the date on which the business combination under common control occurs. Any difference between considerations transferred versus book values of the entity is recognised as “Difference from business combination under common control” presented under equity. Difference from business under common control will be retained until the respective business are sold or otherwise disposed of.

Subsequent to the business combination under common control, the financial statements of the entities or businesses acquired from business combination under common control are included in the consolidated financial statements from the beginning of the earliest comparative period presented or, if later, at the date that common control was established until the date on which control ceases.

**Thai Rubber Latex Corporation (Thailand) Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-current assets and liability measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the date that fair value was determined.

Foreign exchange differences are generally recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity in the consolidated financial statements until disposal of the investment.

### **(c) *Derivatives***

#### *Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of forward contract rate.

#### *Agricultural futures contracts*

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

### **(d) *Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

### **(e) *Trade and other receivable***

Trade and other receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

### **(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, changed, obsolete and slow-moving inventories.

### **(g) Investments**

#### *Investments in associates and subsidiaries*

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost method less any impairment losses. Investments in associates in the consolidated financial statements are accounted for using the equity method.

#### *Other long-term investments*

Other long-term investments which are not marketable are stated at cost less any impairment losses.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

### **(h) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, the amounts included in the revaluation reserve (*see Note 4(i)*) are transferred to retained earnings.

### **(i) *Property, plant and equipment***

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land, buildings and machinery which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

##### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

##### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

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

## Notes to the financial statements

For the year ended 31 December 2018

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

### *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|                                    |        |       |
|------------------------------------|--------|-------|
| Building and building improvements | 5 - 50 | years |
| Machinery                          | 5 - 20 | years |
| Office and other equipment         | 3 - 5  | years |
| Vehicles                           | 5      | years |
| Other fixed assets                 | 5 - 10 | years |

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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**(j) Intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of business is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

|                  |         |
|------------------|---------|
| Software license | 5 years |
|------------------|---------|

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.



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*Reversals of impairment*

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Rubber plantation development costs**

Rubber plantation development costs represent the costs of rubber tree plantation, which are amortised over the estimated unit of production arising from the rubber trees. Cost of supplying rubber vacancies and infilling mature areas are expensed in profit or loss as incurred. No amortisation is provided on rubber plantation development costs that are not ready for harvest.

**(m) Land possessory rights**

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

**(n) Deferred costs**

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 recognised in profit or loss.

**(o) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at contract value less attributable transaction charges.

**(p) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(q) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **(r) Provisions**

A provision is recognised if, as a result of a past event, the Group/Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## **(s) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

### *Investment income*

Revenue from investments comprises rental income from investment properties and interest income from investments and bank deposits.

### *Rental income*

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

### *Dividend income*

Dividend income is recognised in profit or loss on the date the Group's/Company's right to receive payments is established.

### *Interest income*

Interest income is recognised in profit or loss as it accrues.

## **(t) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

## **(u) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

## **(v) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2018**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **(w) *Earnings per share***

The Group/Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### **(x) *Segment reporting***

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **5 Acquisitions of business**

### **(a) *Acquisition of business***

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2018**

On 1 September 2018, Latex Systems Public Company Limited (Formerly Latex Systems Company Limited), a subsidiary, obtained control of assets, transferred trademark and employees in production and distribution of pillow and mattress produced from rubber from Thai Natural Foam Co., Ltd., according to the agreement to sell and purchase assets dated 14 August 2018 with the net contract value of Baht 102.3 million which has been settled in November 2018. The transaction is accounted for as a business combination.

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

## Notes to the financial statements

For the year ended 31 December 2018

During the period from acquisition date to 31 December 2018, revenue in amount of Baht 0.1 million was recognised from such assets acquired in the statement of income. If the acquisition had occurred on 1 January 2018, management estimates that revenue and profit for the year from the said assets acquired would have increased by Baht 62.0 million and Baht 4.2 million, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

During the year 2018, the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 15 November 2018. The principle factors that contributed to goodwill is the synergy, expected to be achieved from integrating, and will further bolster its position as leading in seats, pillows and mattresses that produce from rubber. Goodwill from the business acquisitions will not qualify for any tax deduction.

### *Identifiable assets acquired*

|                                         |    | <b>Fair values as at<br/>1 September 2018</b><br>(in thousand Baht) |
|-----------------------------------------|----|---------------------------------------------------------------------|
| Inventories                             |    | 4,981                                                               |
| Property, plant and equipment           | 16 | 85,040                                                              |
| <b>Net identifiable assets acquired</b> |    | <b>90,021</b>                                                       |
| Goodwill arising from the acquisition   |    | 12,303                                                              |
| <b>Total consideration</b>              |    | <b>102,324</b>                                                      |

During the year ended 31 December 2018, the Group incurred acquisition-related costs of Baht 0.5 million, which included in administrative expense in the consolidated statement of comprehensive income for the year ended 31 December 2018.

### **(b) Acquisition of non-controlling interests**

In July 2018, the Group acquired an additional 45% interest in Shanghai Runmao International Trading Co., Ltd. ("SRIT") for Baht 21.4 million, resulting to increase its ownership interest from 55% to 100%. The carrying amount of SRIT's net assets in the Group's financial statements on the date of the acquisition was Baht 47.3 million. The Group recognised a decrease in non-controlling interests of Baht 21.3 million, an increase in legal reserve of Baht 7.7 million, a decrease in retained earnings of Baht 8.2 million and an increase in the translating foreign operations of Baht 0.4 million.

The following summarises the effect of changes in the Group's ownership interest in SRIT:

|                                                  | 2018<br>(in million Baht) |
|--------------------------------------------------|---------------------------|
| Group's ownership interest at 1 January          | 34                        |
| Effect of increase in Group's ownership interest | 21                        |
| Share of other comprehensive income              | (7)                       |
| Dividend to ordinary shareholders                | (5)                       |
| <b>Group's ownership interest at 31 July</b>     | <b>43</b>                 |

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

## Notes to the financial statements

For the year ended 31 December 2018

In August 2018, the Group acquired an additional 1.6% interest in World Flex Public Company Limited (“WFX”) for Baht 4.8 million, resulting to increase its ownership interest from 98.4% to 100%. The carrying amount of WFX’s net assets in the Group’s financial statements on the date of the acquisition was Baht 538.4 million. The Group recognised a decrease in non-controlling interests of Baht 8.4 million, an increase in legal reserve of Baht 0.2 million, a decrease in retained earnings of Baht 3.8 million and an increase in revaluation surplus of Baht 3.6 million.

The following summarises the effect of changes in the Group’s ownership interest in WFX:

|                                                  | 2018<br>(in million Baht) |
|--------------------------------------------------|---------------------------|
| Group’s ownership interest at 1 January          | 509                       |
| Effect of increase in Group’s ownership interest | 8                         |
| Share of other comprehensive income              | 17                        |
| <b>Group’s ownership interest at 31 August</b>   | <b>534</b>                |

## 6 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associates are described in notes 11 and 12. Relationship with key management and other related parties were as follows:

| <b>Name of entities</b>        | <b>Country of<br/>incorporation<br/>/ nationality</b> | <b>Nature of relationships</b>                                                                                                                                                                                          |
|--------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other related parties          | Thailand                                              | Directors of related parties                                                                                                                                                                                            |
| Key management personnel       | Thailand                                              | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company. |
| Soydao Rubber Estate Co., Ltd. | Thailand                                              | Common directors                                                                                                                                                                                                        |

The pricing policies for particular types of transactions are explained further below:

| <b>Transactions</b>             | <b>Pricing policies</b>                                                                                                                       |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Sales of goods/raw materials    | Market prices                                                                                                                                 |
| Rental/rendering of service     | Contractually agreed                                                                                                                          |
| Purchase of goods/raw materials | Contractually agreed/Market prices less operating expenses at the agreed rate 1.0 - 5.0 baht per kilogram (2017: 1.0 - 5.0 Baht per kilogram) |
| Receiving of services           | Contractually agreed                                                                                                                          |
| Other income                    | Contractually agreed                                                                                                                          |
| Interest income                 | Contractually agreed rate                                                                                                                     |
| Interest expense                | Contractually agreed rate                                                                                                                     |
| Dividend income                 | Declared rate                                                                                                                                 |
| Commission expense              | Contractually agreed                                                                                                                          |

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

## Notes to the financial statements

For the year ended 31 December 2018

Significant transactions for the years ended 31 December with related parties were as follows:

| <i>Year ended 31 December</i>         | <b>Consolidated<br/>financial statements</b> |        | <b>Separate<br/>financial statements</b> |           |
|---------------------------------------|----------------------------------------------|--------|------------------------------------------|-----------|
|                                       | 2018                                         | 2017   | 2018                                     | 2017      |
|                                       | <i>(in thousand Baht)</i>                    |        |                                          |           |
| <b>Subsidiaries</b>                   |                                              |        |                                          |           |
| Sales of goods/raw materials          | -                                            | -      | 1,023,666                                | 867,940   |
| Purchases of goods/raw materials      | -                                            | -      | 107,779                                  | 1,973,557 |
| Rental and service income             | -                                            | -      | -                                        | 2,242     |
| Interest income                       | -                                            | -      | 27,742                                   | 55,468    |
| Interest expense                      | -                                            | -      | 1,426                                    | 49,935    |
| Dividend income                       | -                                            | -      | 20,624                                   | 231,971   |
| Commission expense                    | -                                            | -      | 4,836                                    | 8,094     |
| <b>Associate</b>                      |                                              |        |                                          |           |
| Purchases of raw materials            | 8,159                                        | 12,067 | 8,159                                    | 223       |
| Dividend income                       | 535                                          | -      | -                                        | -         |
| Interest expense                      | 289                                          | 294    | -                                        | -         |
| <b>Key management personnel</b>       |                                              |        |                                          |           |
| Key management personnel compensation | 33,451                                       | 39,449 | 33,451                                   | 15,936    |
| <b>Other related parties</b>          |                                              |        |                                          |           |
| Sales of goods                        | 277                                          | 48,391 | -                                        | 48,391    |
| Purchases of goods/raw materials      | 15,394                                       | 14,410 | 15,394                                   | 397       |
| Other income                          | -                                            | 992    | -                                        | -         |
| Rental income                         | -                                            | 2,220  | -                                        | 2,220     |
| Rental expense                        | -                                            | 106    | -                                        | -         |

Balances as at 31 December with related parties were as follows:

|                                                    | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |                |
|----------------------------------------------------|----------------------------------------------|---------------|------------------------------------------|----------------|
|                                                    | 2018                                         | 2017          | 2018                                     | 2017           |
|                                                    | <i>(in thousand Baht)</i>                    |               |                                          |                |
| <b>Trade accounts receivable - related parties</b> |                                              |               |                                          |                |
| Subsidiaries                                       | -                                            | -             | 230,560                                  | 203,082        |
| Other related parties                              | -                                            | 31,134        | -                                        | 31,134         |
| <b>Total</b>                                       | <b>-</b>                                     | <b>31,134</b> | <b>230,560</b>                           | <b>234,216</b> |
| <b>Other receivables - related parties</b>         |                                              |               |                                          |                |
| Subsidiaries                                       | -                                            | -             | 27,426                                   | 61,487         |
| Associate                                          | 1                                            | 1             | 1                                        | 1              |
| Other related parties                              | -                                            | 4,918         | -                                        | 4,912          |
| <b>Total</b>                                       | <b>1</b>                                     | <b>4,919</b>  | <b>27,427</b>                            | <b>66,400</b>  |

*Loans to related parties*

**Consolidated**

**Separate**



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

## Notes to the financial statements

For the year ended 31 December 2018

|                                                                                        | Interest rate |      | financial statements |          | financial statements |                  |
|----------------------------------------------------------------------------------------|---------------|------|----------------------|----------|----------------------|------------------|
|                                                                                        | 2018          | 2017 | 2018                 | 2017     | 2018                 | 2017             |
|                                                                                        | (% per annum) |      | (in thousand Baht)   |          |                      |                  |
| <b>Short-term loans</b>                                                                |               |      |                      |          |                      |                  |
| <b>Subsidiaries</b>                                                                    |               |      |                      |          |                      |                  |
| Thai Rubber Land and<br>Plantation Co., Ltd.                                           | -             | 3.9  | -                    | -        | 992,933              | 1,422,203        |
| World Flex Public Company<br>Limited                                                   | -             | 3.9  | -                    | -        | -                    | 25,000           |
| Latex Systems Public<br>Company Limited<br>(Formerly Latex Systems<br>Company Limited) | -             | -    | -                    | -        | 38,000               | -                |
| <b>Short-term loans to related parties</b>                                             |               |      | <b>-</b>             | <b>-</b> | <b>1,030,933</b>     | <b>1,447,203</b> |

Movements during the years ended 31 December of loans to related parties were as follows:

| <b>Short-term loan to related parties</b>       | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |                  |
|-------------------------------------------------|----------------------------------------------|--------------|------------------------------------------|------------------|
|                                                 | 2018                                         | 2017         | 2018                                     | 2017             |
|                                                 | (in thousand Baht)                           |              |                                          |                  |
| <b>Subsidiaries</b>                             |                                              |              |                                          |                  |
| At 1 January                                    | -                                            | -            | 1,447,203                                | 1,390,303        |
| Increase                                        | -                                            | -            | 63,500                                   | 74,600           |
| Decrease                                        | -                                            | -            | (479,770)                                | (17,700)         |
| <b>At 31 December</b>                           | <b>-</b>                                     | <b>-</b>     | <b>1,030,933</b>                         | <b>1,447,203</b> |
| <b>Trade accounts payable - related parties</b> |                                              |              |                                          |                  |
| Subsidiaries                                    | -                                            | -            | 8                                        | 355              |
| Associate                                       | 931                                          | 489          | 931                                      | 489              |
| Other related parties                           | 1,074                                        | 779          | 1,074                                    | 779              |
| <b>Total</b>                                    | <b>2,005</b>                                 | <b>1,268</b> | <b>2,013</b>                             | <b>1,623</b>     |
| <b>Other payables - related parties</b>         |                                              |              |                                          |                  |
| Subsidiaries                                    | -                                            | -            | 1,347                                    | 1,109            |
| <b>Total</b>                                    | <b>-</b>                                     | <b>-</b>     | <b>1,347</b>                             | <b>1,109</b>     |

| <b>Short-term loans from<br/>related parties</b> | <b>Interest rate</b> |      | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |               |
|--------------------------------------------------|----------------------|------|----------------------------------------------|--------------|------------------------------------------|---------------|
|                                                  | 2018                 | 2017 | 2018                                         | 2017         | 2018                                     | 2017          |
|                                                  | (% per annum)        |      | (in thousand Baht)                           |              |                                          |               |
| <b>Subsidiaries</b>                              |                      |      |                                              |              |                                          |               |
| Thai Rubber H P N R Co.,<br>Ltd.                 | 3.9                  | 3.9  | -                                            | -            | 47,000                                   | 32,000        |
| <b>Associate</b>                                 |                      |      |                                              |              |                                          |               |
| Wang Somboon Rubber<br>Estate Co., Ltd.          | 4.0                  | 4.0  | 4,500                                        | 8,000        | -                                        | -             |
| <b>Short-term loans from related parties</b>     |                      |      | <b>4,500</b>                                 | <b>8,000</b> | <b>47,000</b>                            | <b>32,000</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

Movements during the years ended 31 December of loans from related parties were as follows:

| <i>Short-term loan from related parties</i>               | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |               |
|-----------------------------------------------------------|----------------------------------------------|--------------|------------------------------------------|---------------|
|                                                           | 2018                                         | 2017         | 2018                                     | 2017          |
|                                                           | <i>(in thousand Baht)</i>                    |              |                                          |               |
| <b>Subsidiaries</b>                                       |                                              |              |                                          |               |
| At 1 January                                              | -                                            | -            | 32,000                                   | 1,349,300     |
| Increase                                                  | -                                            | -            | 15,000                                   | 296,227       |
| Decrease                                                  | -                                            | -            | -                                        | (342,200)     |
| Acquisition from entire business transfer<br>(see note 3) | -                                            | -            | -                                        | (1,271,327)   |
| <b>At 31 December</b>                                     | <b>-</b>                                     | <b>-</b>     | <b>47,000</b>                            | <b>32,000</b> |
| <b>Associate</b>                                          |                                              |              |                                          |               |
| At 1 January                                              | 8,000                                        | 8,000        | -                                        | -             |
| Decrease                                                  | (3,500)                                      | -            | -                                        | -             |
| <b>At 31 December</b>                                     | <b>4,500</b>                                 | <b>8,000</b> | <b>-</b>                                 | <b>-</b>      |

As at 31 December 2018, the Group has unutilised credit facilities at the total of Baht 1,576 million and USD 99 million (2017: Baht 1,709 million and USD 115 million) and utilised credit facilities at the total of Baht 4,922 million and USD 23 million (2017: Baht 4,651 million and USD 14 million), and the Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 850 million and USD 25 million (2017: 1,409 million and USD 25 million).

## 7 Cash and cash equivalents

|                                 | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|---------------------------------|----------------------------------------------|----------------|------------------------------------------|---------------|
|                                 | 2018                                         | 2017           | 2018                                     | 2017          |
|                                 | <i>(in thousand Baht)</i>                    |                |                                          |               |
| Cash on hand                    | 2,834                                        | 2,780          | 1,705                                    | 677           |
| Cash at bank - current accounts | 93,033                                       | 153,809        | 12,683                                   | 33,115        |
| Cash at bank - saving accounts  | 61,728                                       | 33,578         | 28,691                                   | 9,759         |
| <b>Total</b>                    | <b>157,595</b>                               | <b>190,167</b> | <b>43,079</b>                            | <b>43,551</b> |

## 8 Trade accounts receivable

|                                      | <i>Note</i> | <b>Consolidated<br/>financial statements</b> |                  | <b>Separate<br/>financial statements</b> |                |
|--------------------------------------|-------------|----------------------------------------------|------------------|------------------------------------------|----------------|
|                                      |             | 2018                                         | 2017             | 2018                                     | 2017           |
|                                      |             | <i>(in thousand Baht)</i>                    |                  |                                          |                |
| Related parties                      | 6           | -                                            | 31,134           | 230,560                                  | 234,216        |
| Other parties                        |             | 1,120,602                                    | 1,073,686        | 752,747                                  | 724,785        |
| <b>Total</b>                         |             | <b>1,120,602</b>                             | <b>1,104,820</b> | <b>983,307</b>                           | <b>959,001</b> |
| Less allowance for doubtful accounts |             | (133,531)                                    | (133,534)        | (133,531)                                | (133,534)      |
| <b>Net</b>                           |             | <b>987,071</b>                               | <b>971,286</b>   | <b>849,776</b>                           | <b>825,467</b> |

Reversal of provision for bad and  
doubtful debts expense for  
the year, net

|  |     |     |     |   |
|--|-----|-----|-----|---|
|  | (3) | (5) | (3) | - |
|--|-----|-----|-----|---|

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

## Notes to the financial statements

For the year ended 31 December 2018

Aging analyses for trade accounts receivable are as follows:

|                                      | <b>Consolidated<br/>financial statements</b> |                  | <b>Separate<br/>financial statements</b> |                  |
|--------------------------------------|----------------------------------------------|------------------|------------------------------------------|------------------|
|                                      | 2018                                         | 2017             | 2018                                     | 2017             |
|                                      | <i>(in thousand Baht)</i>                    |                  |                                          |                  |
| <b>Related parties</b>               |                                              |                  |                                          |                  |
| Within credit term                   | -                                            | 11,924           | 145,831                                  | 190,624          |
| Overdue:                             |                                              |                  |                                          |                  |
| Less than 3 months                   | -                                            | 15,616           | 61,785                                   | 39,998           |
| 3 - 6 months                         | -                                            | 3,594            | 22,944                                   | 3,594            |
|                                      | <u>-</u>                                     | <u>31,134</u>    | <u>230,560</u>                           | <u>234,216</u>   |
| <b>Other parties</b>                 |                                              |                  |                                          |                  |
| Within credit term                   | 793,422                                      | 722,934          | 503,702                                  | 466,348          |
| Overdue:                             |                                              |                  |                                          |                  |
| Less than 3 months                   | 190,207                                      | 216,836          | 113,432                                  | 124,639          |
| 3 - 6 months                         | 1,818                                        | 264              | 1,818                                    | 264              |
| 6 - 12 months                        | -                                            | -                | -                                        | -                |
| Over 12 months                       | 135,155                                      | 133,652          | 133,795                                  | 133,534          |
|                                      | <u>1,120,602</u>                             | <u>1,073,686</u> | <u>752,747</u>                           | <u>724,785</u>   |
| Less allowance for doubtful accounts | <u>(133,531)</u>                             | <u>(133,534)</u> | <u>(133,531)</u>                         | <u>(133,534)</u> |
|                                      | <u>987,071</u>                               | <u>940,152</u>   | <u>619,216</u>                           | <u>591,251</u>   |
| <b>Net</b>                           | <u>987,071</u>                               | <u>971,286</u>   | <u>849,776</u>                           | <u>825,467</u>   |

The normal credit term granted by the Group/Company ranges from 1 day to 90 days.

## 9 Other receivables

|                                      |      | <b>Consolidated<br/>financial statements</b> |                 | <b>Separate<br/>financial statements</b> |               |
|--------------------------------------|------|----------------------------------------------|-----------------|------------------------------------------|---------------|
|                                      | Note | 2018                                         | 2017            | 2018                                     | 2017          |
|                                      |      | <i>(in thousand Baht)</i>                    |                 |                                          |               |
| Related parties                      | 6    | 1                                            | 4,919           | 27,427                                   | 66,400        |
| Other parties                        |      | 171,440                                      | 146,591         | 44,524                                   | 32,451        |
| <b>Total</b>                         |      | <u>171,441</u>                               | <u>151,510</u>  | <u>71,951</u>                            | <u>98,851</u> |
| Less allowance for doubtful accounts |      | <u>(43,761)</u>                              | <u>(43,761)</u> | -                                        | -             |
| <b>Net</b>                           |      | <u>127,680</u>                               | <u>107,749</u>  | <u>71,951</u>                            | <u>98,851</u> |

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

## Notes to the financial statements

For the year ended 31 December 2018

### 10 Inventories

|                                                                                                   | <b>Consolidated<br/>financial statements</b> |                  | <b>Separate<br/>financial statements</b> |                  |
|---------------------------------------------------------------------------------------------------|----------------------------------------------|------------------|------------------------------------------|------------------|
|                                                                                                   | 2018                                         | 2017             | 2018                                     | 2017             |
|                                                                                                   | <i>(in thousand Baht)</i>                    |                  |                                          |                  |
| Finished goods                                                                                    | 1,092,151                                    | 1,132,521        | 749,474                                  | 874,511          |
| Work in process                                                                                   | 10,116                                       | 10,143           | -                                        | -                |
| Raw materials                                                                                     | 99,409                                       | 132,701          | 40,309                                   | 24,398           |
| Packing materials                                                                                 | 7,853                                        | 8,039            | 724                                      | 1,091            |
| Supplies                                                                                          | 41,433                                       | 27,405           | 7,895                                    | 7,406            |
| <b>Total</b>                                                                                      | <b>1,250,962</b>                             | <b>1,310,809</b> | <b>798,402</b>                           | <b>907,406</b>   |
| Less inventories allowance for<br>decline in value                                                | -                                            | (4,473)          | -                                        | -                |
| <b>Net</b>                                                                                        | <b>1,250,962</b>                             | <b>1,306,336</b> | <b>798,402</b>                           | <b>907,406</b>   |
| Inventories recognised as an expense<br>in 'cost of sales of goods and<br>rendering of services': |                                              |                  |                                          |                  |
| - Cost                                                                                            | 6,649,597                                    | 8,396,803        | 5,168,129                                | 2,701,864        |
| - (Reversal of) write-down to net<br>realisable value                                             | (4,473)                                      | 4,473            | -                                        | -                |
| <b>Net</b>                                                                                        | <b>6,645,124</b>                             | <b>8,401,276</b> | <b>5,168,129</b>                         | <b>2,701,864</b> |

### 11 Investments in associates

|                                                               | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |          |
|---------------------------------------------------------------|----------------------------------------------|---------------|------------------------------------------|----------|
|                                                               | 2018                                         | 2017          | 2018                                     | 2017     |
|                                                               | <i>(in thousand Baht)</i>                    |               |                                          |          |
| At 1 January                                                  | 32,304                                       | 31,809        | -                                        | -        |
| Share of profit (loss) of investments<br>in associates        | (713)                                        | 441           | -                                        | -        |
| Share of comprehensive income of<br>investments in associates | (74)                                         | 54            | -                                        | -        |
| Dividend income                                               | (535)                                        | -             | -                                        | -        |
| <b>At 31 December</b>                                         | <b>30,982</b>                                | <b>32,304</b> | <b>-</b>                                 | <b>-</b> |

During the year ended 31 December 2018 and 2017, there were no acquisition and disposal of investments in associates.

**Thai Rubber Latex Corporation (Thailand) Public Company Limited**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

Investments in associates as at 31 December 2018 and 2017 and dividend income for the years then ended were as follows:

| Consolidate financial statements            |                                        |                          |                              |         |                 |         |                    |          |                                        |        |                 |      |
|---------------------------------------------|----------------------------------------|--------------------------|------------------------------|---------|-----------------|---------|--------------------|----------|----------------------------------------|--------|-----------------|------|
|                                             | Nature of business                     | Country of incorporation | Effective ownership interest |         | Paid-up capital |         | Cost               |          | Carrying amount based on equity method |        | Dividend income |      |
|                                             |                                        |                          | 2018                         | 2017    | 2018            | 2017    | 2018               | 2017     | 2018                                   | 2017   | 2018            | 2017 |
|                                             |                                        |                          | (%)                          |         |                 |         |                    |          | (in thousand Baht)                     |        |                 |      |
| Associates                                  |                                        |                          |                              |         |                 |         |                    |          |                                        |        |                 |      |
| Wang Somboon Rubber Estate Co., Ltd.        | Planting of rubber                     | Thailand                 | 48.4                         | 48.4    | 55,300          | 55,300  | 30,101             | 30,101   | 30,982                                 | 32,304 | 535             | -    |
| Rosener-Mautby Meditrade (Thailand) Ltd.(*) | Production of latex examination gloves | Thailand                 | 31.5                         | 31.5    | 120,000         | 120,000 | 37,849             | 37,849   | -                                      | -      | -               | -    |
| Total                                       |                                        |                          |                              |         |                 |         | 67,950             | 67,950   | 30,982                                 | 32,304 | 535             | -    |
| Separate financial statements               |                                        |                          |                              |         |                 |         |                    |          |                                        |        |                 |      |
|                                             | Effective ownership interest           |                          | Paid-up capital              |         | Cost            |         | Impairment         |          | At cost-net                            |        | Dividend income |      |
|                                             | 2018                                   | 2017                     | 2018                         | 2017    | 2018            | 2017    | 2018               | 2017     | 2018                                   | 2017   | 2018            | 2017 |
|                                             | (%)                                    |                          |                              |         |                 |         | (in thousand Baht) |          |                                        |        |                 |      |
| Associate                                   |                                        |                          |                              |         |                 |         |                    |          |                                        |        |                 |      |
| Rosener-Mautby Meditrade (Thailand) Ltd.(*) | 31.5                                   | 31.5                     | 120,000                      | 120,000 | 37,849          | 37,849  | (37,849)           | (37,849) | -                                      | -      | -               | -    |
| Total                                       |                                        |                          |                              |         | 37,849          | 37,849  | (37,849)           | (37,849) | -                                      | -      | -               | -    |

None of the Group/Company's associates are publicly listed and consequently do not have published price quotation.

(\*) The Central Bankruptcy Court has ordered the verdict to be bankrupt since 27 September 2010. The Company recognised share of losses from investment in Rosener-Mautby Meditrade (Thailand) Ltd. 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.

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## Notes to the financial statements

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The following table summarised the financial information of the associate as included in its own financial statements and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this company.

|                                                               | <b>Wang Somboon Rubber<br/>Estate Co., Ltd.</b> |               |
|---------------------------------------------------------------|-------------------------------------------------|---------------|
|                                                               | 2018                                            | 2017          |
|                                                               | <i>(in thousand Baht)</i>                       |               |
| Revenue                                                       | 13,586                                          | 15,832        |
| Profit (loss) from continuing operations                      | (1,472)                                         | 912           |
| Other comprehensive income                                    | (153)                                           | 111           |
| <b>Total comprehensive income</b>                             | <b>(1,625)</b>                                  | <b>1,023</b>  |
| Attributable to NCI                                           | (838)                                           | 528           |
| Attributable to investee's shareholders                       | (787)                                           | 495           |
| Current assets                                                | 18,217                                          | 20,187        |
| Non-current assets                                            | 48,053                                          | 49,064        |
| Current liabilities                                           | (427)                                           | (440)         |
| Non-current liabilities                                       | (1,814)                                         | (1,908)       |
| <b>Net assets</b>                                             | <b>64,029</b>                                   | <b>66,903</b> |
| Attributable to NCI                                           | 33,047                                          | 34,599        |
| Attributable to investee's shareholders                       | 30,982                                          | 32,304        |
| Group's interest in net assets of investee at 1 January       | 32,304                                          | 31,809        |
| Group's share of total comprehensive income                   | (787)                                           | 495           |
| Dividend income                                               | (535)                                           | -             |
| <b>Carrying amount of interest in investee at 31 December</b> | <b>30,982</b>                                   | <b>32,304</b> |

## 12 Investments in subsidiaries

|                                                   |      | <b>Separate<br/>financial statements</b> |                  |
|---------------------------------------------------|------|------------------------------------------|------------------|
|                                                   | Note | 2018                                     | 2017             |
|                                                   |      | <i>(in thousand Baht)</i>                |                  |
| At 1 January                                      |      | 1,929,960                                | 1,893,670        |
| Increase share capital                            |      |                                          |                  |
| - Thai Rubber Land and Plantation Co., Ltd.       |      | 500,000                                  | -                |
| - Myanmar Thai Rubber Joint Corporation Limited   |      | -                                        | 17,709           |
| Acquisitions                                      |      |                                          |                  |
| - Latex Systems Public Company Limited            |      | 330                                      | -                |
| - World Flex Public Company Limited               | 5(b) | 4,800                                    | -                |
| - Shanghai Runmao International Trading Co., Ltd. | 5(b) | 21,364                                   | -                |
| Return of capital                                 |      |                                          |                  |
| - Thai Rubber Latex Group Co., Ltd.               | 3    | (544,000)                                | -                |
| Acquisition from entire business transfer         |      | -                                        | 19,470           |
| Allowance for impairment                          |      | (39,180)                                 | -                |
| Disposal                                          |      | -                                        | (889)            |
| <b>At 31 December</b>                             |      | <b>1,873,274</b>                         | <b>1,929,960</b> |

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***Increase share capital***

During 2017, Myanmar Thai Rubber Joint Corporation Limited, a subsidiary, increased the authorised share capital by Baht 27.7 million (from Baht 80.0 million to Baht 107.7 million). The Company increased its investment amounting to Baht 17.7 million according to proportionate of existing ownership interest.

During 2018, Thai Rubber Land and Plantation Co., Ltd., a subsidiary, increased the authorised share capital by Baht 500 million (from Baht 300 million to Baht 800 million). The Company increased its investment amounting to Baht 500 million according to proportionate of existing ownership interest.

During 2018, Latex Systems Public Company Limited, a subsidiary, increased the authorised share capital by Baht 0.6 million (from Baht 77.8 million to Baht 79.4 million). The Company increased its investment amounting to Baht 0.3 million according to proportionate of existing ownership interest. By issuing of the said ordinary share the subsidiary amended Memorandum of Association by reduction of par value and increase the authorised share capital from the registered share capital of subsidiary Baht 79.4 million (8.6 million shares at par value of Baht 9.2 per share) to the registered capital of Baht 225.0 million (450.0 of million shares with a par value of Baht 0.5 per shares).

***Acquisitions***

In July 2018, the Group acquired an additional 45% interest in Shanghai Runmao International Trading Co., Ltd. (“SRIT”) for Baht 21.4 million, resulting to increase its ownership interest from 55% to 100%. The carrying amount of SRIT’s net assets in the Group’s financial statements on the date of the acquisition was Baht 47.3 million. The Group recognised a decrease in non-controlling interests of Baht 21.3 million, an increase in legal reserve of Baht 7.7 million, a decrease in retained earnings of Baht 8.2 million and an increase in the translating foreign operations of Baht 0.4 million.

In August 2018, the Group acquired an additional 1.6% interest in World Flex Public Company Limited (“WFX”) for Baht 4.8 million, resulting to increase its ownership interest from 98.4% to 100%. The carrying amount of WFX’s net assets in the Group’s financial statements on the date of the acquisition was Baht 538.4 million. The Group recognised a decrease in non-controlling interests of Baht 8.4 million, an increase in legal reserve of Baht 0.2 million, a decrease in retained earnings of Baht 3.8 million and an increase in revaluation surplus of Baht 3.6 million.

***Return of capital***

Thai Rubber Latex Group Co., Ltd., a subsidiary, registered to dissolve its company on 29 December 2017 in accordance with restructuring plan of the Group. On 4 December 2018, the said subsidiary completed the dissolution process and returned the capital of Baht 544 million. The Company recognised gain from reduction share capital Baht 62 million in separate statement of comprehensive income for the year ended 31 December 2018.

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Investments in subsidiaries as at 31 December 2018 and 2017 and dividend income for the years then ended were as follows:

| <i>Subsidiaries</i>                                                                                                                  | Nature of business                                               | Separate financial statements |       |                 |         |         |         |                    |      |             |         |                 |         |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------|-------|-----------------|---------|---------|---------|--------------------|------|-------------|---------|-----------------|---------|
|                                                                                                                                      |                                                                  | Ownership interest            |       | Paid-up capital |         | Cost    |         | Impairment         |      | At cost-net |         | Dividend income |         |
|                                                                                                                                      |                                                                  | 2018                          | 2017  | 2018            | 2017    | 2018    | 2017    | 2018               | 2017 | 2018        | 2017    | 2018            | 2017    |
|                                                                                                                                      |                                                                  | (%)                           |       |                 |         |         |         | (in thousand Baht) |      |             |         |                 |         |
| <b>Direct subsidiaries</b>                                                                                                           |                                                                  |                               |       |                 |         |         |         |                    |      |             |         |                 |         |
| Thai Rubber Latex Group Co., Ltd.<br>(entire business transfer to the parent on 29 December 2017 and liquidation on 4 December 2018) | Production and distribution of products from natural rubber      | -                             | 100.0 | -               | 544,000 | -       | 544,000 | -                  | -    | -           | 544,000 | -               | 217,600 |
| World Flex Public Company Limited                                                                                                    | Production and distribution of rubber thread                     | 100.0                         | 98.4  | 308,000         | 308,000 | 448,400 | 443,600 | -                  | -    | 448,400     | 443,600 | -               | -       |
| Thai Rubber Land and Plantation Co., Ltd.                                                                                            | Planting of rubber                                               | 100.0                         | 100.0 | 800,000         | 300,000 | 800,000 | 300,000 | -                  | -    | 800,000     | 300,000 | -               | -       |
| Thai Rubber H P N R Co., Ltd.                                                                                                        | Distribution of STR and compound rubber                          | 100.0                         | 100.0 | 500,000         | 500,000 | 500,000 | 500,000 | -                  | -    | 500,000     | 500,000 | -               | -       |
| Latex Systems Public Company Limited                                                                                                 | Production and distribution of foam latex mattresses and pillows | 56.2                          | 56.2  | 158,784         | 78,809  | 54,310  | 53,980  | -                  | -    | 54,310      | 53,980  | 15,569          | 14,371  |
| Myanmar Thai Rubber Joint Corporation Limited                                                                                        | Production and distribution of products from natural rubber      | 64.0                          | 64.0  | 107,672         | 107,672 | 68,910  | 68,910  | (39,180)           | -    | 29,730      | 68,910  | -               | -       |



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| <i>Subsidiaries</i>                             | Nature of business                      | Separate financial statements |      |                 |        |                  |                  |                    |          |                  |                  |                 |                |
|-------------------------------------------------|-----------------------------------------|-------------------------------|------|-----------------|--------|------------------|------------------|--------------------|----------|------------------|------------------|-----------------|----------------|
|                                                 |                                         | Ownership interest            |      | Paid-up capital |        | Cost             |                  | Impairment         |          | At cost-net      |                  | Dividend income |                |
|                                                 |                                         | 2018                          | 2017 | 2018            | 2017   | 2018             | 2017             | 2018               | 2017     | 2018             | 2017             | 2018            | 2017           |
|                                                 |                                         | (%)                           |      |                 |        |                  |                  | (in thousand Baht) |          |                  |                  |                 |                |
| Shanghai Runmao International Trading Co., Ltd. | Trading of products from natural rubber | 100.0                         | 55.0 | 35,399          | 35,399 | 40,834           | 19,470           | -                  | -        | 40,834           | 19,470           | 5,055           | -              |
|                                                 |                                         |                               |      |                 |        | <u>1,912,454</u> | <u>1,929,960</u> | <u>(39,180)</u>    | <u>-</u> | <u>1,873,274</u> | <u>1,929,960</u> | <u>20,624</u>   | <u>231,971</u> |

All subsidiaries were incorporated in Thailand, except Myanmar Thai Rubber Joint Corporation Limited and Shanghai Runmao International Trading Co., Ltd., which were incorporated in the Republic of the Union of Myanmar and People's Republic of China, respectively.

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### *Allowance for impairment*

Due to the challenges in the markets including the volatility of rubber prices as a consequence over the market condition, Thai Rubber H P N R Co., Ltd. and Thai Rubber Land and Plantation Co., Ltd., subsidiaries of the Company, incurred accumulated deficits as at the year ended 31 December 2018. The Group/Company prepared discounted cash flow projections (“DCF”) by managements to determine the value in investment in subsidiaries in the separate financial statement and rubber plantation development costs of subsidiary in the consolidated financial statement. The key assumptions used in the estimation of the recoverable amount in DCF related to discount rate and estimated EBITDA. The discount rate is estimated based on the historical industry average weighted-average cost of capital. Estimated EBITDA is based on management’s expectation considering of historical experience. Based on the result of the assessment and management judgment, there was no impairment loss.

During 2018, the Company's management foresee that the investment in Myanmar Thai Rubber Joint Corporation Limited was impaired. As a result, the Company set up allowance for impairment loss of investment in a said subsidiary amounting to Baht 39.2 million in the statements of comprehensive income in the separate financial statements.

None of the Company’s subsidiaries are publicly listed and consequently do not have published price quotation.

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**13 Non-controlling interests**

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

|                                                                        | <b>Latex Systems<br/>Public Company<br/>Limited</b> | <b>31 December 2018<br/>Other individual<br/>immaterial<br/>subsidiaries and intra-<br/>group elimination<br/>(in thousand baht)</b> | <b>Total</b>   |
|------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Non-controlling interest percentage                                    | 43.84                                               |                                                                                                                                      |                |
| Current assets                                                         | 399,412                                             |                                                                                                                                      |                |
| Non-current assets                                                     | 754,744                                             |                                                                                                                                      |                |
| Current liabilities                                                    | (330,531)                                           |                                                                                                                                      |                |
| Non-current liabilities                                                | (362,493)                                           |                                                                                                                                      |                |
| <b>Net assets</b>                                                      | <b>461,132</b>                                      |                                                                                                                                      |                |
| Carrying amount of non-<br>controlling interest                        | 202,160                                             | 16,707                                                                                                                               | <b>218,867</b> |
| Revenue                                                                | 831,734                                             |                                                                                                                                      |                |
| Profit                                                                 | 119,875                                             |                                                                                                                                      |                |
| <b>Total comprehensive income</b>                                      | <b>119,053</b>                                      |                                                                                                                                      |                |
| Profit allocated to non-<br>controlling interest                       | 52,553                                              | (8,467)                                                                                                                              | <b>44,086</b>  |
| Other comprehensive income<br>allocated to non-controlling<br>interest | 52,192                                              | (9,218)                                                                                                                              | <b>42,974</b>  |
| Cash flows from operating<br>activities                                | 88,024                                              |                                                                                                                                      |                |
| Cash flows used in investing<br>activities                             | (338,531)                                           |                                                                                                                                      |                |
| Cash flows from financing activities                                   | 210,407                                             |                                                                                                                                      |                |
| <b>Net decrease in cash and cash<br/>equivalents</b>                   | <b>(40,100)</b>                                     |                                                                                                                                      |                |

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|                                                                        | <b>31 December 2017</b>                                     |                                                                        |                                                                                           |                |
|------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------|
|                                                                        | <b>Latex<br/>Systems<br/>Public<br/>Company<br/>Limited</b> | <b>Shanghai<br/>Runmao<br/>International<br/>Trading<br/>Co., Ltd.</b> | <b>Other<br/>individual immaterial<br/>subsidiaries and intra-<br/>group eliminations</b> | <b>Total</b>   |
|                                                                        | <i>(in thousand Baht)</i>                                   |                                                                        |                                                                                           |                |
| Non-controlling interest<br>percentage                                 | 43.84                                                       | 45.00                                                                  |                                                                                           |                |
| Current assets                                                         | 323,562                                                     | 109,233                                                                |                                                                                           |                |
| Non-current assets                                                     | 487,759                                                     | 829                                                                    |                                                                                           |                |
| Current liabilities                                                    | (204,810)                                                   | (48,461)                                                               |                                                                                           |                |
| Non-current liabilities                                                | (237,296)                                                   | -                                                                      |                                                                                           |                |
| <b>Net assets</b>                                                      | <b>369,215</b>                                              | <b>61,601</b>                                                          |                                                                                           |                |
| Carrying amount of non-<br>controlling interest                        | 161,864                                                     | 27,720                                                                 | 32,048                                                                                    | <b>221,632</b> |
| Revenue                                                                | 753,468                                                     | 1,214,543                                                              |                                                                                           |                |
| Profit                                                                 | 109,130                                                     | 10,398                                                                 |                                                                                           |                |
| <b>Total comprehensive income</b>                                      | <b>109,064</b>                                              | <b>10,398</b>                                                          |                                                                                           |                |
| Profit allocated to non-<br>controlling interest                       | 47,843                                                      | 4,679                                                                  | (2,553)                                                                                   | <b>49,969</b>  |
| Other comprehensive income<br>allocated to non-controlling<br>interest | 47,814                                                      | 4,679                                                                  | (3,091)                                                                                   | <b>49,402</b>  |
| Cash flows from operating<br>activities                                | 76,839                                                      | 44,794                                                                 |                                                                                           |                |
| Cash flows from (used in)<br>investing activities                      | (94,674)                                                    | 101                                                                    |                                                                                           |                |
| Cash flows from (used in)<br>financing activities                      | 47,420                                                      | (32,964)                                                               |                                                                                           |                |
| <b>Net increase in cash and cash<br/>equivalents</b>                   | <b>29,585</b>                                               | <b>11,931</b>                                                          |                                                                                           |                |

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

## Notes to the financial statements

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### 14 Other long-term investments

|                                         | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|-----------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
|                                         | 2018                                 | 2017           | 2018                             | 2017           |
|                                         | <i>(in thousand Baht)</i>            |                |                                  |                |
| Listed security available for sale      | 1,249                                | 1,249          | 1,249                            | 1,249          |
| <i>Investment in equity securities:</i> |                                      |                |                                  |                |
| Doctor Blue Co., Ltd.                   | 5,100                                | 5,100          | 5,100                            | 5,100          |
| Universal Steel Drum Co., Ltd.          | 3,000                                | 3,000          | 3,000                            | 3,000          |
| Siam Steel Container Co., Ltd.          | 2,000                                | 2,000          | 2,000                            | 2,000          |
| Thai Rubber Joint Venture Co., Ltd.     | 100,000                              | 100,000        | 100,000                          | 100,000        |
| <b>Total</b>                            | <b>111,349</b>                       | <b>111,349</b> | <b>111,349</b>                   | <b>111,349</b> |
| Less allowance for impairment           | (30,149)                             | (11,349)       | (30,149)                         | (11,349)       |
| <b>Net</b>                              | <b>81,200</b>                        | <b>100,000</b> | <b>81,200</b>                    | <b>100,000</b> |

During 2017, the Company entered into the memorandum of understanding with Rubber Authority of Thailand and other rubber business companies to set up a company, Thai Rubber Joint Venture Co., Ltd., for the resolution to stabilize rubber price with the objective to engage in the domestic and international trade of rubber. The said company was registered and established in July 2017 with share capital of Baht 1,200 million whereby the Company invested of Baht 200 million (representing of 16.67% shareholding). As at 31 December 2017, the Company had partially paid-up capital amounting to Baht 100 million.

During 2018, the Company's management foresee that the investment in Thai Rubber Joint Venture Co., Ltd. was impaired. As a result, the Company set up allowance for impairment loss in investments of Thai Rubber Joint Venture Co., Ltd. amounting to Baht 18.8 million in the consolidated and separate statements of comprehensive income.

None of the other long-term investment are publicly listed and consequently do not have published price quotations.

### 15 Investment properties

|                                                        | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--------------------------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| Note                                                   | 2018                                 | 2017           | 2018                             | 2017           |
|                                                        | <i>(in thousand Baht)</i>            |                |                                  |                |
| At 1 January                                           |                                      |                |                                  |                |
| - Land                                                 | 426,862                              | 425,621        | 60,572                           | 60,570         |
| - Building                                             | 131,088                              | 123,439        | 59,878                           | 62,520         |
|                                                        | <b>557,950</b>                       | <b>549,060</b> | <b>120,450</b>                   | <b>123,090</b> |
| Fair value adjustments recognised<br>in profit or loss |                                      |                |                                  |                |
| - Land                                                 | 3,261                                | 1,241          | 2,271                            | 2              |
| - Building                                             | (141)                                | 7,649          | (2,131)                          | (2,642)        |
| 29                                                     | <b>3,120</b>                         | <b>8,890</b>   | <b>140</b>                       | <b>(2,640)</b> |
| As 31 December                                         |                                      |                |                                  |                |
| - Land                                                 | 430,123                              | 426,862        | 62,843                           | 60,572         |
| - Building                                             | 130,947                              | 131,088        | 57,747                           | 59,878         |
| <b>Total</b>                                           | <b>561,070</b>                       | <b>557,950</b> | <b>120,590</b>                   | <b>120,450</b> |

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

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Investment properties comprise a number of commercial properties that are leased to third parties. Each of the lease contains an initial non-cancellable period of 3 and 14 years for land and building. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The Group has pledged investment properties amounting to approximately Baht 244.7 million (2017: Baht 244.5 million) as collateral against credit facilities from a financial institution.

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's/Company's investment properties portfolio on an annual basis.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

#### *Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

| <b>Valuation technique</b>  | <b>Significant unobservable inputs</b>                                                                                      | <b>Inter-relationship between significant unobservable inputs and fair value measurement</b>                                     |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Market comparison technique | The quoted prices and actual trading price of a similar comparative investment properties adjusted by other various factor. | The estimated fair value would increase (decrease) if the price per area were higher (lower).                                    |
| Replacement cost technique  | Construction cost and the depreciation of investment properties adjusted by other factors.                                  | The estimated fair value would increase (decrease) if the condition of property and construction cost would increase (decrease). |

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**16 Property, plant and equipment**

|                                                   |      | Consolidated financial statements |                                          |                |                                                         |                |                       |                                                     |                  |
|---------------------------------------------------|------|-----------------------------------|------------------------------------------|----------------|---------------------------------------------------------|----------------|-----------------------|-----------------------------------------------------|------------------|
|                                                   |      | Land<br>and land<br>improvement   | Building<br>and building<br>improvements | Machinery      | Office and<br>other equipment<br><br>(in thousand Baht) | Vehicles       | Other<br>fixed assets | Assets under<br>construction<br>and<br>installation | Total            |
|                                                   | Note |                                   |                                          |                |                                                         |                |                       |                                                     |                  |
| <b>Cost/Revaluation</b>                           |      |                                   |                                          |                |                                                         |                |                       |                                                     |                  |
| At 1 January 2017                                 |      | 1,480,109                         | 672,677                                  | 717,717        | 438,218                                                 | 128,581        | 128,612               | 503,279                                             | 4,069,193        |
| Additions                                         |      | 1,298                             | 95,731                                   | 5,236          | 19,329                                                  | 8,460          | 596                   | 148,665                                             | 279,315          |
| Revaluation of land                               |      | 60,670                            | -                                        | -              | -                                                       | -              | -                     | -                                                   | 60,670           |
| Transfer to assets classified as<br>held for sale |      | -                                 | -                                        | -              | 458                                                     | -              | -                     | -                                                   | 458              |
| Transfer in (out)                                 |      | -                                 | 199,765                                  | 112,661        | 7,463                                                   | 5,000          | 9,613                 | (334,502)                                           | -                |
| Write-off                                         |      | -                                 | -                                        | -              | (1,408)                                                 | -              | -                     | (552)                                               | (1,960)          |
| Disposals                                         |      | -                                 | (95,751)                                 | (9,086)        | (5,733)                                                 | (6,802)        | -                     | -                                                   | (117,372)        |
| <b>At 31 December 2017 and<br/>1 January 2018</b> |      | <b>1,542,077</b>                  | <b>872,422</b>                           | <b>826,528</b> | <b>458,327</b>                                          | <b>135,239</b> | <b>138,821</b>        | <b>316,890</b>                                      | <b>4,290,304</b> |
| Acquisition through business combination          | 5(a) | 9,858                             | 42,652                                   | 30,641         | 1,889                                                   | -              | -                     | -                                                   | 85,040           |
| Additions                                         |      | 7,000                             | 1,696                                    | 3,923          | 27,904                                                  | 7,668          | 1,884                 | 272,146                                             | 322,221          |
| Transfer in (out)                                 |      | 1,498                             | 139,173                                  | 157,989        | 46,952                                                  | -              | 39,677                | (385,289)                                           | -                |
| Write-off                                         |      | -                                 | (767)                                    | (19,167)       | (6,592)                                                 | -              | (214)                 | (882)                                               | (27,622)         |
| Disposals                                         |      | (1,002)                           | (1,784)                                  | (12,250)       | (4,810)                                                 | (378)          | (323)                 | -                                                   | (20,547)         |
| <b>At 31 December 2018</b>                        |      | <b>1,559,431</b>                  | <b>1,053,392</b>                         | <b>987,664</b> | <b>523,670</b>                                          | <b>142,529</b> | <b>179,845</b>        | <b>202,865</b>                                      | <b>4,649,396</b> |

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|                                                   | Consolidated financial statements |                                          |                |                                                            |                |                       |                                                  |                  |
|---------------------------------------------------|-----------------------------------|------------------------------------------|----------------|------------------------------------------------------------|----------------|-----------------------|--------------------------------------------------|------------------|
|                                                   | Land<br>and land<br>improvement   | Building<br>and building<br>improvements | Machinery      | Office and<br>other equipment<br><i>(in thousand Baht)</i> | Vehicles       | Other<br>fixed assets | Assets under<br>construction and<br>installation | Total            |
| <i>Depreciation and impairment losses</i>         |                                   |                                          |                |                                                            |                |                       |                                                  |                  |
| At 1 January 2017                                 | 15,447                            | 27,312                                   | 183,056        | 323,167                                                    | 108,542        | 93,536                | -                                                | 751,060          |
| Depreciation charge for the year                  | -                                 | 65,196                                   | 103,050        | 25,172                                                     | 11,288         | 5,530                 | -                                                | 210,236          |
| Transfer from assets held for sale                | -                                 | -                                        | -              | 421                                                        | -              | -                     | -                                                | 421              |
| Write-off                                         | -                                 | -                                        | -              | (1,408)                                                    | -              | -                     | -                                                | (1,408)          |
| Disposals                                         | -                                 | -                                        | (1,144)        | (5,282)                                                    | (6,668)        | -                     | -                                                | (13,094)         |
| <b>At 31 December 2017 and<br/>1 January 2018</b> | <b>15,447</b>                     | <b>92,508</b>                            | <b>284,962</b> | <b>342,070</b>                                             | <b>113,162</b> | <b>99,066</b>         | <b>-</b>                                         | <b>947,215</b>   |
| Depreciation charge for the year                  | -                                 | 62,235                                   | 122,289        | 35,349                                                     | 8,468          | 6,226                 | -                                                | 234,567          |
| Write-off                                         | -                                 | (290)                                    | (12,428)       | (3,865)                                                    | -              | (214)                 | -                                                | (16,797)         |
| Disposals                                         | -                                 | (1,393)                                  | (9,938)        | (4,771)                                                    | (378)          | (323)                 | -                                                | (16,803)         |
| <b>At 31 December 2018</b>                        | <b>15,447</b>                     | <b>153,060</b>                           | <b>384,885</b> | <b>368,783</b>                                             | <b>121,252</b> | <b>104,755</b>        | <b>-</b>                                         | <b>1,148,182</b> |
| <i>Net book value</i>                             |                                   |                                          |                |                                                            |                |                       |                                                  |                  |
| <b>At 1 January 2017</b>                          |                                   |                                          |                |                                                            |                |                       |                                                  |                  |
| Owned assets                                      | 1,464,662                         | 645,365                                  | 287,327        | 115,051                                                    | 1,202          | 35,076                | 503,279                                          | 3,051,962        |
| Assets under finance leases                       | -                                 | -                                        | 247,334        | -                                                          | 18,837         | -                     | -                                                | 266,171          |
|                                                   | <b>1,464,662</b>                  | <b>645,365</b>                           | <b>534,661</b> | <b>115,051</b>                                             | <b>20,039</b>  | <b>35,076</b>         | <b>503,279</b>                                   | <b>3,318,133</b> |
| <b>At 31 December 2017<br/>and 1 January 2018</b> |                                   |                                          |                |                                                            |                |                       |                                                  |                  |
| Owned assets                                      | 1,526,630                         | 695,521                                  | 345,628        | 116,257                                                    | 8,478          | 39,755                | 316,890                                          | 3,049,159        |
| Assets under finance leases                       | -                                 | 84,393                                   | 195,938        | -                                                          | 13,599         | -                     | -                                                | 293,930          |
|                                                   | <b>1,526,630</b>                  | <b>779,914</b>                           | <b>541,566</b> | <b>116,257</b>                                             | <b>22,077</b>  | <b>39,755</b>         | <b>316,890</b>                                   | <b>3,343,089</b> |
| <b>At 31 December 2018</b>                        |                                   |                                          |                |                                                            |                |                       |                                                  |                  |
| Owned assets                                      | 1,543,984                         | 829,925                                  | 482,100        | 154,887                                                    | 12,685         | 75,090                | 202,865                                          | 3,301,536        |
| Assets under finance leases                       | -                                 | 70,407                                   | 120,679        | -                                                          | 8,592          | -                     | -                                                | 199,678          |
|                                                   | <b>1,543,984</b>                  | <b>900,332</b>                           | <b>602,779</b> | <b>154,887</b>                                             | <b>21,277</b>  | <b>75,090</b>         | <b>202,865</b>                                   | <b>3,501,214</b> |



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The gross amount of the Group's fully depreciated of plant and equipment that were still in use as at 31 December 2018 amounted to Baht 474.1 million (*2017: Baht 443.5 million*).

Borrowing costs related to the acquisition of buildings The Group/Company recorded as part of the cost of assets of Baht 0.7 million and Baht 0.6 million, respectively (*2017: The Group 7.1 million*), with interest rates of 3.9% - 4.3% p.a. and 4.3% p.a., respectively. (*2017: The Group 3.9% p.a.*) (*see Note 34*)

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|                                               |      | Separate financial statements |                                    |                |                                                  |               |                    | Assets under construction and installation | Total            |
|-----------------------------------------------|------|-------------------------------|------------------------------------|----------------|--------------------------------------------------|---------------|--------------------|--------------------------------------------|------------------|
|                                               | Note | Land and land improvement     | Building and building improvements | Machinery      | Office and other equipment<br>(in thousand Baht) | Vehicles      | Other fixed assets |                                            |                  |
| <b>Cost/Revaluation</b>                       |      |                               |                                    |                |                                                  |               |                    |                                            |                  |
| At 1 January 2017                             |      | 149,064                       | 71,943                             | 108,300        | 59,177                                           | 18,868        | 19,896             | 1,188                                      | 428,436          |
| Additions                                     |      | -                             | -                                  | -              | 1,361                                            | 2,339         | 406                | 4,047                                      | 8,153            |
| Disposals                                     |      | -                             | -                                  | -              | (21)                                             | -             | -                  | -                                          | (21)             |
| Acquisition from entire business transfer     | 3    | 315,065                       | 296,091                            | 315,018        | 87,171                                           | 70,751        | 81,968             | 105,373                                    | 1,271,437        |
| <b>At 31 December 2017 and 1 January 2018</b> |      | <b>464,129</b>                | <b>368,034</b>                     | <b>423,318</b> | <b>147,688</b>                                   | <b>91,958</b> | <b>102,270</b>     | <b>110,608</b>                             | <b>1,708,005</b> |
| Additions                                     |      | -                             | -                                  | -              | 3,938                                            | 5,437         | -                  | 25,044                                     | 34,419           |
| Transfer                                      |      | -                             | 73,069                             | 13,085         | 3,153                                            | -             | 39,677             | (128,984)                                  | -                |
| <b>At 31 December 2018</b>                    |      | <b>464,129</b>                | <b>441,103</b>                     | <b>436,403</b> | <b>154,779</b>                                   | <b>97,395</b> | <b>141,947</b>     | <b>6,668</b>                               | <b>1,742,424</b> |
| <b>Depreciation and impairment losses</b>     |      |                               |                                    |                |                                                  |               |                    |                                            |                  |
| At 1 January 2017                             |      | 12,540                        | 1,097                              | 53,804         | 56,118                                           | 18,857        | 18,185             | -                                          | 160,601          |
| Depreciation charge for the year              |      | -                             | 3,363                              | 10,783         | 1,337                                            | 44            | 866                | -                                          | 16,393           |
| Disposals                                     |      | -                             | -                                  | -              | (4)                                              | -             | -                  | -                                          | (4)              |
| Acquisition from entire business transfer     | 3    | -                             | 45,884                             | 136,724        | 79,892                                           | 62,154        | 61,018             | -                                          | 385,672          |
| <b>At 31 December 2017 and 1 January 2018</b> |      | <b>12,540</b>                 | <b>50,344</b>                      | <b>201,311</b> | <b>137,343</b>                                   | <b>81,055</b> | <b>80,069</b>      | <b>-</b>                                   | <b>562,662</b>   |
| Depreciation charge for the year              |      | -                             | 31,171                             | 56,659         | 4,460                                            | 4,970         | 4,178              | -                                          | 101,438          |
| <b>At 31 December 2018</b>                    |      | <b>12,540</b>                 | <b>81,515</b>                      | <b>257,970</b> | <b>141,803</b>                                   | <b>86,025</b> | <b>84,247</b>      | <b>-</b>                                   | <b>664,100</b>   |

**Thai Rubber Latex Corporation (Thailand) Public Company Limited**  
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**Notes to the financial statements**  
**For the year ended 31 December 2018**

|                                               | Separate financial statements |                                    |                |                                                  |               |                    | Assets under construction and installation | Total            |
|-----------------------------------------------|-------------------------------|------------------------------------|----------------|--------------------------------------------------|---------------|--------------------|--------------------------------------------|------------------|
|                                               | Land and land improvement     | Building and building improvements | Machinery      | Office and other equipment<br>(in thousand Baht) | Vehicles      | Other fixed assets |                                            |                  |
| <i>Net book value</i>                         |                               |                                    |                |                                                  |               |                    |                                            |                  |
| <b>At 1 January 2017</b>                      |                               |                                    |                |                                                  |               |                    |                                            |                  |
| Owned assets                                  | 136,524                       | 70,846                             | 15,987         | 3,059                                            | 11            | 1,711              | 1,188                                      | 229,326          |
| Assets under finance leases                   | -                             | -                                  | 38,509         | -                                                | -             | -                  | -                                          | 38,509           |
|                                               | <b>136,524</b>                | <b>70,846</b>                      | <b>54,496</b>  | <b>3,059</b>                                     | <b>11</b>     | <b>1,711</b>       | <b>1,188</b>                               | <b>267,835</b>   |
| <b>At 31 December 2017 and 1 January 2018</b> |                               |                                    |                |                                                  |               |                    |                                            |                  |
| Owned assets                                  | 451,589                       | 233,297                            | 26,069         | 10,345                                           | 8,607         | 22,201             | 110,608                                    | 862,716          |
| Assets under finance leases                   | -                             | 84,393                             | 195,938        | -                                                | 2,296         | -                  | -                                          | 282,627          |
|                                               | <b>451,589</b>                | <b>317,690</b>                     | <b>222,007</b> | <b>10,345</b>                                    | <b>10,903</b> | <b>22,201</b>      | <b>110,608</b>                             | <b>1,145,343</b> |
| <b>At 31 December 2018</b>                    |                               |                                    |                |                                                  |               |                    |                                            |                  |
| Owned assets                                  | 451,589                       | 289,181                            | 35,220         | 12,976                                           | 5,014         | 57,700             | 6,668                                      | 858,348          |
| Assets under finance leases                   | -                             | 70,407                             | 143,213        | -                                                | 6,356         | -                  | -                                          | 219,976          |
|                                               | <b>451,589</b>                | <b>359,588</b>                     | <b>178,433</b> | <b>12,976</b>                                    | <b>11,370</b> | <b>57,700</b>      | <b>6,668</b>                               | <b>1,078,324</b> |

The gross amount of the Company's fully depreciated plant and equipment that were still in use as at 31 December 2018 amounted to Baht 279.9 million (2017: Baht 223.7 million).

The Group and the Company have pledged their property, plant and equipment which have a net book value of Baht 2,558.5 million and Baht 989.6 million, respectively (2017: Baht 2,363.8 million and Baht 965.2 million, respectively), as collateral to secure the Group's and the Company's bank overdrafts, trusted receipts, short and long term loans. (see note 22)

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

## Notes to the financial statements

For the year ended 31 December 2018

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of land, building and machinery was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's/Company's land, building and machinery portfolio over periods of 3 – 5 years.

The fair value measurement for land, building and machinery has been categorised as a Level 3 fair value based on the input to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, building and machinery, as well as the significant unobservable inputs used.

| <b>Valuation technique</b>  | <b>Significant unobservable inputs</b>                                                                                            | <b>Inter-relationship between significant unobservable inputs and fair value measurement</b>                                                                              |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market comparison technique | The quoted prices and actual trading price of a similar comparative land adjusted by other various factor.                        | The estimated fair value would increase (decrease) if the price per area were higher (lower).                                                                             |
| Replacement cost technique  | Construction costs, used machine costs or second hand machine and depreciation of building and machine adjusted by other factors. | The estimated fair value would increase (decrease) and the condition of property and construction cost and used machine or second hand machine would increase (decrease). |

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

## Notes to the financial statements

For the year ended 31 December 2018

### 17 Other intangible assets

|                                               |      | Software license                  |                               |
|-----------------------------------------------|------|-----------------------------------|-------------------------------|
|                                               |      | Consolidated financial statements | Separate financial statements |
|                                               | Note | (in thousand Baht)                |                               |
| <b>Cost</b>                                   |      |                                   |                               |
| At 1 January 2017                             |      | 12,926                            | 6,971                         |
| Additions                                     |      | 4,244                             | -                             |
| Acquisition from entire business transfer     | 3    | -                                 | 2,954                         |
| <b>At 31 December 2017 and 1 January 2018</b> |      | <b>17,170</b>                     | <b>9,925</b>                  |
| Additions                                     |      | 1,015                             | 30                            |
| Disposal                                      |      | (264)                             | -                             |
| <b>At 31 December 2018</b>                    |      | <b>17,921</b>                     | <b>9,955</b>                  |
| <b>Amortisation</b>                           |      |                                   |                               |
| At 1 January 2017                             |      | 11,138                            | 6,312                         |
| Amortisation charge for the year              |      | 786                               | 165                           |
| Acquisition from entire business transfer     | 3    | -                                 | 2,954                         |
| <b>At 31 December 2017 and 1 January 2018</b> |      | <b>11,924</b>                     | <b>9,431</b>                  |
| Amortisation charge for the year              |      | 2,205                             | 166                           |
| Decrease                                      |      | (248)                             | -                             |
| <b>At 31 December 2018</b>                    |      | <b>13,881</b>                     | <b>9,597</b>                  |
| <b>Net book value</b>                         |      |                                   |                               |
| At 1 January 2017                             |      | <b>1,788</b>                      | <b>659</b>                    |
| At 31 December 2017 and 1 January 2018        |      | <b>5,246</b>                      | <b>494</b>                    |
| At 31 December 2018                           |      | <b>4,040</b>                      | <b>358</b>                    |

### 18 Land possessory rights

|                                    | Consolidated financial statements |                | Separate financial statements |              |
|------------------------------------|-----------------------------------|----------------|-------------------------------|--------------|
|                                    | 2018                              | 2017           | 2018                          | 2017         |
|                                    | (in thousand Baht)                |                |                               |              |
| At 1 January                       | 193,158                           | 192,444        | 6,270                         | 6,270        |
| Transfer from assets held for sale | -                                 | 440            | -                             | -            |
| Increase                           | -                                 | 274            | -                             | -            |
| <b>At 31 December</b>              | <b>193,158</b>                    | <b>193,158</b> | <b>6,270</b>                  | <b>6,270</b> |

As at 31 December 2018, the Group and the Company have land possessory rights of approximately 13,558 rais and 49 rais, respectively (2017 : 13,558 rais and 49 rais, respectively). The Group and the Company are currently in the process of obtaining legal ownership acquisition.

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

## Notes to the financial statements

For the year ended 31 December 2018

### 19 Advance payment for land possessory rights

The Group entered into a Shareholders Agreement with Vantage Co., Ltd. (“Vantage”) to join and invest in the business in the Republic of the Union of Myanmar through the incorporation of Myanmar Thai Rubber Joint Corporation Limited (“MTRJC”) which is or shall be a limited company under the law in the Republic of the Union of Myanmar. MTRJC has registered capital of Baht 107.7 million in order to develop and produce of rubber plantation, rubber smoked sheet and concentrated natural latex factory in Myeik, Dawei. Under the terms of the above agreement, MTRJC will purchase land possessory rights at the amount of Baht 145 million. In 2014, MTRJC paid advance payment for land possessory right at Baht 45 million. However in 2017, the land possessory rights have not yet been transferred to MTRJC. As a result, an addendum to the above agreement with Vantage has been made in order to transfer the land possessory rights to Vantage. The rubber plantation is operated by Vantage and the operating result from the rubber plantation will be repaid to MTRJC to deduct the advance for land possessory rights until the rights are transferred to MTRJC. As at 31 December 2018, the outstanding balance of advance payment for land possessory rights amounted of Baht 34.8 million is presented in the consolidated statements of financial position.

### 20 Rubber plantation development costs

|                       | <b>Consolidated<br/>financial statements</b> |                       |
|-----------------------|----------------------------------------------|-----------------------|
|                       | 2018                                         | 2017                  |
|                       | <i>(in thousand Baht)</i>                    |                       |
| At 1 January          | 877,437                                      | 851,210               |
| Additions             | 17,290                                       | 40,977                |
| Amortisation          | (8,825)                                      | (14,750)              |
| <b>At 31 December</b> | <b><u>885,902</u></b>                        | <b><u>877,437</u></b> |

As at 31 December 2018, the Group have borrowing costs related to rubber plantation development amounted to Baht 6.7 million (2017: Baht 14.2 million), with a recognition interest rate of 3.9% p.a. (2017: 3.9% p.a.) (see note 34).

### 21 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

|                                              | <b>Consolidated financial statements</b> |                      |                         |                         |
|----------------------------------------------|------------------------------------------|----------------------|-------------------------|-------------------------|
|                                              | <b>Assets</b>                            |                      | <b>Liabilities</b>      |                         |
|                                              | 2018                                     | 2017                 | 2018                    | 2017                    |
|                                              | <i>(in thousand Baht)</i>                |                      |                         |                         |
| Total                                        | 134,503                                  | 152,027              | (366,351)               | (372,137)               |
| Set off of tax                               | (119,771)                                | (132,605)            | 119,771                 | 132,605                 |
| <b>Net deferred tax assets (liabilities)</b> | <b><u>14,732</u></b>                     | <b><u>19,422</u></b> | <b><u>(246,580)</u></b> | <b><u>(239,532)</u></b> |

|                                     | <b>Separate financial statements</b> |                 |                        |                        |
|-------------------------------------|--------------------------------------|-----------------|------------------------|------------------------|
|                                     | <b>Assets</b>                        |                 | <b>Liabilities</b>     |                        |
|                                     | 2018                                 | 2017            | 2018                   | 2017                   |
|                                     | <i>(in thousand Baht)</i>            |                 |                        |                        |
| Total                               | 87,437                               | 87,794          | (141,038)              | (150,772)              |
| Set off of tax                      | (87,437)                             | (87,794)        | 87,437                 | 87,794                 |
| <b>Net deferred tax liabilities</b> | <b><u>-</u></b>                      | <b><u>-</u></b> | <b><u>(53,601)</u></b> | <b><u>(62,978)</u></b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

Movements in total deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

|                                                                | Consolidated financial statements |                                                                                  |                                  |
|----------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------|----------------------------------|
|                                                                | At 1<br>January<br>2018           | (Charged) / Credited to:<br>Profit<br>or loss<br>(Note 35)<br>(in thousand Baht) | Other<br>comprehensive<br>income |
|                                                                |                                   |                                                                                  | At 31<br>December<br>2018        |
| <b>Deferred tax assets</b>                                     |                                   |                                                                                  |                                  |
| Trade accounts receivable<br>(doubtful accounts)               | 26,835                            | (129)                                                                            | -                                |
| Property, plant and equipment<br>(sales and leaseback)         | 28,534                            | (8,079)                                                                          | -                                |
| Employee benefit obligations                                   | 13,434                            | 338                                                                              | (2,698)                          |
| Other long-term investments<br>(allowance for impairment loss) | -                                 | 3,760                                                                            | -                                |
| Others                                                         | 2,204                             | 878                                                                              | -                                |
| Loss carry forward                                             | 81,020                            | (11,594)                                                                         | -                                |
| <b>Total</b>                                                   | <b>152,027</b>                    | <b>(14,826)</b>                                                                  | <b>(2,698)</b>                   |
| <b>Deferred tax liabilities</b>                                |                                   |                                                                                  |                                  |
| Property, plant and equipment<br>(revaluation)                 | (305,688)                         | 11,522                                                                           | -                                |
| Investment properties<br>(revaluation)                         | (62,816)                          | (1,735)                                                                          | -                                |
| Others                                                         | (3,633)                           | (4,001)                                                                          | -                                |
| <b>Total</b>                                                   | <b>(372,137)</b>                  | <b>5,786</b>                                                                     | <b>-</b>                         |
| <b>Net</b>                                                     | <b>(220,110)</b>                  | <b>(9,040)</b>                                                                   | <b>(2,698)</b>                   |
|                                                                |                                   |                                                                                  | At 31<br>December<br>2017        |
| <b>Deferred tax assets</b>                                     |                                   |                                                                                  |                                  |
| Trade accounts receivable (doubtful<br>accounts)               | 26,836                            | (1)                                                                              | -                                |
| Property, plant and equipment<br>(sales and leaseback)         | 36,252                            | (7,718)                                                                          | -                                |
| Employee benefit obligations                                   | 12,763                            | 547                                                                              | 124                              |
| Others                                                         | 2,536                             | (332)                                                                            | -                                |
| Loss carry forward                                             | 96,880                            | (15,860)                                                                         | -                                |
| <b>Total</b>                                                   | <b>175,267</b>                    | <b>(23,364)</b>                                                                  | <b>124</b>                       |
| <b>Deferred tax liabilities</b>                                |                                   |                                                                                  |                                  |
| Property, plant and equipment<br>(revaluation)                 | (307,230)                         | 13,716                                                                           | (12,174)                         |
| Investment properties<br>(revaluation)                         | (59,857)                          | (2,959)                                                                          | -                                |
| Others                                                         | (2,834)                           | (799)                                                                            | -                                |
| <b>Total</b>                                                   | <b>(369,921)</b>                  | <b>9,958</b>                                                                     | <b>(12,174)</b>                  |
| <b>Net</b>                                                     | <b>(194,654)</b>                  | <b>(13,406)</b>                                                                  | <b>(12,050)</b>                  |

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

## Notes to the financial statements

For the year ended 31 December 2018

|                                                                                           | At 1<br>January<br>2018 | Separate financial statements<br>(Charged) / Credited to: |                                  | At 31<br>December<br>2018 |
|-------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------|----------------------------------|---------------------------|
|                                                                                           |                         | Profit<br>or loss<br>(Note 35)                            | Other<br>comprehensive<br>income |                           |
|                                                                                           |                         | (in thousand Baht)                                        |                                  |                           |
| <b>Deferred tax assets</b>                                                                |                         |                                                           |                                  |                           |
| Trade account receivable<br>(doubtful accounts)                                           | 26,707                  | (1)                                                       | -                                | 26,706                    |
| Property, plant and equipment<br>(sales and leaseback)                                    | 28,353                  | (7,898)                                                   | -                                | 20,455                    |
| Employee benefit obligations                                                              | 9,814                   | 233                                                       | (2,599)                          | 7,448                     |
| Long-term investments and<br>investments in subsidiary<br>(allowance for impairment loss) | -                       | 11,596                                                    | -                                | 11,596                    |
| Others                                                                                    | 1,960                   | 307                                                       | -                                | 2,267                     |
| Loss carry forward                                                                        | 20,960                  | (1,995)                                                   | -                                | 18,965                    |
| <b>Total</b>                                                                              | <b>87,794</b>           | <b>2,242</b>                                              | <b>(2,599)</b>                   | <b>87,437</b>             |
| <b>Deferred tax liabilities</b>                                                           |                         |                                                           |                                  |                           |
| Property, plant and equipment<br>(revaluation)                                            | (137,567)               | 10,181                                                    | -                                | (127,386)                 |
| Investment properties (revaluation)                                                       | (12,992)                | (604)                                                     | -                                | (13,596)                  |
| Other                                                                                     | (213)                   | 157                                                       | -                                | (56)                      |
| <b>Total</b>                                                                              | <b>(150,772)</b>        | <b>9,734</b>                                              | <b>-</b>                         | <b>(141,038)</b>          |
| <b>Net</b>                                                                                | <b>(62,978)</b>         | <b>11,976</b>                                             | <b>(2,599)</b>                   | <b>(53,601)</b>           |

|                                                           | At 1<br>January<br>2017 | Separate financial statements<br>(Charged) / Credited to: |                                  |                                                                | At 31<br>December<br>2017 |
|-----------------------------------------------------------|-------------------------|-----------------------------------------------------------|----------------------------------|----------------------------------------------------------------|---------------------------|
|                                                           |                         | Profit<br>or loss<br>(Note 35)                            | Other<br>comprehensive<br>income | Acquisition<br>from entire<br>business<br>transfer<br>(Note 3) |                           |
|                                                           |                         | (in thousand Baht)                                        |                                  |                                                                |                           |
| <b>Deferred tax assets</b>                                |                         |                                                           |                                  |                                                                |                           |
| Trade account receivable<br>(doubtful accounts)           | 22,104                  | -                                                         | -                                | 4,603                                                          | 26,707                    |
| Property, plant and<br>equipment<br>(sales and leaseback) | 6,678                   | (1,483)                                                   | -                                | 23,158                                                         | 28,353                    |
| Employee benefit<br>obligations                           | 1,517                   | 212                                                       | 20                               | 8,065                                                          | 9,814                     |
| Others                                                    | 624                     | 721                                                       | -                                | 615                                                            | 1,960                     |
| Loss carry forward                                        | 25,617                  | (4,657)                                                   | -                                | -                                                              | 20,960                    |
| <b>Total</b>                                              | <b>56,540</b>           | <b>(5,207)</b>                                            | <b>20</b>                        | <b>36,441</b>                                                  | <b>87,794</b>             |



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

## Notes to the financial statements

For the year ended 31 December 2018

|                                                         | At 1<br>January<br>2017 | Separate financial statements<br>(Charged) / Credited to: |                                                        |                                                                | At 31<br>December<br>2017 |
|---------------------------------------------------------|-------------------------|-----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------|---------------------------|
|                                                         |                         | Profit<br>or loss<br>(Note 35)                            | Other<br>comprehensive<br>income<br>(in thousand Baht) | Acquisition<br>from entire<br>business<br>transfer<br>(Note 3) |                           |
| <b>Deferred tax liabilities</b>                         |                         |                                                           |                                                        |                                                                |                           |
| Property, plant and<br>equipment ( <i>revaluation</i> ) | (39,368)                | 1,670                                                     | -                                                      | (99,869)                                                       | (137,567)                 |
| Investment properties<br>( <i>revaluation</i> )         | (12,875)                | (117)                                                     | -                                                      | -                                                              | (12,992)                  |
| Other                                                   | -                       | -                                                         | -                                                      | (213)                                                          | (213)                     |
| <b>Total</b>                                            | <b>(52,243)</b>         | <b>1,553</b>                                              | <b>-</b>                                               | <b>(100,082)</b>                                               | <b>(150,772)</b>          |
| <b>Net</b>                                              | <b>4,297</b>            | <b>(3,654)</b>                                            | <b>20</b>                                              | <b>(63,641)</b>                                                | <b>(62,978)</b>           |

Deferred tax assets arising from unused tax losses that has not been recognised in the financial statements were as follows:

|                    | Consolidated<br>financial statements |                    | Separate<br>financial statements |               |
|--------------------|--------------------------------------|--------------------|----------------------------------|---------------|
|                    | 2018                                 | 2017               | 2018                             | 2017          |
|                    |                                      | (in thousand Baht) |                                  |               |
| Loss carry forward | 53,354                               | 77,818             | 4,133                            | 19,319        |
| <b>Total</b>       | <b>53,354</b>                        | <b>77,818</b>      | <b>4,133</b>                     | <b>19,319</b> |

The tax losses expire in 2019 - 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As of 31 December 2018 and 2017, the Group/Company recognised deferred tax assets in respect of a portion of unused tax losses because the Group/Company has been granted privileges by the Board of Investment. The management believes that it is probable that future taxable profits arising from increasing production capacity in certain businesses, restructuring of financing plan and business restructuring of the Group/Company will be available against which such losses can be used and, therefore, the related deferred tax assets can be utilised.

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

**Notes to the financial statements**

**For the year ended 31 December 2018**

**22 Interest-bearing liabilities**

|                                                                               | <b>Consolidated<br/>financial statements</b> |                  | <b>Separate<br/>financial statements</b> |                  |
|-------------------------------------------------------------------------------|----------------------------------------------|------------------|------------------------------------------|------------------|
|                                                                               | 2018                                         | 2017             | 2018                                     | 2017             |
|                                                                               | <i>(in thousand Baht)</i>                    |                  |                                          |                  |
| <b>Current</b>                                                                |                                              |                  |                                          |                  |
| Bank overdrafts - secured                                                     | 12,532                                       | 16,308           | 9,444                                    | 15,649           |
| Short-term borrowings from financial institutions - secured                   | 3,610,573                                    | 3,386,453        | 2,964,588                                | 2,891,676        |
| <b>Bank overdrafts and short-term borrowings from financial institutions</b>  | <b>3,623,105</b>                             | <b>3,402,761</b> | <b>2,974,032</b>                         | <b>2,907,325</b> |
| Short-term borrowings from related parties - unsecured                        | 4,500                                        | 8,000            | 47,000                                   | 32,000           |
| Current portion of long-term borrowings from financial institutions - secured | 132,500                                      | 108,750          | 82,500                                   | 58,750           |
| Current portion of finance lease liabilities                                  | 40,678                                       | 74,805           | 39,313                                   | 73,160           |
| <b>Total current interest-bearing liabilities</b>                             | <b>3,800,783</b>                             | <b>3,594,316</b> | <b>3,142,845</b>                         | <b>3,071,235</b> |
| <b>Non-current</b>                                                            |                                              |                  |                                          |                  |
| Long-term borrowings from financial institutions - secured                    | 1,166,287                                    | 1,123,750        | 816,250                                  | 898,750          |
| Finance lease liabilities                                                     | 54,481                                       | 90,643           | 51,403                                   | 86,827           |
| <b>Total non-current interest-bearing liabilities</b>                         | <b>1,220,768</b>                             | <b>1,214,393</b> | <b>867,653</b>                           | <b>985,577</b>   |
| <b>Total interest-bearing liabilities</b>                                     | <b>5,021,551</b>                             | <b>4,808,709</b> | <b>4,010,498</b>                         | <b>4,056,812</b> |

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

|                                      | <b>Consolidated<br/>financial statements</b> |                  | <b>Separate<br/>financial statements</b> |                  |
|--------------------------------------|----------------------------------------------|------------------|------------------------------------------|------------------|
|                                      | 2018                                         | 2017             | 2018                                     | 2017             |
|                                      | <i>(in thousand Baht)</i>                    |                  |                                          |                  |
| Within one year                      | 3,760,105                                    | 3,519,511        | 3,103,532                                | 2,998,075        |
| After one year but within five years | 1,133,487                                    | 1,098,750        | 816,250                                  | 898,750          |
| After five years                     | 32,800                                       | 25,000           | -                                        | -                |
| <b>Total</b>                         | <b>4,926,392</b>                             | <b>4,643,261</b> | <b>3,919,782</b>                         | <b>3,896,825</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

The details of long-term borrowings from financial institutions are summarised as follows:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Consolidated<br>financial statements |         | Separate<br>financial statements |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------|----------------------------------|---------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2018                                 | 2017    | 2018                             | 2017    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (in thousand Baht)                   |         |                                  |         |
| <b>Long-term borrowings of the Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |                                      |         |                                  |         |
| a) Long-term borrowings of Baht 270 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 3 million for installment 1-8, Baht 4.5 million for installment 9-16, Baht 6 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every 3-month period, commencing December 2016.                                                                      | 241,500                              | 255,000 | 241,500                          | 255,000 |
| b) Long-term borrowings of Baht 645 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 7 million for installment 1-8, Baht 10.5 million for installment 9-16, Baht 14 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every 3-month period, commencing December 2016.                                                                    | 578,500                              | 610,000 | 578,500                          | 610,000 |
| c) Long-term borrowings of Baht 100 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 2.5 million for installment 1-4, Baht 3.8 million for installment 5-8, Baht 6.3 million for installment 9-19 and the remain principle for installment 20). The repayments are to be made for every 3-month period, commencing June 2017. During 2018, the Company made a repayment for the remaining principle. | -                                    | 92,500  | -                                | 92,500  |
| d) Long-term borrowings of Baht 92.5 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 17 installments (Baht 2.5 million for first installment, Baht 3.8 million for installment 2-5, Baht 6.3 million for installment 6-17 and the remain principle for installment 17). The repayments are to be made for every 3-month period, commencing March 2018.                                                                    | 78,750                               | -       | 78,750                           |         |

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

## Notes to the financial statements

For the year ended 31 December 2018

|                                                                                                                                                                                                                                                               | Consolidated<br>financial statements |                  | Separate<br>financial statements |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|----------------------------------|-----------------|
|                                                                                                                                                                                                                                                               | 2018                                 | 2017             | 2018                             | 2017            |
|                                                                                                                                                                                                                                                               | <i>(in thousand Baht)</i>            |                  |                                  |                 |
| <b>Long-term borrowings of the Subsidiary</b>                                                                                                                                                                                                                 |                                      |                  |                                  |                 |
| <i>Latex Systems Public Company Limited</i>                                                                                                                                                                                                                   |                                      |                  |                                  |                 |
| e) Long-term borrowings of Baht 300 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for 12.5 million per installment. The repayments are to be made for every 3-month period, commencing September 2017. | 225,000                              | 275,000          | -                                | -               |
| f) Long-term borrowings of Baht 100 million subject to interest at MLR minus 2% per annum and repayable in 24 installments for Baht 4.2 million each. The repayments are to be made for every 3-month period, commencing from January 2020.                   | 100,000                              | -                | -                                | -               |
| g) Long-term borrowings of Baht 400 million subject to interest at MLR minus 2% per annum and repayable in 24 installments for Baht 16.7 million each. The repayments are to be made for every 3-month period, commencing from February 2020.                 | 75,037                               | -                | -                                | -               |
| <b>Total</b>                                                                                                                                                                                                                                                  | <b>1,298,787</b>                     | <b>1,232,500</b> | <b>898,750</b>                   | <b>957,500</b>  |
| <i>Less: Current portion of long term borrowings</i>                                                                                                                                                                                                          | <i>(132,500)</i>                     | <i>(108,750)</i> | <i>(82,500)</i>                  | <i>(58,750)</i> |
| <b>Net</b>                                                                                                                                                                                                                                                    | <b>1,166,287</b>                     | <b>1,123,750</b> | <b>816,250</b>                   | <b>898,750</b>  |

As at 31 December 2018, the Group has unutilised credit facilities at the total of Baht 1,576 million and USD 99 million (2017: Baht 1,709 million and USD 115 million).

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

## Notes to the financial statements

For the year ended 31 December 2018

The weighted effective interest rate as at 31 December are as follows:

|                           | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|---------------------------|--------------------------------------|-----------|----------------------------------|-----------|
|                           | 2018                                 | 2017      | 2018                             | 2017      |
|                           | <i>(% per annum)</i>                 |           |                                  |           |
| Short-term borrowings     | 3.0 - 7.4                            | 3.1 - 7.4 | 3.0 - 7.4                        | 3.1 - 7.4 |
| Long-term borrowings      | MLR-2                                | MLR-2     | MLR-2                            | MLR-2     |
| Finance lease liabilities | 4.4 - 6.5                            | 4.4 - 6.5 | 4.4 - 6.5                        | 4.4 - 6.5 |

### Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

|                                         | Consolidation financial statements     |              |                                                                                  |                                        |               |                                                  |
|-----------------------------------------|----------------------------------------|--------------|----------------------------------------------------------------------------------|----------------------------------------|---------------|--------------------------------------------------|
|                                         | 2018                                   |              |                                                                                  | 2017                                   |               |                                                  |
|                                         | Future<br>minimum<br>lease<br>payments | Interest     | Present<br>value of<br>minimum<br>lease<br>payments<br><i>(in thousand Baht)</i> | Future<br>minimum<br>lease<br>payments | Interest      | Present value<br>of minimum<br>lease<br>payments |
| Within one year                         | 44,198                                 | 3,520        | 40,678                                                                           | 81,729                                 | 6,924         | 74,805                                           |
| After one year but<br>within five years | 58,360                                 | 3,879        | 54,481                                                                           | 97,244                                 | 6,601         | 90,643                                           |
| <b>Total</b>                            | <b>102,558</b>                         | <b>7,399</b> | <b>95,159</b>                                                                    | <b>178,973</b>                         | <b>13,525</b> | <b>165,448</b>                                   |

|                                         | Separate financial statements          |              |                                                                                  |                                        |               |                                                  |
|-----------------------------------------|----------------------------------------|--------------|----------------------------------------------------------------------------------|----------------------------------------|---------------|--------------------------------------------------|
|                                         | 2018                                   |              |                                                                                  | 2017                                   |               |                                                  |
|                                         | Future<br>minimum<br>lease<br>payments | Interest     | Present<br>value of<br>minimum<br>lease<br>payments<br><i>(in thousand Baht)</i> | Future<br>minimum<br>lease<br>payments | Interest      | Present value<br>of minimum<br>lease<br>payments |
| Within one year                         | 42,578                                 | 3,265        | 39,313                                                                           | 79,740                                 | 6,580         | 73,160                                           |
| After one year but<br>within five years | 54,919                                 | 3,516        | 51,403                                                                           | 92,845                                 | 6,018         | 86,827                                           |
| <b>Total</b>                            | <b>97,497</b>                          | <b>6,781</b> | <b>90,716</b>                                                                    | <b>172,585</b>                         | <b>12,598</b> | <b>159,987</b>                                   |

The Group and the Company sold their buildings and machineries to a local company and leased them back under finance lease agreements. The finance lease liabilities were repayable in monthly installments commencing from January 2015 to March 2023. Under the lease agreements, the Company and the subsidiary must comply with conditions covering the lease assets.

Long-term borrowings from financial institutions of the Group/Company are secured by the mortgage by land and premises thereon, plants and machinery, and also guaranteed by the Group/Company. Moreover, the Group/Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio.

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

**Notes to the financial statements**

**For the year ended 31 December 2018**

**23 Trade accounts payable**

|                 |             | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|-----------------|-------------|----------------------------------------------|----------------|------------------------------------------|---------------|
|                 | <i>Note</i> | 2018                                         | 2017           | 2018                                     | 2017          |
|                 |             | <i>(in thousand Baht)</i>                    |                |                                          |               |
| Related parties | 6           | 2,005                                        | 1,268          | 2,013                                    | 1,623         |
| Other parties   |             | 173,385                                      | 203,495        | 61,070                                   | 45,322        |
| <b>Total</b>    |             | <b>175,390</b>                               | <b>204,763</b> | <b>63,083</b>                            | <b>46,945</b> |

**24 Other payables**

|                 |             | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|-----------------|-------------|----------------------------------------------|----------------|------------------------------------------|---------------|
|                 | <i>Note</i> | 2018                                         | 2017           | 2018                                     | 2017          |
|                 |             | <i>(in thousand Baht)</i>                    |                |                                          |               |
| Related parties | 6           | -                                            | -              | 1,347                                    | 1,109         |
| Other parties   |             | 103,946                                      | 154,780        | 29,676                                   | 49,271        |
| <b>Total</b>    |             | <b>103,946</b>                               | <b>154,780</b> | <b>31,023</b>                            | <b>50,380</b> |

**25 Non-current provision for employee benefits**

|                                                 | Consolidated<br>financial statements |        | Separate<br>financial statements |        |
|-------------------------------------------------|--------------------------------------|--------|----------------------------------|--------|
|                                                 | 2018                                 | 2017   | 2018                             | 2017   |
|                                                 | (in thousand Baht)                   |        |                                  |        |
| Statement of financial position                 |                                      |        |                                  |        |
| Non-current provisions for:                     |                                      |        |                                  |        |
| Defined benefit obligations                     | 55,369                               | 67,169 | 37,238                           | 49,069 |
| Year ended 31 December                          |                                      |        |                                  |        |
| Statement of comprehensive income:              |                                      |        |                                  |        |
| Recognised in profit or loss:                   |                                      |        |                                  |        |
| Current services cost                           | 5,883                                | 5,866  | 3,991                            | 1,155  |
| Recognised in other comprehensive income:       |                                      |        |                                  |        |
| Actuarial gains (losses) recognised in the year | 13,491                               | (802)  | 12,994                           | (101)  |
| Defined benefit plan                            |                                      |        |                                  |        |

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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**Notes to the financial statements**

**For the year ended 31 December 2018**

Movement in the present value of the defined benefit obligations.

|                                               |             | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|-----------------------------------------------|-------------|----------------------------------------------|----------------|------------------------------------------|---------------|
|                                               | <i>Note</i> | 2018                                         | 2017           | 2018                                     | 2017          |
|                                               |             | <i>(in thousand Baht)</i>                    |                |                                          |               |
| At 1 January                                  |             | 67,169                                       | 62,144         | 49,069                                   | 7,584         |
| <b>Include in profit or loss:</b>             |             |                                              |                |                                          |               |
| Current service cost                          |             | 4,478                                        | 4,599          | 2,901                                    | 962           |
| Interest on obligation                        |             | 1,405                                        | 1,267          | 1,090                                    | 193           |
|                                               |             | <b>5,883</b>                                 | <b>5,866</b>   | <b>3,991</b>                             | <b>1,155</b>  |
| <b>Included in other comprehensive income</b> |             |                                              |                |                                          |               |
| Actuarial (gain) loss                         |             | (13,491)                                     | 802            | (12,994)                                 | 101           |
|                                               |             | <b>(13,491)</b>                              | <b>802</b>     | <b>(12,994)</b>                          | <b>101</b>    |
| <b>Other</b>                                  |             |                                              |                |                                          |               |
| Benefit paid                                  |             | (4,192)                                      | (1,643)        | (2,828)                                  | (94)          |
| Acquisition from entire business transfer     | 3           | -                                            | -              | -                                        | 40,323        |
|                                               |             | <b>(4,192)</b>                               | <b>(1,643)</b> | <b>(2,828)</b>                           | <b>40,229</b> |
| <b>At 31 December</b>                         |             | <b>55,369</b>                                | <b>67,169</b>  | <b>37,238</b>                            | <b>49,069</b> |

Actuarial gains and losses recognised in other comprehensive income arising from:

|                         | <b>Consolidated<br/>financial statements</b> |      | <b>Separate<br/>financial statements</b> |      |
|-------------------------|----------------------------------------------|------|------------------------------------------|------|
|                         | 2018                                         | 2017 | 2018                                     | 2017 |
|                         | <i>(in thousand Baht)</i>                    |      |                                          |      |
| Demographic assumptions | (13,491)                                     | 802  | (12,994)                                 | 101  |

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

|                      | <b>Consolidated<br/>financial statements</b> |       | <b>Separate<br/>financial statements</b> |       |
|----------------------|----------------------------------------------|-------|------------------------------------------|-------|
|                      | 2018                                         | 2017  | 2018                                     | 2017  |
|                      | <i>(%)</i>                                   |       |                                          |       |
| Discount rate        | 1.8 - 4.4                                    | 3     | 1.8 - 4.4                                | 3     |
| Future salary growth | 3 - 5.5                                      | 3 - 6 | 3 - 5.5                                  | 3 - 6 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Weighted-average duration of the defined benefit obligation was 16 years.

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

## Notes to the financial statements

For the year ended 31 December 2018

### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

|                                      | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |          |
|--------------------------------------|----------------------------------------------|----------|------------------------------------------|----------|
|                                      | Increase                                     | Decrease | Increase                                 | Decrease |
|                                      | <i>(in thousand Baht)</i>                    |          |                                          |          |
| <b>At 31 December 2018</b>           |                                              |          |                                          |          |
| Discount rate (1% movement)          | (5,300)                                      | 6,165    | (3,298)                                  | 3,802    |
| Future salary growth (1% movement)   | 5,953                                        | (5,232)  | 3,669                                    | (3,254)  |
| Employee turnover rate (1% movement) | (3,893)                                      | 4,549    | (2,272)                                  | 2,610    |
| Future mortality (1% movement)       | 166                                          | (184)    | 98                                       | (108)    |
| <b>At 31 December 2017</b>           |                                              |          |                                          |          |
| Discount rate (1% movement)          | (5,967)                                      | 6,999    | (3,367)                                  | 3,894    |
| Future salary growth (1% movement)   | 7,933                                        | (6,831)  | 4,507                                    | (3,936)  |
| Employee turnover rate (1% movement) | (5,554)                                      | 6,633    | (2,995)                                  | 3,515    |
| Future mortality (1% movement)       | 352                                          | (397)    | 193                                      | (215)    |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the financial statements is estimated to increase by an amount of approximately Baht 15.2 million and Baht 11.1 million, respectively.



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

## Notes to the financial statements

For the year ended 31 December 2018

### 26 Share capital

|                           | Par value<br>per share<br>(in Baht) | 2018                              |                | 2017             |                  |
|---------------------------|-------------------------------------|-----------------------------------|----------------|------------------|------------------|
|                           |                                     | Number                            | Baht           | Number           | Baht             |
|                           |                                     | (thousand shares / thousand Baht) |                |                  |                  |
| <b>Authorised</b>         |                                     |                                   |                |                  |                  |
| At 1 January              |                                     |                                   |                |                  |                  |
| - ordinary shares         | 1                                   | 1,881,480                         | 1,881,480      | 749,608          | 749,608          |
| Reduction of shares       | 1                                   | (1,200,000)                       | (1,200,000)    | (68,128)         | (68,128)         |
| Issue of new shares       | 1                                   | -                                 | -              | 1,200,000        | 1,200,000        |
| <b>At 31 December</b>     |                                     |                                   |                |                  |                  |
| <b>- ordinary shares</b>  |                                     | <b>681,480</b>                    | <b>681,480</b> | <b>1,881,480</b> | <b>1,881,480</b> |
| <b>Issued and paid-up</b> |                                     |                                   |                |                  |                  |
| At 1 January              |                                     |                                   |                |                  |                  |
| - ordinary shares         | 1                                   | 1,685,080                         | 1,685,080      | 681,480          | 681,480          |
| Reduction of shares       | 1                                   | (1,003,600)                       | (1,003,600)    | -                | -                |
| Issue of new shares       | 1                                   | -                                 | -              | 1,003,600        | 1,003,600        |
| <b>At 31 December</b>     |                                     |                                   |                |                  |                  |
| <b>- ordinary shares</b>  |                                     | <b>681,480</b>                    | <b>681,480</b> | <b>1,685,080</b> | <b>1,685,080</b> |

#### **Business restructuring**

On 13 December 2017, the extraordinary shareholders' meeting of the Company approved the reduction of the authorised share capital from Baht 749.6 million (749,607,657 shares at Baht 1 par value) to Baht 681.5 million (681,479,688 shares at Baht 1 par value) in order to reduce the authorised share capital that not yet been issued amounting to 68,127,969 shares at Baht 1 par value. Moreover, the meeting also approved to increase the authorised share capital from Baht 681.5 million (681,479,688 shares at Baht 1 par value) to Baht 1,881.5 million (1,881,479,688 shares at Baht 1 par value) by issuance of 1,200,000,000 ordinary shares at Baht 1 par value as private placement to Thai Rubber Latex Group Co., Ltd. ("TRLG") in consideration of the entire business transfer which was paid-up capital of Baht 1,003.6million. The Company registered the reduction of share capital and increase its authorised share capital with the Ministry of Commerce on 27 December 2017 and 28 December 2017, respectively.

On 4 December 2018, TRLG completed the liquidation process. Accordingly, the Company registered the amendment of its registered capital and reduced its authorised share capital and paid-up share capital to 1,200 million shares and Baht 1,003.6 million, respectively with Department of Business Development, Ministry of Commerce in accordance with restructuring plan of the Group.

#### **Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

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

## Notes to the financial statements

For the year ended 31 December 2018

### 27 Reserves

Reserves comprise:

#### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### *Difference from business combination under common control*

Difference on common control transactions arising within equity represents the difference of the book values of certain entities or business under common control under their cost as of the date of their acquisitions. The reserve is non-distributable and will be retained until the respective business are sold or otherwise disposed of.

#### *Other components of equity*

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company’s net investment in a foreign operation.

##### **Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of land, building and machinery included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of. Valuation surplus of building and machinery is amortised using the straight-line method according to its remaining useful life and transferred directly to retained earnings.

|                                                                                  | <i>Note</i> | <b>Consolidated<br/>financial statements</b> |                         | <b>Separate<br/>financial statements</b> |                       |
|----------------------------------------------------------------------------------|-------------|----------------------------------------------|-------------------------|------------------------------------------|-----------------------|
|                                                                                  |             | 2018                                         | 2017                    | 2018                                     | 2017                  |
|                                                                                  |             |                                              | (in thousand Baht)      |                                          |                       |
| At 1 January                                                                     |             | 1,315,514                                    | 1,331,667               | 552,699                                  | 163,451               |
| Revaluation of land, building and machinery, net of income tax                   |             | -                                            | 48,495                  | -                                        | -                     |
| Surplus from acquisition of non-controlling interest without a change in control | 5(b)        | 3,586                                        | -                       | -                                        | -                     |
| Amortisation                                                                     |             | (52,042)                                     | (62,430)                | (40,910)                                 | (8,352)               |
| Disposals, net of income tax                                                     |             | (646)                                        | (2,218)                 | -                                        | -                     |
| Revaluation surplus on assets acquisition from entire business transfer          | 3           | -                                            | -                       | -                                        | 397,600               |
| <b>At 31 December</b>                                                            |             | <b><u>1,266,412</u></b>                      | <b><u>1,315,514</u></b> | <b><u>511,789</u></b>                    | <b><u>552,699</u></b> |

# **Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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

### **28 Segments information**

The Group's has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the principal reportable segments, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's principal reportable segments.

- Segment 1 Concentrated and prevulcanized latex
- Segment 2 Latex products
- Segment 3 Rubber plantation

There are varying levels of integration between the Segment 1, Segment 2, and Segment 3 reportable segments. This integration includes sales of finished goods and fixed assets. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit (loss) before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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**For the year ended 31 December 2018**

*Information about reportable segments*

|                                                  | <b>Concentrated and<br/>prevulcanized latex</b> |               | <b>Latex products</b>    |              | <b>Rubber plantation</b> |           | <b>Total</b> |               |
|--------------------------------------------------|-------------------------------------------------|---------------|--------------------------|--------------|--------------------------|-----------|--------------|---------------|
|                                                  | 2018                                            | 2017          | 2018                     | 2017         | 2018                     | 2017      | 2018         | 2017          |
|                                                  |                                                 |               | <i>(in million Baht)</i> |              |                          |           |              |               |
| External revenue                                 | 4,851                                           | 6,940         | 2,657                    | 2,482        | 5                        | 5         | 7,513        | 9,427         |
| Inter-segment revenue                            | 1,088                                           | 3,062         | -                        | -            | 43                       | 51        | 1,131        | 3,113         |
| Total segment revenue                            | <b>5,939</b>                                    | <b>10,002</b> | <b>2,657</b>             | <b>2,482</b> | <b>48</b>                | <b>56</b> | <b>8,644</b> | <b>12,540</b> |
| Segment profit (loss) before income tax          | (30)                                            | 158           | 142                      | 134          | (41)                     | (63)      | 71           | 229           |
| Interest income                                  | 30                                              | 106           | -                        | -            | -                        | -         | 30           | 106           |
| Interest expense                                 | (159)                                           | (210)         | (40)                     | (29)         | (21)                     | (41)      | (220)        | (280)         |
| Depreciation and amortisation                    | (110)                                           | (122)         | (119)                    | (79)         | (9)                      | (11)      | (238)        | (212)         |
| Share of loss of investment in associates        | -                                               | -             | -                        | -            | (1)                      | -         | (1)          | -             |
| Significant income and expenses                  |                                                 |               |                          |              |                          |           |              |               |
| - Selling-related expenses                       | (164)                                           | (180)         | (26)                     | (21)         | -                        | -         | (190)        | (201)         |
| - Personnel-related expenses                     | (233)                                           | (251)         | (248)                    | (208)        | (35)                     | (37)      | (516)        | (496)         |
| Investment in equity securities                  | 81                                              | 100           | -                        | -            | 30                       | 30        | 111          | 130           |
| Capital expenditure                              | 35                                              | 165           | 371                      | 112          | 18                       | 43        | 424          | 320           |
| Reportable segment assets as at 31 December      | 3,393                                           | 3,660         | 2,558                    | 2,195        | 2,147                    | 2,153     | 8,098        | 8,008         |
| Reportable segment liabilities as at 31 December | 4,206                                           | 4,345         | 1,317                    | 1,088        | 137                      | 136       | 5,660        | 5,569         |

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

## Notes to the financial statements

For the year ended 31 December 2018

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items.

|                                                        | <b>Consolidated<br/>financial statements</b> |               |
|--------------------------------------------------------|----------------------------------------------|---------------|
|                                                        | 2018                                         | 2017          |
|                                                        | <i>(in million Baht)</i>                     |               |
| <b>Revenues</b>                                        |                                              |               |
| Total revenue from reportable segments                 | 8,644                                        | 12,540        |
| Other revenue                                          | 181                                          | 408           |
|                                                        | <b>8,825</b>                                 | <b>12,948</b> |
| Elimination of inter-segment revenues                  | (1,249)                                      | (3,480)       |
| <b>Consolidated revenue</b>                            | <b>7,576</b>                                 | <b>9,468</b>  |
| <b>Profit or loss</b>                                  |                                              |               |
| Total profit before income tax for reportable segments | 154                                          | 478           |
| Elimination of inter-segment profits                   | (83)                                         | (249)         |
| <b>Consolidated profit before income tax</b>           | <b>71</b>                                    | <b>229</b>    |
| <b>Assets</b>                                          |                                              |               |
| Total assets for reportable segments                   | 11,335                                       | 12,715        |
| Elimination of inter-segment assets                    | (3,237)                                      | (4,707)       |
| <b>Consolidated total assets</b>                       | <b>8,098</b>                                 | <b>8,008</b>  |
| <b>Liabilities</b>                                     |                                              |               |
| Total liabilities for reportable segments              | 7,017                                        | 7,343         |
| Elimination of inter-segment liabilities               | (1,357)                                      | (1,774)       |
| <b>Consolidated total liabilities</b>                  | <b>5,660</b>                                 | <b>5,569</b>  |

|                               | Reportable<br>segment<br>totals | Adjustments              | Consolidated<br>totals |
|-------------------------------|---------------------------------|--------------------------|------------------------|
|                               |                                 | <i>(in million Baht)</i> |                        |
| <b>Other material items</b>   |                                 |                          |                        |
| <b>2018</b>                   |                                 |                          |                        |
| Interest income               | 30                              | (29)                     | 1                      |
| Interest expense              | 220                             | (29)                     | 191                    |
| Capital expenditure           | 424                             | -                        | 424                    |
| Depreciation and amortisation | 238                             | (1)                      | 237                    |
| <b>2017</b>                   |                                 |                          |                        |
| Interest income               | 106                             | (105)                    | 1                      |
| Interest expense              | 280                             | (105)                    | 175                    |
| Capital expenditure           | 320                             | -                        | 320                    |
| Depreciation and amortisation | 212                             | (1)                      | 211                    |

### *Geographical segments*

Segment 1, 2, and 3 are managed on a worldwide basis but operate manufacturing facilities and sales offices in Thailand, the People's Republic of China ("PRC") and the Republic of Union of Myanmar ("Myanmar").

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

## Notes to the financial statements

For the year ended 31 December 2018

In presenting geographical information on the basis, segment revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

### Geographical information

|                                             | Revenues                 |              | Non-current assets |              |
|---------------------------------------------|--------------------------|--------------|--------------------|--------------|
|                                             | 2018                     | 2017         | 2018               | 2017         |
|                                             | <i>(in million Baht)</i> |              |                    |              |
| Thailand                                    | 3,177                    | 3,768        | 5,299              | 5,113        |
| Myanmar                                     | 9                        | 5            | 99                 | 103          |
| PRC                                         | 2,444                    | 3,270        | -                  | 1            |
| Republic of Korea (KOREA)                   | 362                      | 341          | -                  | -            |
| Federation of Malaysia                      | 612                      | 711          | -                  | -            |
| Others countries                            | 909                      | 1,332        | -                  | -            |
| Investments in equity - accounted investees | -                        | -            | 112                | 132          |
| <b>Total</b>                                | <b>7,513</b>             | <b>9,427</b> | <b>5,510</b>       | <b>5,349</b> |

## 29 Other income

|                                                              | Note | Consolidated<br>financial statements |               | Separate<br>financial statements |                |
|--------------------------------------------------------------|------|--------------------------------------|---------------|----------------------------------|----------------|
|                                                              |      | 2018                                 | 2017          | 2018                             | 2017           |
|                                                              |      | <i>(in thousand Baht)</i>            |               |                                  |                |
| Gain on foreign exchange                                     |      | 20,962                               | 8,551         | 1,301                            | 48             |
| Gain on of fair value adjustment in<br>investment properties | 15   | 3,120                                | 8,890         | 140                              | -              |
| Interest income                                              |      |                                      |               |                                  |                |
| - Related parties                                            | 6    | -                                    | -             | 27,742                           | 55,468         |
| - Other parties                                              |      | 540                                  | 692           | 221                              | 405            |
| Dividend income                                              | 6    | -                                    | -             | 20,624                           | 231,971        |
| Gain from reduction of share capital<br>of subsidiary        | 12   | -                                    | -             | 62,000                           | -              |
| Others                                                       |      | 38,286                               | 22,849        | 11,924                           | 12,870         |
| <b>Total</b>                                                 |      | <b>62,908</b>                        | <b>40,982</b> | <b>123,952</b>                   | <b>300,762</b> |

## 30 Distribution costs

|                                | Consolidated<br>financial statements |                | Separate<br>financial statements |               |
|--------------------------------|--------------------------------------|----------------|----------------------------------|---------------|
|                                | 2018                                 | 2017           | 2018                             | 2017          |
|                                | <i>(in thousand Baht)</i>            |                |                                  |               |
| Distribution expense           | 195,879                              | 208,908        | 156,253                          | 29,221        |
| Latex gardener support expense | 72,124                               | 72,351         | 72,124                           | 15,423        |
| Marketing expense - Commission | 28,950                               | 39,857         | 23,381                           | 7,281         |
| Others                         | 13,376                               | 11,273         | 816                              | 592           |
| <b>Total</b>                   | <b>310,329</b>                       | <b>332,389</b> | <b>252,574</b>                   | <b>52,517</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

### 31 Administrative expenses

|                                  |        | Consolidated<br>financial statements |                | Separate<br>financial statements |               |
|----------------------------------|--------|--------------------------------------|----------------|----------------------------------|---------------|
|                                  | Note   | 2018                                 | 2017           | 2018                             | 2017          |
|                                  |        | <i>(in thousand Baht)</i>            |                |                                  |               |
| Personnel expenses               |        | 168,864                              | 174,970        | 90,079                           | 24,283        |
| Depreciation                     |        | 53,544                               | 62,820         | 17,415                           | 4,400         |
| Travelling expense               |        | 18,824                               | 19,868         | 14,250                           | 3,417         |
| Impairment loss from investments | 12, 14 | 18,800                               | -              | 57,980                           | -             |
| Office expense                   |        | 17,958                               | 15,611         | 7,111                            | 3,838         |
| Professional fees                |        | 16,568                               | 13,259         | 6,626                            | 6,427         |
| Custom duty and other taxes      |        | 12,688                               | 4,115          | 10,400                           | 929           |
| Others                           |        | 50,945                               | 40,765         | 13,868                           | 7,816         |
| <b>Total</b>                     |        | <b>358,191</b>                       | <b>331,408</b> | <b>217,729</b>                   | <b>51,110</b> |

### 32 Employee benefit expenses

|                                   |  | Consolidated<br>financial statements |                | Separate<br>financial statements |               |
|-----------------------------------|--|--------------------------------------|----------------|----------------------------------|---------------|
|                                   |  | 2018                                 | 2017           | 2018                             | 2017          |
|                                   |  | <i>(in thousand Baht)</i>            |                |                                  |               |
| Salary, wage and overtime expense |  | 427,680                              | 368,726        | 190,841                          | 31,172        |
| Others                            |  | 88,640                               | 114,780        | 27,792                           | 4,924         |
| <b>Total</b>                      |  | <b>516,320</b>                       | <b>483,506</b> | <b>218,633</b>                   | <b>36,096</b> |

#### *Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Group at rates ranging from 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed fund manager.

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

## Notes to the financial statements

For the year ended 31 December 2018

### 33 Expenses by nature

The statements of income include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

|                                                 | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|-------------------------------------------------|----------------------------------------------|-----------|------------------------------------------|-----------|
|                                                 | 2018                                         | 2017      | 2018                                     | 2017      |
|                                                 | <i>(in thousand Baht)</i>                    |           |                                          |           |
| Change in finished goods and work<br>in process | (40,397)                                     | (192,228) | 125,037                                  | (222,564) |
| Raw materials and supplies used                 | 3,586,089                                    | 5,854,402 | 4,005,255                                | 512,560   |
| Purchase of finished goods                      | 825,165                                      | 1,954,603 | 681,917                                  | 2,369,287 |
| Depreciation and amortisation                   | 236,773                                      | 211,021   | 101,604                                  | 16,557    |
| Employee benefit expenses                       | 516,320                                      | 483,506   | 218,633                                  | 36,096    |

### 34 Finance costs

|                                                                         |             | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|-------------------------------------------------------------------------|-------------|----------------------------------------------|----------------|------------------------------------------|---------------|
|                                                                         | <i>Note</i> | 2018                                         | 2017           | 2018                                     | 2017          |
|                                                                         |             | <i>(in thousand Baht)</i>                    |                |                                          |               |
| <b>Interest expense:</b>                                                |             |                                              |                |                                          |               |
| Subsidiaries                                                            | 6           | -                                            | -              | 1,426                                    | 49,935        |
| Associate                                                               | 6           | 289                                          | 294            | -                                        | -             |
| Bank loans and<br>overdrafts                                            |             | 189,442                                      | 189,595        | 154,586                                  | 48,216        |
| <b>Total interest expense</b>                                           |             | <b>189,731</b>                               | <b>189,889</b> | <b>156,012</b>                           | <b>98,151</b> |
| Other finance costs                                                     |             | 8,225                                        | 6,340          | 3,061                                    | 1,796         |
|                                                                         |             | <b>197,956</b>                               | <b>196,229</b> | <b>159,073</b>                           | <b>99,947</b> |
| <i>Less: amounts included<br/>in the cost of<br/>qualifying assets:</i> |             |                                              |                |                                          |               |
| - Property, plant and<br>equipment under<br>construction                | 16          | (654)                                        | (7,146)        | (635)                                    | -             |
| - Rubber plantation<br>development costs                                | 20          | (6,687)                                      | (14,210)       | -                                        | -             |
| <b>Net</b>                                                              |             | <b>190,615</b>                               | <b>174,873</b> | <b>158,438</b>                           | <b>99,947</b> |



**Thai Rubber Latex Corporation (Thailand) Public Company Limited  
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**Notes to the financial statements**

**For the year ended 31 December 2018**

**35 Income tax expense**

*Income tax recognised in profit or loss*

|                                    | Note | Consolidated<br>financial statements |               | Separate<br>financial statements |              |
|------------------------------------|------|--------------------------------------|---------------|----------------------------------|--------------|
|                                    |      | 2018                                 | 2017          | 2018                             | 2017         |
|                                    |      | <i>(in thousand Baht)</i>            |               |                                  |              |
| <b>Current tax expense</b>         |      |                                      |               |                                  |              |
| Current year                       |      | 4,870                                | 20,854        | -                                | -            |
| Over provided in prior year        |      | (4,941)                              | -             | -                                | -            |
| <b>Total</b>                       |      | <b>(71)</b>                          | <b>20,854</b> | <b>-</b>                         | <b>-</b>     |
| <b>Deferred tax expense</b>        | 21   |                                      |               |                                  |              |
| Movements in temporary differences |      | 9,040                                | 13,406        | (11,975)                         | 3,654        |
| <b>Total income tax expense</b>    |      | <b>8,969</b>                         | <b>34,260</b> | <b>(11,975)</b>                  | <b>3,654</b> |

*Reconciliation of effective tax rate*

|                                                                          | Consolidated financial statements |                       |             |                       |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------|-------------|-----------------------|
|                                                                          | 2018                              |                       | 2017        |                       |
|                                                                          | Rate<br>(%)                       | (in thousand<br>Baht) | Rate<br>(%) | (in thousand<br>Baht) |
| Profit before income tax expense                                         |                                   | 71,279                |             | 228,635               |
| Income tax using the Thai corporation tax rate                           | 20                                | 14,256                | 20          | 45,727                |
| Effect of different tax rates in foreign jurisdictions                   |                                   | 4,307                 |             | 2,178                 |
| Income not subject to tax                                                |                                   | (20,714)              |             | (15,657)              |
| Expenses not deductible for tax purposes                                 |                                   | 2,270                 |             | 1,230                 |
| Utilisation of previously unrecognised tax losses                        |                                   | -                     |             | (23,526)              |
| Current year losses for which no deferred tax<br>assets was recognised   |                                   | 11,868                |             | 14,575                |
| Written-off unrecoverable deferred tax assets from<br>loss carry forward |                                   | 3,311                 |             | 9,450                 |
| Over provided in prior year                                              |                                   | (4,941)               |             | -                     |
| Others                                                                   |                                   | (1,388)               |             | 283                   |
| <b>Net</b>                                                               |                                   | <b>8,969</b>          |             | <b>34,260</b>         |

|                                                | Separate financial statements |                       |             |                       |
|------------------------------------------------|-------------------------------|-----------------------|-------------|-----------------------|
|                                                | 2018                          |                       | 2017        |                       |
|                                                | Rate<br>(%)                   | (in thousand<br>Baht) | Rate<br>(%) | (in thousand<br>Baht) |
| Profit before income tax expense               |                               | 26,669                |             | 250,080               |
| Income tax using the Thai corporation tax rate | 20                            | 5,334                 | 20          | 50,016                |
| Income not subject to tax                      |                               | (16,524)              |             | (46,394)              |
| Expenses not deductible for tax purposes       |                               | 451                   |             | 342                   |
| Others                                         |                               | (1,236)               |             | (310)                 |
| <b>Net</b>                                     |                               | <b>(11,975)</b>       |             | <b>3,654</b>          |

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

## Notes to the financial statements

For the year ended 31 December 2018

### 36 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to latex concentrate, skim crepes, skim blocks, and rubber related products. The privileges granted include:

- (a) Exemption from payment of import duty on machinery approved by the Board of investment
- (b) Exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations
- (c) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above and;
- (d) A deduction for a period of ten years of an amount equal to 5% of the increase in income of certain promoted operations over the income from those operations for the previous year.

As promoted companies, the subsidiaries in Thailand must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

|                      | Consolidated financial statements |                                |              |                        |                                |              |
|----------------------|-----------------------------------|--------------------------------|--------------|------------------------|--------------------------------|--------------|
|                      | 2018                              |                                |              | 2017                   |                                |              |
|                      | Promoted<br>businesses            | Non-<br>promoted<br>businesses | Total        | Promoted<br>businesses | Non-<br>promoted<br>businesses | Total        |
|                      | <i>(in million Baht)</i>          |                                |              |                        |                                |              |
| Export sales         | 1,203                             | 3,422                          | 4,625        | 1,234                  | 4,821                          | 6,055        |
| Local sales          | 471                               | 2,417                          | 2,888        | 406                    | 2,966                          | 3,372        |
| <b>Total revenue</b> | <b>1,674</b>                      | <b>5,839</b>                   | <b>7,513</b> | <b>1,640</b>           | <b>7,787</b>                   | <b>9,427</b> |

|                      | Separate financial statements |                                |              |                        |                                |              |
|----------------------|-------------------------------|--------------------------------|--------------|------------------------|--------------------------------|--------------|
|                      | 2018                          |                                |              | 2017                   |                                |              |
|                      | Promoted<br>businesses        | Non-<br>promoted<br>businesses | Total        | Promoted<br>businesses | Non-<br>promoted<br>businesses | Total        |
|                      | <i>(in million Baht)</i>      |                                |              |                        |                                |              |
| Export sales         | -                             | 2,389                          | 2,389        | -                      | 545                            | 545          |
| Local sales          | -                             | 3,311                          | 3,311        | -                      | 2,310                          | 2,310        |
| <b>Total revenue</b> | <b>-</b>                      | <b>5,700</b>                   | <b>5,700</b> | <b>-</b>               | <b>2,855</b>                   | <b>2,855</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

### 37 Earnings per share

The calculation of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit or loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

|                                                                    | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |                |
|--------------------------------------------------------------------|----------------------------------------------|----------------|------------------------------------------|----------------|
|                                                                    | 2018                                         | 2017           | 2018                                     | 2017           |
|                                                                    | <i>(in thousand Baht/thousand shares)</i>    |                |                                          |                |
| <b>Profit attributable to ordinary shareholders of the Company</b> | <b>18,225</b>                                | <b>144,406</b> | <b>38,644</b>                            | <b>246,426</b> |
| Number of issued shares at 31 December                             | 681,480                                      | 1,685,080      | 681,480                                  | 1,685,080      |
| <b>Weighted average number of ordinary shares outstanding</b>      | <b>681,480</b>                               | <b>681,480</b> | <b>681,480</b>                           | <b>681,480</b> |
| <b>Basic earnings per share (in Baht)</b>                          | <b>0.03</b>                                  | <b>0.21</b>    | <b>0.06</b>                              | <b>0.36</b>    |

The increasing number of share capital from business restructuring in 2017 is not entitled to vote in shareholders' meeting and is not able to receive any dividends. Therefore, the new issued and paid-up shares capital amounting to 1,003.6 million shares are not included in the calculation of earnings per share of the Company. The earning per share of the Company is calculated from remaining number of ordinary shares (681,479,688 shares). On 4 December 2018, TRLG completed the liquidation process. Accordingly, the Company reduced of registered capital of Baht 1,003.6 million with Department of Business Development, Ministry of Commerce in accordance with restructuring plan of the Group.

### 38 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2018, the shareholders approved the appropriation of dividend from 2017 operation results of Baht 0.04 per share, amounting to Baht 27.3 million. The dividend was paid to shareholders during May 2018.

### 39 Financial instruments

#### *Financial risk management policies*

The Group/Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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

## Notes to the financial statements

For the year ended 31 December 2018

### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/Company's operations and its cash flows. The Group/Company is primarily exposed to interest rate risk from its borrowings (*see note 22*). The Group/Company mitigates this risk by reviewing the interest rates in each period.

The effective interest rates of loan to related and other parties as at 31 December and the periods in which the loans to other parties mature or re-price were as follows:

|                          | Effective<br>interest<br>rate<br>(% per annum) | Within<br>1 year | Separate financial statements                               |                  | Total            |
|--------------------------|------------------------------------------------|------------------|-------------------------------------------------------------|------------------|------------------|
|                          |                                                |                  | After 1 year<br>but within 5<br>years<br>(in thousand Baht) | After 5<br>years |                  |
| <b>2018</b>              |                                                |                  |                                                             |                  |                  |
| <b>Current</b>           |                                                |                  |                                                             |                  |                  |
| Loans to related parties | -                                              | 1,030,933        | -                                                           | -                | 1,030,933        |
| <b>Total</b>             |                                                | <b>1,030,933</b> | <b>-</b>                                                    | <b>-</b>         | <b>1,030,933</b> |
| <b>2017</b>              |                                                |                  |                                                             |                  |                  |
| <b>Current</b>           |                                                |                  |                                                             |                  |                  |
| Loans to related parties | 3.9                                            | 1,447,203        | -                                                           | -                | 1,447,203        |
| <b>Total</b>             |                                                | <b>1,447,203</b> | <b>-</b>                                                    | <b>-</b>         | <b>1,447,203</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

|                                                                       | Effective<br>interest<br>rate<br>(% per annum) | Within<br>1 year | Consolidated financial statements                           |                  | Total            |
|-----------------------------------------------------------------------|------------------------------------------------|------------------|-------------------------------------------------------------|------------------|------------------|
|                                                                       |                                                |                  | After 1 year<br>but within 5<br>years<br>(in thousand Baht) | After 5<br>years |                  |
| <b>2018</b>                                                           |                                                |                  |                                                             |                  |                  |
| <b>Current</b>                                                        |                                                |                  |                                                             |                  |                  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.0 - 7.4                                      | 3,623,105        | -                                                           | -                | 3,623,105        |
| Loans from related party                                              | 4.0                                            | 4,500            | -                                                           | -                | 4,500            |
| <b>Non-current</b>                                                    |                                                |                  |                                                             |                  |                  |
| Loans from financial institutions                                     | MLR - 2                                        | 132,500          | 1,133,487                                                   | 32,800           | 1,298,787        |
| Finance lease liabilities                                             | 4.4 - 6.5                                      | 40,678           | 54,481                                                      | -                | 95,159           |
| <b>Total</b>                                                          |                                                | <b>3,800,783</b> | <b>1,187,968</b>                                            | <b>32,800</b>    | <b>5,021,551</b> |

|                                                                       |           |                  |                  |               |                  |
|-----------------------------------------------------------------------|-----------|------------------|------------------|---------------|------------------|
| <b>2017</b>                                                           |           |                  |                  |               |                  |
| <b>Current</b>                                                        |           |                  |                  |               |                  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.1 - 7.4 | 3,402,761        | -                | -             | 3,402,761        |
| Loans from related party                                              | 4.0       | 8,000            | -                | -             | 8,000            |
| <b>Non-current</b>                                                    |           |                  |                  |               |                  |
| Loans from financial institutions                                     | MLR-2     | 108,750          | 1,098,750        | 25,000        | 1,232,500        |
| Finance lease liabilities                                             | 4.4 - 6.5 | 74,805           | 90,643           | -             | 165,448          |
| <b>Total</b>                                                          |           | <b>3,594,316</b> | <b>1,189,393</b> | <b>25,000</b> | <b>4,808,709</b> |

|                                                                       | Effective<br>interest<br>rate<br>(% per annum) | Within<br>1 year | Separate financial statements                               |                  | Total            |
|-----------------------------------------------------------------------|------------------------------------------------|------------------|-------------------------------------------------------------|------------------|------------------|
|                                                                       |                                                |                  | After 1 year<br>but within 5<br>years<br>(in thousand Baht) | After 5<br>years |                  |
| <b>2018</b>                                                           |                                                |                  |                                                             |                  |                  |
| <b>Current</b>                                                        |                                                |                  |                                                             |                  |                  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.0 - 7.4                                      | 2,974,032        | -                                                           | -                | 2,974,032        |
| Loans from related party                                              | 3.9                                            | 47,000           | -                                                           | -                | 47,000           |
| <b>Non-current</b>                                                    |                                                |                  |                                                             |                  |                  |
| Loans from financial institutions                                     | MLR - 2                                        | 82,500           | 816,250                                                     | -                | 898,750          |
| Finance lease liabilities                                             | 4.4 - 6.5                                      | 39,313           | 51,403                                                      | -                | 90,716           |
| <b>Total</b>                                                          |                                                | <b>3,142,845</b> | <b>867,653</b>                                              | <b>-</b>         | <b>4,010,498</b> |

## Separate financial statements

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

## Notes to the financial statements

For the year ended 31 December 2018

|                                                                             | Effective<br>interest<br>rate<br>(% per annum) | Within<br>1 year | After 1 year<br>but within 5<br>years<br>(in thousand Baht) | After 5<br>years | Total            |
|-----------------------------------------------------------------------------|------------------------------------------------|------------------|-------------------------------------------------------------|------------------|------------------|
| <b>2017</b>                                                                 |                                                |                  |                                                             |                  |                  |
| <b>Current</b>                                                              |                                                |                  |                                                             |                  |                  |
| Bank overdrafts and<br>short-term borrowings<br>from financial institutions | 3.1 - 7.4                                      | 2,907,325        | -                                                           | -                | 2,907,325        |
| Loans from related parties                                                  | 3.9                                            | 32,000           | -                                                           | -                | 32,000           |
| <b>Non-current</b>                                                          |                                                |                  |                                                             |                  |                  |
| Loans from financial<br>institutions                                        | MLR-2                                          | 58,750           | 898,750                                                     | -                | 957,500          |
| Finance lease liabilities                                                   | 4.4 - 6.5                                      | 73,160           | 86,827                                                      | -                | 159,987          |
| <b>Total</b>                                                                |                                                | <b>3,071,235</b> | <b>985,577</b>                                              | <b>-</b>         | <b>4,056,812</b> |

### Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

|                                     | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|-------------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                     | 2018                                         | 2017       | 2018                                     | 2017       |
|                                     | <i>(in million Baht)</i>                     |            |                                          |            |
| <b>United States Dollars</b>        |                                              |            |                                          |            |
| Trade accounts receivable           | 545                                          | 565        | 245                                      | 321        |
| Other receivables                   | 5                                            | -          | 5                                        | 5          |
| Trade accounts payable              | (15)                                         | (23)       | -                                        | -          |
| Other payables                      | (31)                                         | (19)       | -                                        | (11)       |
| <b>Malaysian Ringgit</b>            |                                              |            |                                          |            |
| Trade accounts receivable           | -                                            | 14         | -                                        | 14         |
| <b>Myanmar Kyat</b>                 |                                              |            |                                          |            |
| Cash and cash equivalents           | 6                                            | 5          | -                                        | -          |
| Other receivables                   | -                                            | 10         | -                                        | -          |
| Trade accounts payable              | (3)                                          | (5)        | -                                        | -          |
| <b>Chinese Yuan</b>                 |                                              |            |                                          |            |
| Cash and cash equivalents           | 57                                           | 59         | -                                        | -          |
| Trade accounts receivable           | -                                            | 15         | -                                        | -          |
| Trade accounts payable              | -                                            | (6)        | -                                        | -          |
| Other payables                      | (11)                                         | -          | -                                        | -          |
| <b>Gross balance sheet exposure</b> | <b>553</b>                                   | <b>615</b> | <b>250</b>                               | <b>329</b> |

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

## Notes to the financial statements

For the year ended 31 December 2018

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

### *Liquidity risk*

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's/Company's operations and to mitigate the effects of fluctuations in cash flows.

### *Carrying amount and fair values*

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

|                           | Carrying<br>amount | Consolidated financial statements |         |         |       |
|---------------------------|--------------------|-----------------------------------|---------|---------|-------|
|                           |                    | Fair value                        |         |         | Total |
|                           |                    | Level 1                           | Level 2 | Level 3 |       |
|                           |                    | <i>(in thousand Baht)</i>         |         |         |       |
| <b>31 December 2018</b>   |                    |                                   |         |         |       |
| <b>Current</b>            |                    |                                   |         |         |       |
| Forward exchange contract | -                  | -                                 | 8,227   | -       | 8,227 |
| <b>31 December 2017</b>   |                    |                                   |         |         |       |
| <b>Current</b>            |                    |                                   |         |         |       |
| Forward exchange contract | -                  | -                                 | 9,657   | -       | 9,657 |

As at 31 December 2018 and 2017, the fair value of non-financial assets and liabilities do not differ significantly from amounts recorded in the statement of financial position.

### **Measurement of fair value**

The Group/Company determines Level 2 fair values for non-derivative financial assets and liabilities using a discounted cash flow technique, which uses contractual cash flows and a market-related discounted rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group/Company and counterparty when appropriate.

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

## Notes to the financial statements

For the year ended 31 December 2018

### 40 Commitments with non-related parties

|                                                     | Consolidated<br>financial statements |            | Separate<br>financial statements |           |
|-----------------------------------------------------|--------------------------------------|------------|----------------------------------|-----------|
|                                                     | 2018                                 | 2017       | 2018                             | 2017      |
|                                                     | <i>(in million Baht)</i>             |            |                                  |           |
| <b>Capital commitments</b>                          |                                      |            |                                  |           |
| <i>Contracted but not provided for:</i>             |                                      |            |                                  |           |
| Machinery, buildings and construction in progress   | 84                                   | 42         | -                                | 4         |
| <b>Total</b>                                        | <b>84</b>                            | <b>42</b>  | <b>-</b>                         | <b>4</b>  |
| <b>Non-cancellable operating lease commitments:</b> |                                      |            |                                  |           |
| Within 1 year                                       | 14                                   | 12         | -                                | -         |
| More than one year but not over 5 years             | -                                    | 6          | -                                | -         |
| <b>Total</b>                                        | <b>14</b>                            | <b>18</b>  | <b>-</b>                         | <b>-</b>  |
| <b>Other commitments:</b>                           |                                      |            |                                  |           |
| Bank guarantees                                     | 16                                   | 14         | 11                               | 10        |
| Forward exchange contract - buy                     | 6                                    | -          | -                                | -         |
| Forward exchange contract - sell                    | 244                                  | 468        | 6                                | 13        |
| <b>Total</b>                                        | <b>266</b>                           | <b>482</b> | <b>17</b>                        | <b>23</b> |

As at 31 December 2018 and 2017, the Group and the Company had the following commitments:

- The Group has entered into forward exchange contracts to sell USD 7.4 million (2017: USD 14.2 million) at the forward rate of Baht 32.2 - 33.2 per USD (2017: 32.5 - 34.1 Baht per USD). These contracts are due between 18 January 2019 to 18 December 2019 (2017: 5 January 2018 to 4 January 2019). The Company has entered into forward exchange contracts to sell USD 0.2 million (2017: USD 0.4 million) at the forward rate of Baht 32.2 - 33.2 per USD (2017: 32.6 - 33.2 Baht per USD). These contracts are due between 1 February 2019 to 18 June 2019 (2017: 23 February 2018 to 20 June 2018).
- The Group has entered into forward exchange contracts to buy USD 0.2 million at the forward rate of Baht 32.7 per USD. These contracts are due on 18 March 2019 (2017: Nil).
- Commitments in respect of uncalled portion of investments of Baht 100 million (2017: Baht 100 million).
- A subsidiary had outstanding commitments of approximately Baht 83.5 million (2017: the Group and the Company by Baht 42.4 million and Baht 3.6 million, respectively), in respect of construction and installation contract of machinery and tools.
- A subsidiary had outstanding commitments of approximately Baht 13.0 million (2017: Baht 17.5 million), in respect of factory, warehouse, office rental and the house rental for staff.
- 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.



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

## Notes to the financial statements

For the year ended 31 December 2018

- The Company entered into purchase agreements with a local company to purchase latex, at quantity and price specified in the agreements.
- A subsidiary has outstanding commitments in respect of agreements for issuing of land title deeds with total area of 1,500 rais. The subsidiary is committed to pay commission to the operator at Baht 5,650 per rai.
- 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.

### Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 16 million and 11 million, respectively (*2017: Baht 14 million and Baht 10 million, respectively*) issued by the banks on behalf of the Group and the Company, respectively, in respect of certain performances obligation as required in the normal course of their businesses.

### 41 Events after the reporting period

On 22 February 2019, the board of directors proposed for the dividend payment of Baht 0.01 per share, amounting to Baht 6.8 million. This dividend payment is subjected to the approval by the shareholders of the Company.

### 42 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's/Company's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

| TFRS    | Topic                                 | Effective |
|---------|---------------------------------------|-----------|
| TFRS 7* | Financial Instruments: Disclosures    | 2020      |
| TFRS 9* | Financial Instruments                 | 2020      |
| TFRS 15 | Revenue from Contracts with Customers | 2019      |
| TAS 32* | Financial Instruments: Presentation   | 2020      |

\* TFRS - Financial instruments standards

#### (a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group/Company has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the Group/Company's financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

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**Notes to the financial statements**  
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**(b) *TFRS - Financial instruments standards***

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.